

TOWN OF WOLFEBORO, NEW HAMPSHIRE

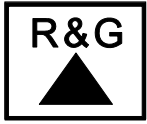
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
FINANCIAL REPORT
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TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	13
Statement of Activities (Exhibit 2)	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	16
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4)	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	19
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	20
Statement of Net Position – Proprietary Funds (Exhibit 8)	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds (Exhibit 9)	22
Statement of Cash Flows – Proprietary Funds (Exhibit 10)	23
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit 11)	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit 12)	25
NOTES TO THE FINANCIAL STATEMENTS	26
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Town’s Proportionate Share of the Net Pension Liability (Exhibit 13)	53
Schedule of the Town’s Pension Contributions (Exhibit 14)	54
Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios (Exhibit 15)	55
Schedule of the Town’s OPEB Contributions (Exhibit 16)	56
Note to the Required Supplementary Information	57
COMBINING NONMAJOR GOVERNMENTAL AND INDIVIDUAL GENERAL FUND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 17)	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 18)	59
Major General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 19)	60
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 20)	61
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 21)	63
INDEPENDENT AUDITOR’S COMMUNICATION TO MANAGEMENT	64
ALTERNATIVE COMPLIANCE EXAMINATION INFORMATION	
Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement	65



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Town Manager and Members of the Board of Selectmen
Town of Wolfeboro
Wolfeboro, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2022, and the respective changes in financial position thereof, and where applicable, cash flows, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Wolfeboro, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, any significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB related schedules on pages 4 – 12 and 53 – 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor governmental and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental and individual

**Town of Wolfboro
Independent Auditor's Report**

general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our alternative compliance examination report dated October 16, 2023, on our consideration of the Town of Wolfboro's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" of the CSLFRF section of the 2022 OMB *Compliance Supplement*. The purpose of that report is solely to describe the results of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*.

October 16, 2023

Roberts & Greene, PLLC

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

Presented herewith please find the Management Discussion & Analysis Report for the Town of Wolfeboro for the year ended December 31, 2022. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the Town's financial position, including the results of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

The Town's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained. Toward this end, management strives to maintain up-to-date information technology systems and software applications.

Overview of the Financial Statements

The financial statements presented herein include all the activities of the Town of Wolfeboro using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Town of Wolfeboro's financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner like most private-sector companies.

The statement of net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All the current year's revenue and expenses are considered regardless of when cash is received or paid.

The government-wide financial statements have separate columns for the following two types of activities:

Governmental activities – represent most of the Town's basic services.

Business-type activities – account for the Town's water, electric, sewer, ice arena and arts center operations and receive most of their revenue from user fees.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The Town maintains three fund types: governmental, proprietary, and fiduciary funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the Town's only major governmental fund. All other non-major governmental funds are aggregated and presented as other governmental funds.

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

The proprietary funds provide municipal electric, water, and sewer services to customers, and charge a user fee for these services. The Town of Wolfeboro also provides the Pop Whalen Ice Arena and Arts Center for use by the public. This facility is partially subsidized by the General Fund; however, other organizations and users are charged a fee. These funds are presented on the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section contains a schedule of funding progress for other post-employment benefits.

Combining Non-major Governmental and Individual General Fund Schedules

Other supplementary information includes the combining of non-major and fiduciary fund financial statements. This section includes a budgetary comparison schedule for the Town's major governmental fund which includes a reconciliation between the reported activity of the revenues, expenditures, and transfers for budgetary purposes

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

(Exhibit 17) (Page 57). The Town's only major governmental fund with an adopted budget is the General Fund.

Government-Wide Financial Analysis

Governmental Activities

According to Exhibit 1 – Statement of Net Position in the Financial Statements, the net position of the Town of Wolfeboro governmental activities as of December 31, 2022, and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current and other assets:		
Capital assets, net	\$ 55,623,754	\$ 47,668,936
Other assets	<u>17,210,264</u>	<u>20,185,702</u>
Total assets	<u>72,834,018</u>	<u>67,854,638</u>
Deferred Outflows of Resources	<u>2,632,008</u>	<u>2,945,600</u>
Long-term liabilities	25,707,942	22,712,126
Other liabilities	<u>9,932,985</u>	<u>9,747,012</u>
Total liabilities	<u>35,640,927</u>	<u>32,459,138</u>
Deferred Inflows of Resources	<u>2,835,868</u>	<u>3,269,295</u>
Net position:		
Net investment in capital assets	42,731,474	38,119,084
Restricted	2,406,677	2,549,913
Unrestricted	<u>(8,148,920)</u>	<u>(5,597,192)</u>
Total net position	<u>\$ 36,989,231</u>	<u>\$ 35,071,805</u>

The Town's net position totaled \$36,989,231 at the end of year 2022, an increase of \$1,917,426 when compared to the end of the previous year. This total includes an increase in the Town's net investment in capital assets of \$4,979,380, a decrease in restricted net position of \$143,236, as well as a decrease in unrestricted net position of \$2,551,728.

A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Another significant portion of the Town's net position is restricted in terms of how they may be used. For the Town of Wolfeboro, those restrictions include those related to non-expendable trust funds, capital reserve funds, and conservation funds. The remaining unrestricted portion represents the part of net position of the Town of Wolfeboro that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for governmental activities for the years ended December 31, 2022, and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 2,674,492	\$ 2,891,265
Operating grants and contributions	380,720	243,406
Capital grants and contributions	<u>543,025</u>	<u>1,146,439</u>
Total program revenues	<u>3,598,237</u>	<u>4,281,110</u>
General revenues:		
Property and other taxes	12,977,397	12,450,848
Grants and Contributions	565,827	465,752
Miscellaneous	1,516,625	1,816,825
Transfers	<u>(554,295)</u>	<u>(538,796)</u>
Total general revenues and transfers	<u>14,505,554</u>	<u>14,194,629</u>
Total revenues	<u>18,103,791</u>	<u>18,475,739</u>
Program expenses:		
General government	4,837,021	4,586,493
Public safety	5,044,755	4,510,402
Highways and streets	3,206,422	2,933,506
Sanitation	622,848	1,428,337
Health and welfare	246,141	203,404
Culture and recreation	1,910,360	1,629,015
Conservation	32,305	214,692
Economic development	13,098	12,428
Interest and fiscal charges	333,995	272,085
Capital Outlay	<u>21,715</u>	<u>1,098,453</u>
Total expenses	<u>16,268,660</u>	<u>16,888,815</u>
Change in position	1,835,131	1,586,924
Net Position - beginning of year	<u>35,154,100</u>	<u>33,484,881</u>
Restatement		<u>82,295</u>
Net Position - ending of year	<u>\$ 36,989,231</u>	<u>\$ 35,154,100</u>

During the year ended December 31, 2022, program revenues covered only 25% of program expenses, while the remaining 75% was funded by general revenues (e.g., taxes, grants, and contributions).

The Town's governmental activities expenses covered a range of services. The largest expenses were for general government (30%), public safety (31%), highways and streets (20%) culture and recreation (12%), and which accounted for 93% of total expenses.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

Business-type Activities

According to Exhibit 1 – Statement of Net Position in the Financial Statements, net position of the business type activities as of December 31, 2022, and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current and other assets:		
Capital assets, net	\$ 36,774,296	\$ 36,022,663
Other assets	<u>13,339,490</u>	<u>12,855,226</u>
Total assets	<u>50,113,786</u>	<u>48,877,889</u>
Deferred Outflows of Resources	<u>473,355</u>	<u>523,245</u>
Long-term liabilities	14,532,816	15,011,256
Other liabilities	<u>1,034,582</u>	<u>1,041,975</u>
Total liabilities	<u>15,567,398</u>	<u>16,053,231</u>
Deferred Inflows of Resources	<u>587,406</u>	<u>573,793</u>
Net position:		
Net investment in capital assets	26,263,222	23,323,534
Unrestricted	<u>8,169,115</u>	<u>9,450,576</u>
Total net position	<u>\$ 34,432,337</u>	<u>\$ 32,774,110</u>

The Town's business-type activities net position totaled \$34,432,337 at the end of year 2022, an increase of \$1,658,227 when compared to the end of the previous fiscal year. This increase includes an increase in the Town's net investment in capital assets of \$751,633 in addition to a decrease in unrestricted net position of \$1,281,461.

The largest portion of the Town's net position for its business-type activities reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. These assets are utilized by the Town of Wolfeboro to provide services to its citizenry; therefore, they are not available for future spending.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

According to Exhibit 2 – Statement of Activities in the Financial Statements, changes in net position for the business-type activities for the years ended December 31, 2022, and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 13,762,749	\$ 14,052,358
Operating grants and contributions	<u>578,993</u>	<u>38,042</u>
Total program revenues	<u>14,505,554</u>	<u>14,090,400</u>
General revenues:		
Miscellaneous	-	-
Transfers	<u>554,295</u>	<u>538,796</u>
Total general revenues and transfers	<u>554,295</u>	<u>538,796</u>
Total revenues	<u>14,896,037</u>	<u>14,629,196</u>
Program expenses:		
Electric	9,774,167	10,133,962
Water	1,589,229	1,474,712
Sewer	1,634,252	1,631,163
Pop Whalen	<u>240,162</u>	<u>301,332</u>
Total expenses	<u>13,237,810</u>	<u>13,541,169</u>
Change in position	1,658,227	1,088,027
Net Position - beginning of year	<u>32,774,110</u>	<u>31,686,083</u>
Net Position - ending of year	<u>\$ 34,432,337</u>	<u>\$ 32,774,110</u>

The primary funding source for business-type activities is charges for services, which comprise 92% of all funding sources. Program revenues provided funding for 100% of total program expenses. Net position increased a total of \$1,658,227 primarily due to Total Revenues exceeding Program Expenses for the year.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Towns' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's near-term financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. However, in 2022 the unassigned fund balance drastically took a temporary decrease because a Pop Whalen Ice Arena and Arts Center Expansion and Renovation project was completed with an offsetting donation in the amount of \$2,700,000 due to the Town in July 2023.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

General Fund

The General Fund is the main operating fund of the Town. At the end of the current year, the general fund had an unassigned fund balance on the budgetary basis of \$323,898, while total fund equity was \$2,491,201. The total fund equity also includes a non-spendable fund balance of \$44,702, a restricted fund balance of \$158,874, a committed fund balance of \$1,828,747, and an assigned fund balance of \$134,980. The General Fund total fund balance decreased \$3,911,258 from December 31, 2021. This decrease will be outlined in the General Fund Budgetary Highlights below.

