



**CERTIFIED PUBLIC ACCOUNTANTS**

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**REPORT ON INTERNAL CONTROL BASED ON  
AN AUDIT OF BASIC FINANCIAL STATEMENTS**

To the Board of Selectmen  
Town of Moultonborough, 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 Moultonborough, New Hampshire (the "Town"), as of and for the 18-month period ended June 30, 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 management, the Board of Selectmen, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
January 23, 2023

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**

**Financial Statements**

**As of and for the 18-Month Period Ended June 30, 2022**

**and**

**Independent Auditor's Report**

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**As of and for the 18-Month Period Ended June 30, 2022**

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**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**As of and for the 18-Month Period Ended June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Moultonborough, New Hampshire

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire (the "Town"), as of and for the 18-month period ended June 30, 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, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire, as of June 30, 2022, and the respective changes in financial position thereof for the 18-month period 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 Moultonborough, New Hampshire, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 of Moultonborough, New Hampshire'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 statements 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 of Moultonborough, New Hampshire'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 of Moultonborough, New Hampshire's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, 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, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions 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, economic, or historical 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 of Moultonborough, New Hampshire's basic financial statements. The combining nonmajor governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates 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 fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Vackson Clubay & Company PC*

Manchester, New Hampshire

January 23, 2023

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

Our discussion and analysis of the financial performance of the Town of Moultonborough, New Hampshire is prepared to provide an overview of the Town's financial activities for the 18-month period ended June 30, 2022. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure 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). The Board of Selectmen also strive to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town of Moultonborough exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,090,793 (net position). Of this amount, \$4,226,601 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$714,281, a decrease of \$1,485,873 compared to the prior year.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$10,350,848, a decrease of \$1,107,730 in comparison with the prior year. Of this total amount, \$6,301,837 is available for spending at the Town's discretion (unassigned fund balance).
- As of June 30, 2022, the unassigned fund balance for the general fund was \$6,301,837 or 43% of total general fund expenditures in the 18-month period.
- The Town has long-term obligations payable at year end consisting of a capital lease payable totaling \$26,490 and compensated absences of \$259,874.
- The Town has an Other Post-employment Benefits Liability at year-end of \$681,325.
- At year end, the Town had a net pension liability of \$4,292,204.

**Overview of the Financial Statements**

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

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The basic financial statements are comprised of the following three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

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

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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. We take all of the current year's revenues and expenses into account regardless of when cash is received or paid.

**Fund financial statements.** A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. One can divide all the funds of the Town into two categories: governmental funds and fiduciary funds.

**Governmental funds.** We use *governmental funds* 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 spendable resources*, as well as on *balances of spendable 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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The Town maintains numerous individual governmental funds. We present information 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 fund. We combine data from all other governmental funds into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining supplemental schedules accompanying this report as Supplementary Information.

The Town adopts an annual appropriation budget for its General Fund. A budgetary comparison schedule is provided for the General Fund as Required Supplementary Information to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties other than 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 programs of the Town of Moultonborough. The Town's fiduciary funds consist of private-purpose trust funds and custodial funds.

**Notes to the 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.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

**Required supplementary information.** The basic financial statements and accompanying notes are followed by a section of *required supplementary information*. This section includes a budgetary comparison schedule for the general fund, the Town's only major governmental fund with an adopted budget and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, there's a schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and a schedule of Town pension contributions.

**Other supplementary information.** The combining statements referred to previously in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information.