During the tax setting process the Finance Director and Town Manager review the calculation outlined in the vote of the 2002 Town Meeting under Article 18 as one method of determining the appropriate amount of fund balance to retain for the following year. In December 2011, the Board of Selectmen adopted a formal fund balance policy in accordance with the Governmental Accounting Standards Board Pronouncement 54 (GASB 54). In 2022 \$0.00 was used to offset the tax rate. Please see (Exhibit 21) (Page 63) of the financial statements for a reconciliation of changes in fund balance from the prior year.

Other Governmental Funds

According to Exhibit 17 Combining Balance Sheet – Non-major Governmental Funds, the total fund balance in Other Governmental Funds is \$1,774,953 at year end, a decrease of \$223,398 from the previous year. The various non-major governmental funds within this category are: Special Revenue Funds, Capital Projects Fund and Permanent Funds. The Special Revenue Funds consist of the following funds: Conservation Commission \$117,993 in committed fund balance; Police Detail Fund \$15,533 in committed fund balance; Recreation Revolving Account has a committed fund balance of \$28,514; Miscellaneous Grant Funds with an unassigned deficit of \$2,243 and a restricted fund balance of \$5,000. The Capital Projects Fund has a restricted fund balance of \$502,187, representing unspent bond proceeds and grants. The Permanent Fund totals \$1,107,969 of which \$878,317 is non-spendable fund balance with the remaining \$229,652 in restricted fund balance.

Proprietary Funds

The focus of the Town's proprietary funds is on total economic resources, and changes to net position, much as it might be for a private-sector business.

The Town of Wolfeboro's proprietary funds consist of the Water Department, Sewer Department, Electric Department and Pop Whalen Ice Arena. According to Exhibit 9 the Statement of Revenues, Expenditures and Changes in Net Position, total net position increased \$1,658,227 from December 31, 2021 to December 31, 2022, to a total of \$34,432,337. The Income (Loss) before capital contributions and transfers was as follows: Electric Department \$994,018; Water Department \$420,181; Sewer Department (\$573,715) and Pop Whalen Ice Arena and Arts Center (\$30,818). Please note that after applying the effect of capital contributions and transfers in from the general fund changes in net position were as follows: Electric Department \$842,866; Water Department \$530,621; Sewer Department \$331,409 and Pop Whalen Fund (\$46,669).

Rates for the Municipal Electric Fund and the Pop Whalen Fund remained the same. Water and Sewer Funds were increased in June 2020 and will increase in January 2023.

General Fund Budgetary Highlights

According to Exhibit 19 actual revenues for the year were less than those anticipated by \$3,257,253. Revenues exceeded estimations in most categories, except for Business licenses and permits (\$2,898); Water Pollution Grant (\$128,441); ARPA grant (\$43,168); Contributions and Donations (\$2,887,714); Net totals are as follows: Taxes \$57,049; Licenses and permits \$153,927; Intergovernmental Revenues \$76,758; Charges for services \$47,917;

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

Miscellaneous Revenue (\$2,881,545) and Other Financing Services (\$711,359).

Expenditures for the year remained within appropriated amounts overall which resulted in an unexpended balance of appropriations in the amount of \$476,482 (see Exhibit 20).

The revenue shortfall, the unexpended balance of appropriations, a decrease in non-spendable fund balance (\$25,701), and an increase in restricted fund balance of \$156,187 resulted in a budget deficit of \$2,911,257.

Capital Assets and Long-Term Obligations

Capital Assets

The Town considers a capital asset to be an asset whose cost exceeds \$5,000 to \$50,000 depending on the type of asset and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their estimated useful life.

According to Exhibit 1 Statement of Net Position, the Town's investment in capital assets net of accumulated depreciation for its governmental activities and business-type activities as of December 31, 2022, amounts to \$55,623,754 and \$36,774,296, respectively. Investment in capital assets includes land, infrastructure, buildings and improvements, vehicles and equipment, and other capital improvements.

Long-Term Obligations

On January 1, 2022, the Town of Wolfeboro had total outstanding bonded debt and other long-term obligations of \$8,918,032 and \$11,615,050 in the governmental activities and business-type activities, respectively. Principal payments and bond retirements during the year reduced debt of the Town however, new bond items for the Pop Whalen Renovation and Expansion Project (\$4,272,951), Dockside Upgrade Phase III (\$700,000) and Seasonal Water Line replacements (\$500,000) were issued, leaving a balance at year-end of \$11,883,517 and \$11,164,486, respectively. The combined total outstanding balance at year-end was \$23,048,003. For a summary of long-term debt transactions and all other long-term obligations in the governmental and business type activities fund please see pages 39 through 42 of the Notes to the Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by the Governmental Accounting Standards Board (GASB).

In 2015, GASB Statement No. 68 went into effect. GASB's stated intent is to increase transparency, consistency, and comparability of pension information across governments. GASB 68 impacts financial reporting for participating employers of the New Hampshire Retirement System (NHRS). The change in standard will revise the way that pension plan financial information is reported, however it does not change the funding mechanism of the town's contribution to NHRS, which is set by statute.

GASB 68 is a change in financial reporting for accounting purposes, there is no change to the way that the town pays its retirement benefit contributions, or the town's requirements to NHRS as an enrolled employer. Adherence to GASB standards is an important consideration for bond rating agencies. Accordingly, the Town of Wolfeboro adopted GASB 68, on schedule, for the year ending 2015. The result is a significant change in how the net position of the town is reflected.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2022

The following highlights are important to note,

- Under GASB 68 employers must report a proportionate share of Net Pension Liability and pension expenses on their financial statements. Previously employers only reported the annual contributions.
- Reporting the proportionate share will not impact NHRS employer contributions or local property tax rates.
- NHRS explains GASB 68: “The presence of a large number representing unfunded pension costs on local government balance sheets could give the incorrect impression that employers have a debt that must be paid immediately, which is not the case...the proportionate share is not a bill. Employers will continue to pay down unfunded liability through 2039 the same as before GASB 68.” *
- Some States show a very large pension liability under previously published GASB 67, but not New Hampshire. “In NHRS’ case... [the annual calculation to show whether there will be sufficient assets to pay benefits as they are due] ...showed that the retirement system is in a position to meet its obligations, allowing the retirement system to use its assumed rate of investment return.....because there is no crossover point where benefits paid out exceed plan assets”. *
- GASB’s new standard reflects the position that pension costs and obligations should be recorded on financial statements as employees earn them, not when the government contributes them.
- According to GASB: “While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government’s situation will not have changed.” *

*How to Read the NHRS GASB 68 Reports by NHRS February 2016

Economic Conditions

Assessed real estate value increased from \$2,388,715,937 to \$2,420,748,144 or an increase of \$32,032,207 because of fluctuations in the housing market, as reflected in the Town’s revaluation of property by the Assessing Department and the full revaluation of property which was done in April 2020.

The overall tax rate decreased by \$0.45 at \$ 13.22 compared with the 2021 rate of \$13.67 per thousand.

Total voted appropriation for 2022 was \$47,283,315. The town maintains a Capital Improvement Plan through the CIP Committee, which makes recommendations to the Board of Selectmen via the Planning Board. Several recommendations forwarded by the CIP Committee were not included in the budget by the Board of Selectmen due to budget constraints, or subsequent action of the Town Budget Committee.

Economic conditions for Carroll County are improving while not robust for the year ended December 31, 2022. The average unemployment rate for the yearend was 2.7% for Wolfeboro, NH; comparable to the New Hampshire average of 2.9% and the national average of 3.5%. The yearly Northeast Consumer Price Index increase was 7.0%.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all of Wolfeboro’s citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to **K a t h r y n C a r p e n t i e r**, Finance Director, Town of Wolfeboro Finance Office, 84 South Main Street, Wolfeboro, NH 03894, or call (603) 569-8168.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	11,862,690	\$ 10,604,616	\$ 22,467,306
Investments	3,457,582	-	3,457,582
Intergovernmental receivable	22,546	1,049,462	1,072,008
Other receivables, net of allowance for uncollectibles	1,801,083	1,205,802	3,006,885
Inventory	21,661	478,042	499,703
Prepaid items	12,326	1,568	13,894
Tax deeded property held for resale	32,376	-	32,376
Capital assets, not being depreciated:			
Land	6,739,466	1,115,005	7,854,471
Construction in progress	9,845,255	7,251,865	17,097,120
Capital assets, net of accumulated depreciation:			
Land improvements	279,797	-	279,797
Buildings and building improvements	10,049,561	2,761,702	12,811,263
Machinery, vehicles and equipment	4,054,255	6,446,301	10,500,556
Infrastructure	23,644,757	19,199,423	42,844,180
Improvements other than buildings	1,010,663	-	1,010,663
Total assets	<u>72,834,018</u>	<u>50,113,786</u>	<u>122,947,804</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,746,615	293,004	2,039,619
Deferred amounts related to OPEB	885,393	180,351	1,065,744
Total deferred outflows of resources	<u>2,632,008</u>	<u>473,355</u>	<u>3,105,363</u>
LIABILITIES			
Accounts payable	915,731	723,783	1,639,514
Accrued payroll and benefits	63,179	43,423	106,602
Contracts payable	500,176	-	500,176
Accrued interest payable	196,653	211,375	408,028
Intergovernmental payable	7,822,854	631	7,823,485
Retainage payable	257,519	-	257,519
Performance and escrow deposits	176,873	55,370	232,243
Noncurrent obligations:			
Due within one year:			
Bonds and notes payable	1,057,157	1,549,510	2,606,667
Unamortized bond premium	82,816	130,902	213,718
Compensated absences payable	52,079	-	52,079
Accrued landfill postclosure care costs	8,000	-	8,000
Due in more than one year:			
Bonds and notes payable	10,826,360	9,614,976	20,441,336
Unamortized bond premium	925,947	1,088,323	2,014,270
Compensated absences payable	495,890	47,844	543,734
Accrued landfill postclosure care costs	232,000	-	232,000
Net pension liability	9,703,010	1,627,734	11,330,744
Other postemployment benefits liability	2,324,683	473,527	2,798,210
Total liabilities	<u>35,640,927</u>	<u>15,567,398</u>	<u>51,208,325</u>

(continued)

The notes to the financial statements are an integral part of this statement.

EXHIBIT 1 (continued)
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	305,255	76,210	381,465
Deferred amounts related to pensions	119,011	19,965	138,976
Deferred amounts related to OPEB	2,411,602	491,231	2,902,833
Total deferred inflows of resources	<u>2,835,868</u>	<u>587,406</u>	<u>3,423,274</u>
NET POSITION			
Net investment in capital assets	42,731,474	26,263,222	68,994,696
Restricted for:			
Endowments:			
Nonexpendable	878,317	-	878,317
Expendable	229,652	-	229,652
Other purposes	1,298,708	-	1,298,708
Unrestricted	(8,148,920)	8,169,115	20,195
Total net position	<u>\$ 36,989,231</u>	<u>\$ 34,432,337</u>	<u>\$ 71,421,568</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 4,837,021	\$ 2,045,150	\$ (149,864)	\$ -	\$ (2,941,735)	\$ -	\$ (2,941,735)
Public safety	5,044,755	134,753	182,507	-	(4,727,495)	-	(4,727,495)
Highways and streets	3,206,422	-	336,886	-	(2,869,536)	-	(2,869,536)
Sanitation	622,848	229,358	-	-	(393,490)	-	(393,490)
Health	171,357	-	-	-	(171,357)	-	(171,357)
Welfare	74,784	-	-	-	(74,784)	-	(74,784)
Culture and recreation	1,910,360	265,222	11,191	-	(1,633,947)	-	(1,633,947)
Conservation	32,305	9	-	-	(32,296)	-	(32,296)
Economic development	13,098	-	-	-	(13,098)	-	(13,098)
Interest on long-term debt	333,995	-	-	-	(333,995)	-	(333,995)
Capital outlay	21,715	-	-	543,025	521,310	-	521,310
Total governmental activities	16,268,660	2,674,492	380,720	543,025	(12,670,423)	-	(12,670,423)
Business-type activities:							
Water department	1,589,229	1,940,861	178,989	-	-	530,621	530,621
Electric department	9,774,167	10,617,033	-	-	-	842,866	842,866
Sewer department	1,634,252	1,011,362	400,004	-	-	(222,886)	(222,886)
Pop Whalen ice arena	240,162	193,493	-	-	-	(46,669)	(46,669)
Total business-type activities	13,237,810	13,762,749	578,993	-	-	1,103,932	1,103,932
Total primary government	\$ 29,506,470	\$ 16,437,241	\$ 959,713	\$ 543,025	(12,670,423)	1,103,932	(11,566,491)
General revenues and transfers:							
Property taxes					12,739,281	-	12,739,281
Other taxes					238,116	-	238,116
Grants and contributions not restricted to specific programs					565,827	-	565,827
Miscellaneous					1,516,625	-	1,516,625
Transfers					(554,295)	554,295	-
Total general revenues and transfers					14,505,554	554,295	15,059,849
Change in net position					1,835,131	1,658,227	3,493,358
Net position, beginning, as restated, see Note III.D.					35,154,100	32,774,110	67,928,210
Net position, ending					\$ 36,989,231	\$ 34,432,337	\$ 71,421,568

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,164,964	\$ 697,726	\$ 11,862,690
Investments	2,362,429	1,095,153	3,457,582
Receivables, net of allowance for uncollectibles:			
Taxes	1,795,943	-	1,795,943
Accounts	-	5,140	5,140
Intergovernmental	22,546	-	22,546
Inventory	21,661	-	21,661
Prepaid items	12,326	-	12,326
Tax deeded property held for resale	32,376	-	32,376
Total assets	<u>\$ 15,412,245</u>	<u>\$ 1,798,019</u>	<u>\$ 17,210,264</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 915,731	\$ -	\$ 915,731
Accrued salaries and benefits	63,179	-	63,179
Contracts payable	500,176	-	500,176
Intergovernmental payable	7,822,854	-	7,822,854
Retainage payable	234,453	23,066	257,519
Escrow and performance deposits	176,873	-	176,873
Total liabilities	<u>9,713,266</u>	<u>23,066</u>	<u>9,736,332</u>
Deferred inflows of resources:			
Deferred revenue	<u>1,075,701</u>	<u>-</u>	<u>1,075,701</u>
Fund balances:			
Nonspendable	66,363	878,317	944,680
Restricted	796,521	736,839	1,533,360
Committed	3,920,484	162,040	4,082,524
Assigned	134,980	-	134,980
Unassigned	(295,070)	(2,243)	(297,313)
Total fund balances	<u>4,623,278</u>	<u>1,774,953</u>	<u>6,398,231</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,412,245</u>	<u>\$ 1,798,019</u>	<u>\$ 17,210,264</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2022

Total fund balances of governmental funds (Exhibit 3)		\$ 6,398,231
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 81,305,088	
Less accumulated depreciation	<u>(25,681,334)</u>	55,623,754
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 597,307	
Unavailable betterment assessments	<u>173,139</u>	770,446
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(196,653)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 11,883,517	
Unamortized bond premium	1,008,763	
Compensated absences payable	547,969	
Accrued landfill postclosure care costs	240,000	
Net pension liability	9,703,010	
Other postemployment benefits liability	<u>2,324,683</u>	(25,707,942)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,746,615	
Deferred outflows of resources related to OPEB	885,393	
Deferred inflows of resources related to pensions	(119,011)	
Deferred inflows of resources related to OPEB	<u>(2,411,602)</u>	
		<u>101,395</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 36,989,231</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 12,702,755	\$ 36,760	\$ 12,739,515
Licenses, permits and fees	2,042,756	-	2,042,756
Intergovernmental	1,621,646	-	1,621,646
Charges for services	463,259	233,785	697,044
Miscellaneous	1,548,322	(131,576)	1,416,746
Total revenues	<u>18,378,738</u>	<u>138,969</u>	<u>18,517,707</u>
Expenditures:			
Current:			
General government	4,331,333	2,354	4,333,687
Public safety	4,805,897	68,376	4,874,273
Highways and streets	3,480,119	5,000	3,485,119
Sanitation	870,436	-	870,436
Health	171,357	-	171,357
Welfare	78,568	-	78,568
Culture and recreation	1,602,864	144,552	1,747,416
Conservation	32,452	3,983	36,435
Economic development	13,098	-	13,098
Debt service:			
Principal	846,903	-	846,903
Interest	322,390	-	322,390
Capital outlay	7,870,401	711,153	8,581,554
Total expenditures	<u>24,425,818</u>	<u>935,418</u>	<u>25,361,236</u>
Deficiency of revenues under expenditures	<u>(6,047,080)</u>	<u>(796,449)</u>	<u>(6,843,529)</u>
Other financing sources (uses):			
Transfers in	147,634	20,685	168,319
Transfers out	(574,980)	(147,634)	(722,614)
Proceeds of long-term debt	3,190,188	622,200	3,812,388
Premium on long-term debt	356,361	77,800	434,161
Total other financing sources and uses	<u>3,119,203</u>	<u>573,051</u>	<u>3,692,254</u>
Net change in fund balances	(2,927,877)	(223,398)	(3,151,275)
Fund balances, beginning	7,551,155	1,998,351	9,549,506
Fund balances, ending	<u>\$ 4,623,278</u>	<u>\$ 1,774,953</u>	<u>\$ 6,398,231</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances of governmental funds (Exhibit 5)	\$	(3,151,275)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.</p>		
Capitalized capital outlay	\$	9,877,682
Depreciation expense		<u>(2,005,159)</u>
		7,872,523
<p>Transfers in and out between governmental funds are eliminated on the operating statement.</p>		
Transfers in	\$	(168,319)
Transfers out		<u>168,319</u>
		-
<p>Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.</p>		
Change in unavailable tax revenue	\$	172,574
Change in unavailable betterment assessments		<u>(32,194)</u>
		140,380
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Issuance of bonds	\$	(3,812,388)
Premium on bonds issued		(434,161)
Repayment of bonds and notes principal		846,903
Amortization of bond premium		<u>57,218</u>
		(3,342,428)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in accrued interest expense	\$	(68,823)
Decrease in compensated absences payable		41,147
Decrease in accrued landfill postclosure care costs		360,000
Change in OPEB related balances		<u>(98,750)</u>
		233,574
<p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.</p>		
Town pension contributions	\$	1,095,212
Cost of benefits earned, net of employee contributions		<u>(1,012,855)</u>
		82,357
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>1,835,131</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 12,818,281	\$ 12,818,281	\$ 12,875,330	\$ 57,049
Licenses, permits and fees	1,888,829	1,888,829	2,042,756	153,927
Intergovernmental	1,005,337	1,544,888	1,621,646	76,758
Charges for services	403,155	403,155	451,072	47,917
Miscellaneous	4,580,114	4,580,114	1,698,569	(2,881,545)
Total revenues	<u>20,695,716</u>	<u>21,235,267</u>	<u>18,689,373</u>	<u>(2,545,894)</u>
EXPENDITURES				
Current:				
General government	4,602,623	4,602,623	4,322,195	280,428
Public safety	4,965,347	5,008,093	5,007,620	473
Highways and streets	3,352,377	3,352,377	3,505,460	(153,083)
Sanitation	975,064	975,064	864,047	111,017
Health	169,371	169,371	171,357	(1,986)
Welfare	64,348	64,348	67,916	(3,568)
Culture and recreation	1,602,926	1,602,926	1,592,812	10,114
Conservation	38,645	38,645	43,252	(4,607)
Economic development	16,174	16,174	13,098	3,076
Debt service:				
Principal	846,903	846,903	846,903	-
Interest	322,388	322,388	322,390	(2)
Capital outlay	7,738,606	8,235,411	7,980,106	255,305
Total expenditures	<u>24,694,772</u>	<u>25,234,323</u>	<u>24,737,156</u>	<u>497,167</u>
Deficiency of revenues under expenditures	<u>(3,999,056)</u>	<u>(3,999,056)</u>	<u>(6,047,783)</u>	<u>(2,048,727)</u>
Other financing sources (uses):				
Transfers in	131,400	131,400	146,443	15,043
Transfers out	(1,405,295)	(1,405,295)	(1,425,980)	(20,685)
Proceeds of long-term debt	4,272,951	4,272,951	3,190,188	(1,082,763)
Premium received on long-term debt	-	-	356,361	356,361
Total other financing sources and uses	<u>2,999,056</u>	<u>2,999,056</u>	<u>2,267,012</u>	<u>(732,044)</u>
Net change in fund balance	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	(3,780,771)	<u>\$ (2,780,771)</u>
Decrease in nonspendable fund balance			4,040	
Increase in restricted fund balance			(156,187)	
Unassigned fund balance, beginning			4,235,155	
Unassigned fund balance, ending			<u>\$ 302,237</u>	

The notes to the financial statements are an integral part of this statement.

EXHIBIT 8
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Nonmajor (Pop Whalen Ice Arena and Arts Center)	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,499,583	\$ 7,923,717	\$ 487,498	\$ 693,818	\$ 10,604,616
Accounts receivable	221,578	841,297	142,927	-	1,205,802
Intergovernmental receivable	89,100	-	960,362	-	1,049,462
Interfund receivable	69,960	-	-	-	69,960
Prepaid items	-	1,568	-	-	1,568
Inventory	-	478,042	-	-	478,042
Noncurrent assets:					
Land	12,772	46,733	1,055,500	-	1,115,005
Construction in progress	258,528	4,200,319	2,793,018	-	7,251,865
Capital assets, net of accumulated depreciation:					
Buildings and building improvements	1,824,209	122,507	412,003	402,983	2,761,702
Machinery, vehicles and equipment	243,638	5,678,973	201,485	322,205	6,446,301
Infrastructure	9,856,832	22,053	9,320,538	-	19,199,423
Total assets	<u>14,076,200</u>	<u>19,315,209</u>	<u>15,373,331</u>	<u>1,419,006</u>	<u>50,183,746</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	95,817	174,208	22,979	-	293,004
Deferred amounts related to OPEB	44,647	111,197	16,047	8,460	180,351
Total deferred outflows of resources	<u>140,464</u>	<u>285,405</u>	<u>39,026</u>	<u>8,460</u>	<u>473,355</u>
LIABILITIES					
Current liabilities:					
Accounts payable	36,051	669,819	2,688	15,225	723,783
Accrued payroll and benefits	15,015	21,418	6,990	-	43,423
Accrued interest payable	50,928	67,072	77,510	15,865	211,375
Intergovernmental payable	-	631	-	-	631
Performance and escrow deposits	200	55,170	-	-	55,370
Interfund payable	-	-	69,960	-	69,960
Noncurrent obligations:					
Due within one year:					
Bonds and notes payable	479,765	585,000	436,361	48,384	1,549,510
Unamortized bond premium	43,546	51,258	32,448	3,650	130,902
Due in more than one year:					
Bonds and notes payable	2,240,053	4,015,000	2,662,055	697,868	9,614,976
Unamortized bond premium	160,903	563,060	295,020	69,340	1,088,323
Compensated absences payable	5,692	41,138	1,014	-	47,844
Net pension liability	532,295	967,783	127,656	-	1,627,734
Other postemployment benefits liability	117,224	291,959	42,132	22,212	473,527
Total liabilities	<u>3,681,672</u>	<u>7,329,308</u>	<u>3,753,834</u>	<u>872,544</u>	<u>15,637,358</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	12,127	60,356	3,727	-	76,210
Deferred amounts related to pensions	6,529	11,870	1,566	-	19,965
Deferred amounts related to OPEB	121,607	302,875	43,707	23,042	491,231
Total deferred inflows of resources	<u>140,263</u>	<u>375,101</u>	<u>49,000</u>	<u>23,042</u>	<u>587,406</u>
NET POSITION					
Net investment in capital assets	9,476,161	5,470,585	10,684,128	632,348	26,263,222
Unrestricted	918,568	6,425,620	925,395	(100,468)	8,169,115
Total net position	<u>\$ 10,394,729</u>	<u>\$ 11,896,205</u>	<u>\$ 11,609,523</u>	<u>\$ 531,880</u>	<u>\$ 34,432,337</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Nonmajor (Pop Whalen Ice Arena and Arts Center)	
Operating revenues:					
Charges for services	\$ 1,938,336	\$ 10,617,033	\$ 1,011,362	\$ 192,819	\$ 13,759,550
Miscellaneous	2,525	-	-	674	3,199
Total operating revenues	<u>1,940,861</u>	<u>10,617,033</u>	<u>1,011,362</u>	<u>193,493</u>	<u>13,762,749</u>
Operating expenses:					
Cost of operations	1,026,154	2,502,305	1,120,045	167,130	4,815,634
Cost of power	-	6,728,942	-	-	6,728,942
Depreciation expense	494,526	391,768	465,032	57,181	1,408,507
Total operating expenses	<u>1,520,680</u>	<u>9,623,015</u>	<u>1,585,077</u>	<u>224,311</u>	<u>12,953,083</u>
Operating income (loss)	<u>420,181</u>	<u>994,018</u>	<u>(573,715)</u>	<u>(30,818)</u>	<u>809,666</u>
Nonoperating revenue (expense):					
Intergovernmental	178,989	-	400,004	-	578,993
Interest expense	(68,549)	(151,152)	(49,175)	(15,851)	(284,727)
Transfer from other funds	-	-	554,295	-	554,295
Total nonoperating revenue (expense)	<u>110,440</u>	<u>(151,152)</u>	<u>905,124</u>	<u>(15,851)</u>	<u>848,561</u>
Net change in net position	530,621	842,866	331,409	(46,669)	1,658,227
Net position, beginning	9,864,108	11,053,339	11,278,114	578,549	32,774,110
Net position, ending	<u>\$ 10,394,729</u>	<u>\$ 11,896,205</u>	<u>\$ 11,609,523</u>	<u>\$ 531,880</u>	<u>\$ 34,432,337</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 10
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business -type Activities - Enterprise Funds				Total
	Water Department	Electric Department	Sewer Department	Nonmajor (Pop Whalen Ice Arena)	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,914,047	\$ 10,834,617	\$ 999,769	\$ 218,257	\$ 13,966,690
Payments to suppliers and employees	(1,008,993)	(9,398,468)	(1,093,058)	(150,999)	(11,651,518)
Net cash provided (used) by operating activities	<u>905,054</u>	<u>1,436,149</u>	<u>(93,289)</u>	<u>67,258</u>	<u>2,315,172</u>
Cash flows from non-capital financing activities:					
Transfer to other funds	-	-	(155)	(37,975)	(38,130)
Transfers from other funds	155	-	554,295	-	554,450
Net cash provided (used) in non-capital financing activities	<u>155</u>	<u>-</u>	<u>554,140</u>	<u>(37,975)</u>	<u>516,320</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(826,040)	(981,244)	(330,552)	(22,308)	(2,160,144)
Proceeds from bonds and bond premium	500,000	-	-	726,402	1,226,402
Proceeds from state grants	-	-	122,423	-	122,423
Proceeds from federal grants	178,989	-	364,886	-	543,875
Principal paid on bonds and notes	(433,980)	(642,425)	(436,361)	(35,710)	(1,548,476)
Interest paid on bonds and notes	(104,188)	(212,802)	(92,827)	(3,849)	(413,666)
Net cash provided (used) in capital and related financing activities	<u>(685,219)</u>	<u>(1,836,471)</u>	<u>(372,431)</u>	<u>664,535</u>	<u>(2,229,586)</u>
Increase (decrease) in cash	219,990	(400,322)	88,420	693,818	601,906
Cash and cash equivalents, beginning	1,279,593	8,324,039	399,078	-	10,002,710
Cash and cash equivalents, ending	<u>\$ 1,499,583</u>	<u>\$ 7,923,717</u>	<u>\$ 487,498</u>	<u>\$ 693,818</u>	<u>\$ 10,604,616</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 420,181	\$ 994,018	\$ (573,715)	\$ (30,818)	\$ 809,666
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	494,526	391,768	465,032	57,181	1,408,507
(Increase) decrease in accounts receivable	(26,788)	204,826	(6,077)	24,764	196,725
Increase in inventory	-	(164,820)	-	-	(164,820)
Increase in prepaid items	-	(1,568)	-	-	(1,568)
Increase (decrease) in accounts payable	21,132	(18,678)	(2,459)	15,225	15,220
Increase (decrease) in payroll related liabilities	(3,971)	17,845	29,446	906	44,226
Increase in customer deposits	-	7,445	-	-	7,445
Increase (decrease) in unearned revenue	(26)	5,313	(5,516)	-	(229)
Total adjustments	<u>484,873</u>	<u>442,131</u>	<u>480,426</u>	<u>98,076</u>	<u>1,505,506</u>
Net cash provided (used) by operating activities	<u>\$ 905,054</u>	<u>\$ 1,436,149</u>	<u>\$ (93,289)</u>	<u>\$ 67,258</u>	<u>\$ 2,315,172</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 11
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ 4,868	\$ 78,922
Investments	415,921	1,648,578
Total assets	<u>420,789</u>	<u>1,727,500</u>
Liabilities	<u>-</u>	<u>-</u>
Net position:		
Held in trust for specific purposes	420,789	-
Held for other governments	-	1,727,500
Total net position	<u>\$ 420,789</u>	<u>\$ 1,727,500</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 12
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Private Purpose Trust	Custodial
Additions:		
Deposits from school district	\$ -	\$ 60,000
Investment earnings:		
Interest and dividends	12,988	34,007
Net change in fair value of investments	(63,262)	(203,376)
Total additions	<u>(50,274)</u>	<u>(109,369)</u>
Deductions:		
Disbursements to school district	-	29,725
Trust distributions	5,322	-
Total deductions	<u>5,322</u>	<u>29,725</u>
Change in net position	(55,596)	(139,094)
Net position, beginning, as restated, see Note III.D.	476,385	1,866,594
Net position, ending	<u>\$ 420,789</u>	<u>\$ 1,727,500</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Wolfeboro (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the year ended December 31, 2022.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Wolfeboro is a municipal corporation governed by a board of selectmen consisting of five members elected by the voters, and a Town Manager appointed by the board of selectmen. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which finance the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to users for sales and services. Operating expenses for enterprise funds include the cost of providing sales and services and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual, governmental fund and the major, individual enterprise funds are reported in separate columns in the basic fund financial statements with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. As well, the proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued in or before 1989, unless those pronouncements conflict with or contradict the GASB.

The government-wide, proprietary, and fiduciary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, and defers any not received by that date. When calculating fund balance used to set the tax rate, unavailable tax revenues are not deferred in accordance with directives from the New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due. Proceeds of general long-term debt are reported as other financing sources.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds. On the generally accepted accounting principles (GAAP) basis, the Library, Josiah Brown and Expendable Trust Funds are included in the General Fund.

The Town also reports six nonmajor governmental funds.

Proprietary Funds

The Town reports the following major enterprise funds:

Water Department – Accounts for all revenues and expenses related to the Town’s water treatment and distribution operations.

Electric Department – Accounts for all revenues and expenses related to the Town’s provision of electricity.

Sewer Department – Accounts for all revenues and expenses related to the Town’s sewage disposal operations.

The Town also reports one nonmajor proprietary fund: the Pop Whalen Ice Arena and Arts Center Fund.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Custodial Funds – Account for amounts held by the Town on behalf of other individuals or governments. These assets are therefore not available to support the Town’s own programs. The Town’s custodial funds are used to account for performance bonds held in escrow, and amounts belonging to the Governor Wentworth Regional School District.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

I.C. Assets, Liabilities, and Net Position or Fund Equity

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen and/or Town Manager. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. *Inventory and Prepaid Items*

Inventory is valued at cost using the first-in/first out (FIFO) method. The costs of proprietary fund-type inventory are recorded as expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I.C.3. *Capital Assets and Depreciation*

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur; however, the Town capitalizes police weapon inventory and assets purchased with grant funds with costs over \$5,000. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Land improvements	5-20
Buildings and building improvements	5-75
Machinery, vehicles and equipment	5-50
Infrastructure	5-75
Improvements other than buildings	3-50

I.C.4. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds. Included in long-term debt are bonds and notes payable, compensated absences payable, accrued landfill postclosure care costs, the net pension liability, and the OPEB liability.

I.C.5. Compensated Absences

Some full-time, permanent employees are granted accrued leave benefits in varying amounts to specified maximums based on the number of years in employment. Employees are entitled to a portion of their accrued leave upon termination. Employees hired on January 1, 2011 or later are not eligible for leave time payout upon termination of employment.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.6. Equity

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal balance of the permanent funds that must be permanently invested and cannot be expended.
- Restricted for endowments, expendable, which consists of the balance of the permanent funds' income that is allowed to be expended for Town purposes.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

- Restricted for other purposes, which consists of the balance of the library fund's resources, whose use is restricted by law, the balance of unspent bond proceeds, and grants whose use is restricted by the grantor.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds; and prepaid items and tax deeded property held for resale in the general fund, whose resources are in a nonspendable form.
- Restricted, which represents the expendable income from permanent funds and the library fund, and the balance of unspent bond proceeds, all whose use is limited by law, and grants whose use is restricted by the grantor.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments. Committed balances represent continuing appropriations, the expendable trust funds, Josiah Brown fund, and special revenue funds that are not restricted.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the deficit balance in the General Fund and nonmajor (miscellaneous grants) fund.

Deficit General Fund Balance

The General Fund reports an unassigned deficit fund balance of \$295,070 as of December 31, 2022. This is the result of the expenditures for the Pop Whalen Ice Arena renovation and expansion project, which were anticipated to be funded through general obligation debt and private donations. The Town issued debt related to the project during 2022, but did not receive any donated funds until July 2023. It is expected that the unassigned fund balance in the General Fund will be replenished as of December 31, 2023 with the realization of the donated funds.

I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Enterprise Funds. A project length budget was adopted for the Capital Projects Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2022, none of the fund balance from 2021 was so used, but \$1,000,000 was appropriated from fund balance.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments or assignments of fund balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, conservation, economic development, debt service, and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

Minimum Fund Balance

In order to maintain a reasonable cash reserve, as well as plan for fiscal emergencies, the Town strives to maintain an unassigned fund balance in its General Fund equal to 10% of the current year's voted operating budget. Consistent with Article 16 of the 2002 Town Warrant, which established a Town Surplus Policy, the Town Manager shall have the authority to reduce the surplus (General Fund Unassigned Fund Balance) carried over from the prior year to an amount no greater than 10% of the operating budget voted for the current year by applying it to reduce taxes.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 22,382,365
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	424,733
Tax revenue deferred in the current year	(597,307)
Perspective difference:	
Decrease in revenue related to library fund	(5,720)
Revenue from Josiah Brown fund	35,008
Revenue from expendable trust fund	(167,349)
Transfer from permanent fund to library fund	1,191
Per Exhibit 5 (GAAP basis)	<u>\$ 22,072,921</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 26,163,136
Adjustments:	
Basis difference:	
Encumbrances, beginning	894,246
Encumbrances, ending	(1,963,727)
Perspective difference:	
Expenditures from Josiah Brown fund	17,000
Expenditures from library fund	17,467
Expenditures from expendable trust fund	723,676
Transfers to expendable trust fund	(851,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 25,000,798</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 302,237
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(597,307)
Per Exhibit 3 (GAAP basis)	<u>\$ (295,070)</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2022, the Town’s reporting entity had the following investments:

Mutual Funds	\$ 4,849,048
Exchange Traded Funds	673,033
	\$ 5,522,081

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 3,457,582
Fiduciary funds - statement of fiduciary net position (Exhibit 11)	2,064,499
Total	\$ 5,522,081

Fair Value Measurement

The Town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2022:

<u>Investment</u>	<u>Level 1</u>
Mutual Funds	\$ 4,849,048
Exchange Traded Funds	673,033
	\$ 5,522,081

The Town classifies its investments into Level 1, which refers to the investments traded in an active market. The levels relate to valuation only and do not necessarily indicate a measure of risk.

Investment Risks

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town does not have an investment policy that places any further restrictions on its investment choices. The Town does not have any investments with credit ratings.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

changes. The Town does not have an investment policy that addresses limiting interest rate risk. The Town does not have any investments subject to interest rate risks.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk. As of December 31, 2022, the Town had \$1,534,101 invested in the Vanguard Short-Term Investment-Grade Fund, \$1,066,372 invested in the Fidelity Short-Term Treasury Bond Index Fund, \$656,877 invested in the Baird Aggregate Bond Fund, \$431,856 invested in the Fidelity 500 Index Fund, \$310,716 invested in the Fidelity Corporate Bond Fund, and \$309,697 invested in the Vanguard Whitehall ETF, representing 27.78%, 19.31%, 11.90%, 7.82%, 5.63%, and 5.61%, respectively, of its total investments.

III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2021 property taxes on April 27th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Governor Wentworth Regional School District, and Carroll County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2022, upon which the 2022 property tax levy was based was:

For the New Hampshire education tax	\$ 2,420,387,344
For all other taxes	\$ 2,420,748,144

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

The tax rates and amounts assessed for the year ended December 31, 2022 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$5.40	\$ 13,061,829
School portion:		
State of New Hampshire	\$1.31	3,171,553
Local	\$5.43	13,143,323
County portion	\$1.08	2,625,112
Total property taxes assessed		\$ 32,001,817

The following details the taxes receivable at year-end:

Property:		
Levy of 2022		\$ 1,503,785
Unredeemed (under tax lien):		
Levy of 2021		105,578
Levy of 2020		54,515
Levies of 2011 and prior		62,629
Timber		16,873
Betterment assessments		172,563
Less: allowance for estimated uncollectible taxes		(120,000)
Net taxes receivable		\$ 1,795,943

Other Receivables

Other significant receivables include grant reimbursements for the Town's various grant programs, long-term state aid grants, utility charges, and ice arena rental fees. Allowances exist for future utility charge abatements. The receivables are as follow:

Accounts	\$ 1,517,826
Intergovernmental	1,088,870
Less: allowance for uncollectible amounts	(323,746)
Net total receivables	\$ 2,282,950

Deferred Revenue

Deferred revenue in the General Fund of \$1,075,701 at December 31, 2022 represents \$597,307 of 2022 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, \$184,511 of unspent American Rescue Plan Act funds, \$112,574 of unspent state bridge aid, \$173,139 of betterment assessments that will be invoiced in future years, \$7,644 of taxes prepaid for the 2023 tax levy, and \$526 of miscellaneous items. In the governmental activities, only \$305,255 is reported as unearned revenue, representing

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

prepaid taxes, ARPA, bridge aid funds, and miscellaneous items. Unearned revenue in the business-type activities and Enterprise Funds represents prepayments of utility charges.

III.A.3. Capital Assets

Changes in Capital Assets

The following tables provide a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 6,739,466	\$ -	\$ -	\$ 6,739,466
Construction in progress	2,758,438	8,372,875	(1,286,058)	9,845,255
Total capital assets not being depreciated	<u>9,497,904</u>	<u>8,372,875</u>	<u>(1,286,058)</u>	<u>16,584,721</u>
Being depreciated:				
Land improvements	237,780	64,937	-	302,717
Buildings and building improvements	14,450,336	292,140	-	14,742,476
Machinery, vehicles and equipment	9,337,775	679,732	-	10,017,507
Infrastructure	35,172,450	1,699,160	-	36,871,610
Other improvements	2,731,161	54,896	-	2,786,057
Total capital assets being depreciated	<u>61,929,502</u>	<u>2,790,865</u>	<u>-</u>	<u>64,720,367</u>
Total all capital assets	<u>71,427,406</u>	<u>11,163,740</u>	<u>(1,286,058)</u>	<u>81,305,088</u>
Less accumulated depreciation:				
Land improvements	(11,344)	(11,576)	-	(22,920)
Buildings and building improvements	(4,131,409)	(561,506)	-	(4,692,915)
Machinery, vehicles and equipment	(5,482,041)	(481,211)	-	(5,963,252)
Infrastructure	(12,372,561)	(854,292)	-	(13,226,853)
Other improvements	(1,678,820)	(96,574)	-	(1,775,394)
Total accumulated depreciation	<u>(23,676,175)</u>	<u>(2,005,159)</u>	<u>-</u>	<u>(25,681,334)</u>
Net book value, capital assets being depreciated	<u>38,253,327</u>	<u>785,706</u>	<u>-</u>	<u>39,039,033</u>
Net book value, all capital assets	<u>\$ 47,751,231</u>	<u>\$ 9,158,581</u>	<u>\$ (1,286,058)</u>	<u>\$ 55,623,754</u>

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

	Balance, beginning	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,115,005	\$ -	\$ -	\$ 1,115,005
Construction in progress	6,286,491	1,012,748	(47,374)	7,251,865
Total capital assets not being depreciated	7,401,496	1,012,748	(47,374)	8,366,870
Being depreciated:				
Buildings and building improvements	5,736,239	-	-	5,736,239
Machinery, vehicles and equipment	17,644,354	329,048	-	17,973,402
Infrastructure	30,808,724	865,722	-	31,674,446
Total capital assets being depreciated	54,189,317	1,194,770	-	55,384,087
Total all capital assets	61,590,813	2,207,518	(47,374)	63,750,957
Less accumulated depreciation:				
Buildings and building improvements	(2,826,251)	(148,286)	-	(2,974,537)
Machinery, vehicles and equipment	(11,017,040)	(510,061)	-	(11,527,101)
Infrastructure	(11,724,859)	(750,164)	-	(12,475,023)
Total accumulated depreciation	(25,568,150)	(1,408,511)	-	(26,976,661)
Net book value, capital assets being depreciated	28,621,167	(213,741)	-	28,407,426
Net book value, all capital assets	\$ 36,022,663	\$ 799,007	\$ (47,374)	\$ 36,774,296

Depreciation Expense

Depreciation expense was charged to functions of the Town as follows:

Governmental activities:	
General government	\$ 417,822
Public safety	300,019
Highways and streets	1,065,134
Sanitation	30,087
Culture and recreation	191,227
Conservation	870
Total depreciation expense	\$ 2,005,159
Business-type activities:	
Sanitation	\$ 465,035
Water distribution and treatment	494,526
Electric distribution	391,769
Culture and recreation	57,181
Total depreciation expense	\$ 1,408,511

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2022 consists of \$7,822,854 due to the Governor Wentworth Regional School District from the General Fund for the balance of the 2022-2023 district assessment and \$631 from the Electric Department Fund for miscellaneous items.

III.B.2. Long-Term Debt

General obligation bonds and notes are approved by the voters and repaid with general revenues (property taxes). These liabilities are backed by the full faith and credit of the Town.

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2022	Current Portion
Governmental activities:						
General obligation bonds/notes payable:						
Sewall/Friend Street water systems	\$ 396,514	2006	2026	4.0-4.3	\$ 65,875	\$ 16,469
General projects	\$ 1,292,315	2007	2027	4.0-5.0	350,000	70,000
Town hall renovations	\$ 485,920	2008	2028	4.0-5.25	142,840	25,710
ADA compliant restrooms	\$ 301,800	2008	2028	4.0-5.25	92,840	15,710
Land purchase	\$ 131,500	2008	2028	4.0-5.25	32,840	5,710
Sidewalks	\$ 97,530	2008	2028	4.0-5.25	32,840	5,710
Public safety building repair	\$ 121,000	2012	2023	2.1-5.1	6,000	6,000
255 Main Street parking lot	\$ 144,000	2012	2023	2.1-5.1	9,000	9,000
Downtown street upgrades	\$ 717,500	2012	2033	2.1-5.1	382,500	35,000
Glendon Street parking lot	\$ 256,600	2012	2033	2.1-5.1	130,600	15,000
Public works garage updates	\$ 277,000	2014	2034	3.1-5.1	160,000	15,000
Construct parks maintenance building	\$ 176,000	2014	2024	5.1	30,000	15,000
Middleton Road construction	\$ 417,000	2014	2034	3.1-5.1	240,000	20,000
Center Street reconstruction	\$ 700,000	2015	2033	2.1-4.1	420,000	40,000
Renovation of Brewster Hall	\$ 3,130,000	2015	2033	2.1-4.1	1,905,000	175,000
Libby Museum	\$ 194,000	2015	2025	2.1-4.1	54,000	20,000
Stonehenge Road reconstruction	\$ 77,000	2015	2025	2.1-4.1	12,000	5,000
Westwood Drive reconstruction	\$ 224,500	2019	2028	4.1	139,794	21,023
Library construction & renovation	\$ 3,343,700	2020	2040	2.14	3,000,000	170,000
Carry Beach reconstruction	\$ 396,250	2020	2025	0.57	240,000	80,000
Recreational dock repairs	\$ 697,400	2021	2031	5.1	625,000	70,000
Pop Whalen renovation & expansion	\$ 3,190,188	2022	2042	4.1-5.1	3,190,188	159,525
Dockside upgrade	\$ 622,200	2022	2032	5.1	622,200	62,300
					11,883,517	1,057,157

(continued)

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

Unamortized bond premium	1,008,763	82,816
Compensated absences payable:		
Accrued vacation leave	547,969	52,079
Accrued landfill postclosure care costs	240,000	8,000
Net pension liability	9,703,010	-
Other postemployment benefits payable	2,324,683	-
	\$ 25,707,942	\$ 1,200,052

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2022	Current Portion
Business-type activities:						
General obligation bonds/notes payable:						
Water treatment facility	\$ 3,000,000	1996	2026	4.5	\$ 270,000	\$ 90,000
Water system improvements	\$ 550,000	1997	2025	4.5	51,000	17,000
Electric distribution upgrade	\$ 5,281,000	2003	2023	2.25-4.25	260,000	260,000
Water system improvements	\$ 1,183,080	2004	2033	4.25	390,000	36,000
Sewall/Friend Streets water system	\$ 1,650,011	2006	2026	4.0-4.30	274,125	68,531
Water projects	\$ 2,816,295	2007	2027	4.0-5.0	675,000	135,000
Sewer infiltration/inflow project	\$ 592,990	2007	2027	4.0-5.0	150,000	30,000
Water system improvements	\$ 640,735	2008	2028	4.0-5.25	182,840	30,710
Sewer infiltration/inflow project	\$ 797,605	2008	2028	4.0-5.25	242,960	40,740
Pop Whalen rink	\$ 321,755	2008	2028	4.0-5.25	92,840	15,710
Wastewater treatment facility upgrade	\$ 5,820,364	2009	2029	2.352	2,037,128	291,019
Wastewater treatment facility upgrade	\$ 592,063	2012	2031	1.104	266,428	29,603
Wastewater facility upgrades	\$ 170,400	2012	2033	2.1-5.1	80,400	10,000
Wastewater facility upgrades	\$ 246,500	2012	2033	2.1-5.1	111,500	15,000
Water meter project	\$ 436,764	2014	2024	1.94	67,353	33,023
Sewer collection system upgrades	\$ 370,000	2014	2034	3.1-5.1	210,000	20,000
Whiten Neck Road water line upgrades	\$ 489,750	2017	2037	2.66	365,000	25,000
Voltage Conversion Phase #5	\$ 3,315,000	2020	2040	2.15	2,975,000	170,000
Distribution Conversion Phase #6	\$ 1,517,425	2021	2031	5.1	1,365,000	155,000
Water line replacement	\$ 444,500	2022	2032	2.64	444,500	44,500
Pop Whalen renovation & expansion	\$ 653,412	2022	2042	4.1-5.1	653,412	32,674
					11,164,486	1,549,510
Unamortized bond premium					1,219,225	130,902
Compensated absences payable:						
Accrued vacation leave					47,844	-
Net pension liability					1,627,734	-
Other postemployment benefits payable					473,527	-
					\$ 14,532,816	\$ 1,680,412

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2022:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 8,918,032	\$ 631,820	\$ 589,116	\$ 600,000	\$ 7,476,052	\$ 4,497,106	\$ 22,712,126
Additions	3,812,388	434,161	-	-	2,226,958	-	6,473,507
Reductions	(846,903)	(57,218)	(41,147)	(360,000)	-	(2,172,423)	(3,477,691)
Balance, ending	<u>\$ 11,883,517</u>	<u>\$ 1,008,763</u>	<u>\$ 547,969</u>	<u>\$ 240,000</u>	<u>\$ 9,703,010</u>	<u>\$ 2,324,683</u>	<u>\$ 25,707,942</u>

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2022:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 11,615,050	\$ 1,217,143	\$ 66,498	\$ 1,261,737	\$ 850,828	\$ 15,011,256
Additions	1,097,912	128,490	-	365,997	-	1,592,399
Reductions	(1,548,476)	(126,408)	(18,654)	-	(377,301)	(2,070,839)
Balance, ending	<u>\$ 11,164,486</u>	<u>\$ 1,219,225</u>	<u>\$ 47,844</u>	<u>\$ 1,627,734</u>	<u>\$ 473,527</u>	<u>\$ 14,532,816</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds and notes outstanding as of year-end are as follow:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,057,157	\$ 488,571	\$ 1,545,728
2024	1,043,019	428,608	1,471,627
2025	1,016,977	384,366	1,401,343
2026	921,911	344,775	1,266,686
2027	904,254	304,150	1,208,404
2028-2032	3,722,170	1,013,683	4,735,853
2033-2037	1,925,730	407,694	2,333,424
2038-2042	1,292,299	116,437	1,408,736
Totals	<u>\$ 11,883,517</u>	<u>\$ 3,488,284</u>	<u>\$ 15,371,801</u>

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,549,510	\$ 414,356	\$ 1,963,866
2024	1,280,816	353,874	1,634,690
2025	1,244,326	304,134	1,548,460
2026	1,132,326	268,886	1,401,212
2027	1,065,956	216,759	1,282,715
2028-2032	3,057,979	577,014	3,634,993
2033-2037	1,175,270	181,205	1,356,475
2038-2042	658,303	38,465	696,768
Totals	<u>\$ 11,164,486</u>	<u>\$ 2,354,693</u>	<u>\$ 13,519,179</u>

Bonds and notes authorized and unissued as of December 31, 2022 were as follow:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 13, 2018	Construction of Westwood Drive	\$ 38,500
March 13, 2018	Asset Management	\$ 30,000
March 9, 2021	Rapid Infiltration Basin Site Upgrade	\$ 3,500,000
March 8, 2022	Seasonal Water Line Replacement	\$ 500,000
March 8, 2022	Port Wedeln Drainage Upgrades	\$ 231,203
March 8, 2022	Sewer Pump Station Upgrade Mill Street	\$ 1,008,000
March 8, 2022	Water main Upgrades	\$ 358,695

Subsequent Events

On July 12, 2023, the Town issued a general obligation bond of \$7,000,000 for the public safety building renovation and expansion. Of the total, \$594,568 is considered premium to reduce the loan, and \$6,405,432 is to be paid back at an interest rate of 5.1% and a final maturity date of 2043.

On July 12, 2023, the Town issued a general obligation bond of \$1,000,000 for the Forest and Varney Road sewer line extension. Of the total, \$84,961 is considered premium to reduce the loan, and \$915,039 is to be paid back at an interest rate of 5.1% and a final maturity date of 2043.

Accrued Landfill Postclosure Care Costs

State and federal laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site for thirty years after the 1997 closure. An estimated liability has been recorded based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$240,000 as of December 31, 2022, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2022. However, the actual costs of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

There is \$69,960 owed to the Water Department Fund from the Sewer Department Fund representing collections misposted to the wrong account.

III.C.2. *Transfers*

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	Transfers In:			
	General Fund	Sewer Department Fund	Nonmajor Governmental Funds	Total
Transfers out:				
General fund	\$ -	\$ 554,295	\$ 20,685	\$ 574,980
Nonmajor governmental funds	147,634	-	-	147,634
	\$ 147,634	\$ 554,295	\$ 20,685	\$ 722,614

The amounts transferred to the Sewer Department and Nonmajor Governmental Funds represent voted appropriations. The amount transferred to the General Fund represents income earned on permanent funds for cemetery maintenance and culture and recreation.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

III.D. Restatement of Beginning Equity

The net position at January 1, 2022 was restated as follows:

	Governmental Activities	Custodial Fund
To correct capital assets	\$ 82,295	\$ -
To correct escrows and performance bonds	-	(116,755)
Net position, as previously reported	35,071,805	1,983,349
Net position, as restated	<u>\$ 35,154,100</u>	<u>\$ 1,866,594</u>

III.E. Fund Equity

The components of fund balance, as described in Note I.C.6., are classified for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 878,317
Inventory	21,661	-
Prepaid items	12,326	-
Tax deeded property	32,376	-
Total nonspendable	<u>66,363</u>	<u>878,317</u>
Restricted:		
General government	-	234,652
Culture and recreation	637,647	-
Capital outlay	158,874	502,187
Total restricted	<u>796,521</u>	<u>736,839</u>
Committed:		
Public safety	-	15,533
Culture and recreation	-	28,514
Conservation	-	117,993
Capital outlay	3,920,484	-
Total committed	<u>3,920,484</u>	<u>162,040</u>
Assigned:		
General government	26,997	-
Public safety	9,044	-
Highways and streets	24	-
Sanitation	1,664	-
Culture and recreation	82,940	-
Capital outlay	14,311	-
Total assigned	<u>134,980</u>	<u>-</u>
Unassigned	<u>(295,070)</u>	<u>(2,243)</u>
Total fund balance	<u>\$ 4,623,278</u>	<u>\$ 1,774,953</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage is provided from January 1 through December 31. Primex provided statutory workers' compensation coverage, and various amounts of coverage for liability and property losses.

Contributions paid in 2022 to be recorded as an insurance expenditure/expense totaled \$224,609 for property/liability and \$130,649 for workers' compensation. There were no unpaid contributions for the year ended December 31, 2022. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters and other employees were 11.55%, 11.8% and 7%, respectively, of gross earnings. The rates of contribution from the Town were 33.88% for police officers, 32.99% for firefighters, and 14.06% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions for pension and medical subsidy from the Town during the years 2020, 2021, and 2022 were \$984,334, \$1,025,861, and \$1,201,626, respectively. The amounts were paid on a monthly basis as due.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2022, the Town reported a liability of \$11,330,744 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2022, the Town's proportion was 0.1975%, which was an increase of 0.0004% from its proportion measured as of June 30, 2021.

For 2022, the Town recognized pension expense of \$1,097,175, split between governmental activities (\$1,012,855) and business-type activities (\$84,320). At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 147,172	\$ 95,479
Net differences between projected and actual earnings on pension plan investments	429,421	-
Changes in assumptions	602,705	-
Differences between expected and actual experience	212,658	43,497
Town contributions subsequent to the measurement date	647,663	-
	\$ 2,039,619	\$ 138,976

The Town reported \$647,663 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending December 31,	
2023	\$ 447,328
2024	377,446
2025	(166,535)
2026	594,741
	<u>\$ 1,252,980</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Multiple periods of 18-20 years
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.00% per year
Wage Inflation	2.75% per year
Salary Increases	5.4% average, including inflation
Municipal Bond Rate	3.69% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2015-2019 experience study
Mortality	Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each member classification and projected fully generational mortality improvements using Scale MP-2019

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2015 – June 30, 2019.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 15,203,002	\$ 11,330,744	\$ 8,111,320

Other actuarial assumptions, as well as detailed information about the pension plan’s fiduciary net position, is available in the separately issued NHRS report.

IV.C. Contingent Liabilities

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

There are various legal claims pending against the Town which arose in the normal course of the Town’s activities. In the opinion of management, the ultimate disposition of these various claims will not have a material effect on the financial position of the Town.

IV.D. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this valuation. Retirees under the age of 65 have a medical insurance plan with NH School Health Care Coalition. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees, hired prior to 7/1/11, may retire at age 60, or once their age plus years of service equals 70. Group I employees hired after 7/1/11 may retire at age 65. Group II employees vested prior to 1/1/12 may retire at age 60, or at age 45 with 20 years of service.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Group II employees not vested prior to 1/1/12, but hired prior to 7/1/11, may retire at age 60, or upon attainment of minimum age and service requirements as follow:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service
At least 8 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
Less than 4 years	49	24

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town’s medical coverage after the death of the retired employee as long as they pay the required premium. As of June 30, 2022, the actuarial valuation date, there are only two participants of the postretirement plan that meet eligibility requirements. The plan does not issue a separate financial report.

Implicit Rate Subsidy

Same benefit options are available to retirees as active employees. Health insurance is purchased through NH School Health Care Coalition. The Town is a member of the under-100 employees’ pool and the rates are determined based on the experience of the entire under-100 employees’ pool. The claims experience for active employees and retirees are combined to determine the final premium rate. This single premium rate is called a blended premium rate because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims cost.

Medical Insurance Subsidy

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The medical insurance subsidy plan is closed to new entrants.

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Total OPEB Liability

The Town's total OPEB liability of \$2,798,210 consists of \$2,124,780 for the implicit rate subsidy determined by an actuarial valuation as of December 31, 2022 and \$673,430 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2021 with roll-forward procedures used to determine the liability as of June 30, 2022. The roll-forward of the total OPEB liability from June 30, 2021 to June 30, 2022 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

Methods and Assumptions

The collective total OPEB liability was based on the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal
Payroll Growth	3.50%
Discount Rate	3.72% per year
Healthcare Cost Trend Rate	Year 1 2.39%
	Year 2 7.50%
	Ultimate Trend 4.54%, reached in 2090
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Mortality	Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Safety Employees Headcount-Weighted Mortality fully generational using Scale MP-2021.

The assumptions for the medical subsidy are the same used in the pension liability as described in Note IV.B.

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Town's total OPEB liability	<u>\$ 2,345,662</u>	<u>\$ 2,124,780</u>	<u>\$ 1,923,806</u>

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

Medical Insurance Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	\$ 731,122	\$ 673,430	\$ 623,183

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower of 1-percentage point higher:

	1% Decrease (1.39%)	Current Healthcare Cost Trend Rate (2.39%)	1% Increase (3.39%)
Town's total OPEB liability	\$ 1,824,124	\$ 2,124,780	\$ 2,487,247

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended December 31, 2022, the Town recognized OPEB expense of \$107,781. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 783,673	\$ 1,239,042
Net differences between projected and actual earnings on OPEB plan investments	1,840	-
Differences between expected and actual experience	236,515	1,663,791
Town contributions subsequent to the measurement date	43,716	-
	\$ 1,065,744	\$ 2,902,833

**TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

The Town reported \$43,716 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year 2023. Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

Year Ending <u>December 31,</u>	
2023	\$ (174,761)
2024	(174,988)
2025	(178,273)
2026	(255,901)
2027	(304,361)
Thereafter	(792,521)
	<u>\$ (1,880,805)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 13
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.1975%	0.1971%	0.1937%	0.1989%	0.1955%	0.2044%	0.1879%	0.1824%	0.1812%
Town's proportionate share of the net pension liability	\$11,330,744	\$8,737,789	\$12,391,939	\$9,568,609	\$9,412,528	\$10,050,420	\$9,992,155	\$7,226,287	\$6,802,385
Town's covered-employee payroll	\$6,225,051	\$5,836,912	\$5,717,796	\$5,385,830	\$5,321,978	\$5,022,891	\$4,745,564	\$4,320,142	\$4,067,663
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	182.02%	149.70%	216.73%	177.66%	176.86%	200.09%	210.56%	167.27%	167.23%
Plan fiduciary position as a percentage of the total pension liability	65.12%	72.22%	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

The note to the required supplementary information is an integral part of this statement.

EXHIBIT 14
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,201,626	\$ 1,025,861	\$ 984,334	\$ 937,393	\$ 925,545	\$ 863,859	\$ 792,455	\$ 734,301	\$ 663,823
Contribution in relation to the contractually required contribution	(1,201,626)	(1,025,861)	(984,334)	(937,393)	(925,545)	(863,859)	(792,455)	(734,301)	(663,823)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 6,225,051	\$ 5,836,912	\$ 5,717,796	\$ 5,385,830	\$ 5,321,978	\$ 5,022,891	\$ 4,745,564	\$ 4,320,142	\$ 4,067,663
Contributions as a percentage of covered-employee payroll	19.30%	17.58%	17.22%	17.40%	17.39%	17.20%	16.70%	17.00%	16.32%

The note to the required supplementary information is an integral part of this statement.

EXHIBIT 15
TOWN OF WOLFEBORO
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 150,781	\$ 292,476	\$ 286,421	\$ 211,970	\$ 183,565
Interest	128,099	143,084	138,698	179,037	170,694
OPEB plan net investment income	(5,024)	(18,217)	(663)	(3,585)	(5,576)
OPEB plan administrative and other costs	329	286	217	515	135
Changes of assumptions and differences between expected and actual experience	(2,772,677)	(16,871)	458,447	(12,953)	492,673
Benefit payments	(51,232)	(98,977)	(108,646)	(88,070)	(104,909)
Net change in total OPEB liability	(2,549,724)	301,781	774,474	286,914	736,582
Total OPEB liability, beginning	5,347,934	5,046,153	4,271,679	3,984,765	3,248,183
Total OPEB liability, ending	<u>\$ 2,798,210</u>	<u>\$ 5,347,934</u>	<u>\$ 5,046,153</u>	<u>\$ 4,271,679</u>	<u>\$ 3,984,765</u>
Covered-employee payroll	\$ 6,225,051	\$ 5,836,912	\$ 5,717,796	\$ 5,385,830	\$ 4,585,136
Total OPEB liability as a percentage of covered-employee payroll	44.95%	91.62%	88.25%	79.31%	86.91%
Town's proportion of the NHRS net OPEB liability for medical subsidy	0.1782%	0.1702%	0.1669%	0.1810%	0.1782%

55

The note to the required supplementary information is an integral part of this statement.

EXHIBIT 16
TOWN OF WOLFEBORO
Schedule of the Town's OPEB Contributions

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 337,467	\$ 568,881	\$ 543,196	\$ 486,593	\$ 419,306
Contributions in relation to the actuarially determined contribution	(93,597)	(112,939)	(108,025)	(100,397)	(92,285)
Contribution deficiency	<u>\$ 243,870</u>	<u>\$ 455,942</u>	<u>\$ 435,171</u>	<u>\$ 386,196</u>	<u>\$ 327,021</u>
Covered-employee payroll	\$ 6,225,051	\$ 5,836,912	\$ 5,717,796	\$ 5,385,830	\$ 4,585,136
Contributions as a percentage of covered-employee payroll	5.42%	9.75%	9.50%	9.03%	9.14%

The note to the required supplementary information is an integral part of this statement.

TOWN OF WOLFEBORO, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

The pension and other postemployment benefits schedules are meant to present related information for ten years. Because this is the eighth year that the Town has reported the pension schedules, and fifth year that the Town has presented the OPEB schedules under current standards, only nine and five years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR GOVERNMENTAL AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 17
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

	Special Revenue Funds				Capital Projects Fund	Permanent Fund	Total
	Recreation Revolving	Police Detail	Conservation Commission	Miscellaneous Grants			
ASSETS							
Cash and cash equivalents	\$ 28,514	\$ 10,393	\$ 117,993	\$ 2,757	\$ 525,253	\$ 12,816	\$ 697,726
Investments	-	-	-	-	-	1,095,153	1,095,153
Accounts receivable	-	5,140	-	-	-	-	5,140
Total assets	<u>\$ 28,514</u>	<u>\$ 15,533</u>	<u>\$ 117,993</u>	<u>\$ 2,757</u>	<u>\$ 525,253</u>	<u>\$ 1,107,969</u>	<u>\$ 1,798,019</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Retainage payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,066</u>	<u>\$ -</u>	<u>\$ 23,066</u>
Fund balances:							
Nonspendable	-	-	-	-	-	878,317	878,317
Restricted	-	-	-	5,000	502,187	229,652	736,839
Committed	28,514	15,533	117,993	-	-	-	162,040
Unassigned	-	-	-	(2,243)	-	-	(2,243)
Total fund balances	<u>28,514</u>	<u>15,533</u>	<u>117,993</u>	<u>2,757</u>	<u>502,187</u>	<u>1,107,969</u>	<u>1,774,953</u>
Total liabilities and fund balances	<u>\$ 28,514</u>	<u>\$ 15,533</u>	<u>\$ 117,993</u>	<u>\$ 2,757</u>	<u>\$ 525,253</u>	<u>\$ 1,107,969</u>	<u>\$ 1,798,019</u>

EXHIBIT 18
TOWN OF WOLFEBORO, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	Special Revenue Funds				Capital Projects Fund	Permanent Fund	Total
	Recreation Revolving	Police Detail	Conservation Commission	Miscellaneous Grants			
REVENUES							
Taxes	\$ -	\$ -	\$ 36,760	\$ -	\$ -	\$ -	\$ 36,760
Charges for services	151,758	80,040	-	-	-	1,987	233,785
Miscellaneous	-	-	498	-	-	(132,074)	(131,576)
Total revenues	<u>151,758</u>	<u>80,040</u>	<u>37,258</u>	<u>-</u>	<u>-</u>	<u>(130,087)</u>	<u>138,969</u>
EXPENDITURES							
Current:							
General government	37	-	-	-	-	2,317	2,354
Public safety	480	67,896	-	-	-	-	68,376
Highways and streets	-	-	-	-	-	5,000	5,000
Culture and recreation	139,944	-	-	-	-	4,608	144,552
Conservation	-	-	3,983	-	-	-	3,983
Capital outlay	-	-	-	-	711,153	-	711,153
Total expenditures	<u>140,461</u>	<u>67,896</u>	<u>3,983</u>	<u>-</u>	<u>711,153</u>	<u>11,925</u>	<u>935,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,297</u>	<u>12,144</u>	<u>33,275</u>	<u>-</u>	<u>(711,153)</u>	<u>(142,012)</u>	<u>(796,449)</u>
Other financing uses:							
Transfers in	-	-	-	-	13,465	7,220	20,685
Transfers out	-	-	-	-	(140,059)	(7,575)	(147,634)
Long-term debt issued	-	-	-	-	622,200	-	622,200
Premium received on long-term debt	-	-	-	-	77,800	-	77,800
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,406</u>	<u>(355)</u>	<u>573,051</u>
Net change in fund balances	11,297	12,144	33,275	-	(137,747)	(142,367)	(223,398)
Fund balances, beginning	17,217	3,389	84,718	2,757	639,934	1,250,336	1,998,351
Fund balances, ending	<u>\$ 28,514</u>	<u>\$ 15,533</u>	<u>\$ 117,993</u>	<u>\$ 2,757</u>	<u>\$ 502,187</u>	<u>\$ 1,107,969</u>	<u>\$ 1,774,953</u>

EXHIBIT 19
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 12,737,253	\$ 12,739,282	\$ 2,029
Timber	20,000	52,709	32,709
Payments in lieu of taxes	21,028	21,083	55
Interest and penalties on delinquent taxes	40,000	62,256	22,256
Total taxes	<u>12,818,281</u>	<u>12,875,330</u>	<u>57,049</u>
Licenses, permits and fees:			
Business licenses and permits	25,000	22,102	(2,898)
Motor vehicle permits	1,600,000	1,747,061	147,061
Building permits	101,500	111,810	10,310
Other	162,329	161,783	(546)
Total licenses, permits and fees	<u>1,888,829</u>	<u>2,042,756</u>	<u>153,927</u>
Intergovernmental:			
State sources:			
Retirement contribution	44,328	44,328	-
Meals and rooms distributions	565,658	565,658	-
Highway block grant	178,491	330,287	151,796
Water pollution grant	128,441	-	(128,441)
State and federal forest land	48	48	-
Railroad tax	121	121	-
Milfoil	4,500	-	(4,500)
DES	-	41,667	41,667
Police grants	50,000	90,512	40,512
Bridge aid	-	12,892	12,892
Federal sources:			
Lake Wentworth & Crescent Lake	-	6,000	6,000
ARPA	573,301	530,133	(43,168)
Total intergovernmental	<u>1,544,888</u>	<u>1,621,646</u>	<u>76,758</u>
Charges for services:			
Income from departments	337,847	385,764	47,917
Other	65,308	65,308	-
Total charges for services	<u>403,155</u>	<u>451,072</u>	<u>47,917</u>
Miscellaneous:			
Special assessments	37,504	31,699	(5,805)
Sale of property	371,342	406,053	34,711
Interest on investments	75,000	50,601	(24,399)
Rent of property	224,901	195,817	(29,084)
Insurance dividends and reimbursements	165,895	160,336	(5,559)
Contributions and donations	2,950,000	62,286	(2,887,714)
Other	755,472	791,777	36,305
Total miscellaneous	<u>4,580,114</u>	<u>1,698,569</u>	<u>(2,881,545)</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	131,400	6,384	(125,016)
Nonmajor governmental funds	-	140,059	140,059
Long-term debt issued	4,272,951	3,190,188	(1,082,763)
Premium received on long-term debt	-	356,361	356,361
Total other financing sources	<u>4,404,351</u>	<u>3,692,992</u>	<u>(711,359)</u>
Total revenues and other financing sources	25,639,618	<u>\$ 22,382,365</u>	<u>\$ (3,257,253)</u>
Use of fund balance	1,000,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 26,639,618</u>		

EXHIBIT 20
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 6,150	\$ 468,901	\$ 428,338	\$ 15,750	\$ 30,963
Election and registration	-	214,438	199,660	-	14,778
Financial administration	-	781,377	721,191	7,561	52,625
Legal	-	105,000	183,084	-	(78,084)
Personnel administration	-	2,235,230	2,041,616	-	193,614
Planning and zoning	-	142,757	141,279	-	1,478
General government buildings	10,292	176,797	133,414	200	53,475
Cemeteries	-	29,485	7,874	-	21,611
Insurance, not otherwise allocated	-	168,592	168,592	-	-
Other	19,693	280,046	306,285	3,486	(10,032)
Total general government	36,135	4,602,623	4,331,333	26,997	280,428
Public safety:					
Police	14,204	1,967,310	1,963,996	4,887	12,631
Ambulance	-	267,915	267,915	-	-
Fire	55,076	1,785,569	1,872,331	4,157	(35,843)
Building inspection	-	129,555	98,765	-	30,790
Emergency management	-	301,850	20,828	280,933	89
Other	18,974	555,894	582,062	-	(7,194)
Total public safety	88,254	5,008,093	4,805,897	289,977	473
Highways and streets:					
Administration	-	177,828	196,251	-	(18,423)
Highways and streets	256,382	2,784,372	2,914,397	288,203	(161,846)
Other	6,480	390,177	369,471	-	27,186
Total highways and streets	262,862	3,352,377	3,480,119	288,203	(153,083)
Sanitation:					
Solid waste disposal	8,053	975,064	870,436	1,664	111,017
Health:					
Administration	-	9,169	10,110	-	(941)
Pest control	-	25,137	26,182	-	(1,045)
Health agencies and hospitals	-	135,065	135,065	-	-
Total health	-	169,371	171,357	-	(1,986)
Welfare:					
Administration & direct assistance	-	64,348	67,916	-	(3,568)
Culture and recreation:					
Parks and recreation	39,615	964,426	926,161	74,460	3,420
Public library	-	559,359	558,387	-	972
Patriotic purposes	-	20,092	28,283	-	(8,191)
Other	18,910	59,049	55,566	8,480	13,913
Total culture and recreation	58,525	1,602,926	1,568,397	82,940	10,114
Conservation:					
Administration	1,200	21,645	27,452	-	(4,607)
Other	-	17,000	5,000	12,000	-
Total conservation	1,200	38,645	32,452	12,000	(4,607)
Economic development	-	16,174	13,098	-	3,076

(continued)

EXHIBIT 20 (continued)
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal	-	846,903	846,903	-	-
Interest	-	322,388	322,390	-	(2)
Total debt service	-	1,169,291	1,169,293	-	(2)
Capital outlay:					
Machinery, vehicles and equipment	126,071	68,216	158,372	71,395	(35,480)
Buildings	132,644	6,972,951	6,264,701	708,249	132,645
Improvements other than buildings	180,502	1,194,244	734,304	482,302	158,140
Total capital outlay	439,217	8,235,411	7,157,377	1,261,946	255,305
Other financing uses:					
Transfers out:					
Expendable trust fund	-	851,000	851,000	-	-
Sewer department fund	-	554,295	574,980	-	(20,685)
Total other financing uses	-	1,405,295	1,425,980	-	(20,685)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 894,246	\$ 26,639,618	\$ 25,093,655	\$ 1,963,727	\$ 476,482

EXHIBIT 21
TOWN OF WOLFEBORO, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

Unassigned fund balance, beginning		\$ 4,235,155
Changes:		
Unassigned fund balance appropriated		(1,000,000)
Budget summary:		
Revenue shortfall (Exhibit 19)	\$ (3,257,253)	
Unexpended balance of appropriations (Exhibit 20)	<u>476,482</u>	
Budget shortfall		(2,780,771)
Decrease in nonspendable fund balance		4,040
Increase in restricted fund balance		<u>(156,187)</u>
Unassigned fund balance, ending		<u><u>\$ 302,237</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Town Manager and Members of the Board of Selectmen
Town of Wolfeboro
Wolfeboro, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wolfeboro as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Town Manager and the Board of Selectmen and others within the Town of Wolfeboro, and is not intended to be, and should not be, used by anyone other than these specified parties.

October 16, 2023

Roberts & Greene, PLLC

ALTERNATIVE COMPLIANCE EXAMINATION INFORMATION



Roberts & Greene, PLLC

REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

To the Town Manager and Members of the Board of Selectmen
Town of Wolfeboro
Wolfeboro, New Hampshire

We have examined the Town of Wolfeboro’s compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles” (the specified requirements) as described in Part IV “Requirements for an Alternative Compliance Examination for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds” of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended December 31, 2022. Management of the Town is responsible for the Town’s compliance with the specified requirements. Our responsibility is to express an opinion on the Town’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in the “Requirements for an Alternative CSLFRF Compliance Examination Engagement.” Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town’s compliance with specified requirements.

In our opinion, the Town of Wolfeboro complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Town’s compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the

Town of Wolfeboro
Report on compliance for the U.S. Department of Treasury Coronavirus
State And Local Fiscal Recovery Funds Program (CSLFRF) requirements for
an alternative CSLFRF compliance examination engagement

findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the Town of Wolfeboro’s compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the Town of Wolfeboro complied, in all material respects with the specified requirements referenced above during the year ended December 31, 2022. Accordingly, this report is not suitable for any other purpose.

October 16, 2023

Roberts & Heune, PLLC