**Government-Wide Financial Analysis**

Town of Moultonborough, NH  
Net Position

|   | 2022                        | 2020                        |
|---|-----------------------------|-----------------------------|
| Capital assets, net   | \$ 16,375,011               | \$ 16,639,413               |
| Other assets  | <u>22,662,361</u>           | <u>11,978,094</u>           |
| <b>Total Assets</b>   | <b><u>39,037,372</u></b>    | <b><u>28,617,507</u></b>    |
|   |                             |                             |
| Deferred outflows of resources related to OPEB and pensions | 1,217,998                   | 1,540,766                   |
| <b>Total Deferred Outflows of Resources</b>                 | <b><u>1,217,998</u></b>     | <b><u>1,540,766</u></b>     |
|   |                             |                             |
| Long-term liabilities                                       | 5,259,893                   | 7,818,236                   |
| Other liabilities   | <u>484,634</u>              | <u>318,139</u>              |
| <b>Total Liabilities</b>                                    | <b><u>5,744,527</u></b>     | <b><u>8,136,375</u></b>     |
|   |                             |                             |
| Property taxes collected in advance                         | 11,753,167                  | 17,507                      |
| Deferred inflows of resources related to OPEB and pensions  | <u>1,666,883</u>            | <u>199,317</u>              |
| <b>Total Deferred Inflows of Resources</b>                  | <b><u>13,420,050</u></b>    | <b><u>216,824</u></b>       |
|   |                             |                             |
| Net position:   |                             |                             |
| Net investment in capital assets                            | 16,348,521                  | 16,589,253                  |
| Restricted  | <u>515,671</u>              | <u>455,885</u>              |
| Unrestricted  | <u>4,226,601</u>            | <u>4,759,936</u>            |
| <b>Total Net Position</b>                                   | <b><u>\$ 21,090,793</u></b> | <b><u>\$ 21,805,074</u></b> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the 18-month period ended June 30, 2022, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,090,793. There was a \$714,281 decrease in net position during this period. This includes a decrease in net investment in capital assets of \$240,732, an increase in restricted net position of \$59,786, and a decrease in unrestricted net position of \$533,335.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

The largest portion of the Town's net position \$16,348,521 (78%) reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town's capital lease payable at year-end of (\$26,490) is our only capital assets related debt. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$515,671 (2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$4,226,601 (20%) may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Moultonborough, NH  
Changes in Net position

|   | 2022                 | 2020                 |
|---|----------------------|----------------------|
| <b>Revenues</b>   |                      |                      |
| Program revenues:   |                      |                      |
| Charges for services  | \$ 464,577           | \$ 211,153           |
| Operating grants and contributions  | 276,954              | 257,219              |
| Capital grants and contributions  | 101,902              | -                    |
| General revenues:   |                      |                      |
| Property and other taxes  | 9,051,735            | 7,415,955            |
| Licenses and permits  | 3,205,282            | 1,992,175            |
| Grants and contributions  | 304,314              | 287,577              |
| Interest and investment earnings (losses)                                 | (198,322)            | 320,297              |
| Miscellaneous   | 324,532              | 159,442              |
| Total revenues  | <u>13,530,974</u>    | <u>10,643,818</u>    |
| <b>Expenses</b>   |                      |                      |
| General government  | 3,447,143            | 2,428,579            |
| Public safety   | 3,899,617            | 3,036,752            |
| Highways and streets  | 3,939,596            | 2,360,714            |
| Sanitation  | 1,105,148            | 758,854              |
| Health and welfare  | 215,798              | 127,142              |
| Culture and recreation  | 1,604,120            | 1,152,534            |
| Conservation  | 28,691               | 5,997                |
| Interest and fiscal charges   | 5,142                | 3,534                |
| Total expenses  | <u>14,245,255</u>    | <u>9,874,106</u>     |
| Increase in net position before contributions to permanent fund principal | (714,281)            | 769,712              |
| Contributions to permanent fund principal                                 | <u>1,880</u>         |                      |
| Increase in net position  | (714,281)            | 771,592              |
| Net position, beginning of year, as restated                              | 21,805,074           | 21,033,482           |
| Net position, end of year   | <u>\$ 21,090,793</u> | <u>\$ 21,805,074</u> |

**Governmental activities.** The Town has no business-type activities therefore governmental activities were 100% responsible for the Town's total decline in net position of \$714,281. The Town's change to a

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

June 30 year end, by adopting an 18-month budget, resulted in the May 2022 tax warrant being deferred. This meant that the increase in Cash & Cash Equivalents was offset by the Property Taxes Collected in Advance. The Taxes Receivable, net, were down by \$324,564. Investments were down by \$181,137. Revenues, listed as Accounts Receivables in previous years, were now collected during the 18-months resulting in a reduction of \$93,860. Deferred Outflows Pensions were down \$338,953.

Liabilities increased for Accrued Liabilities by \$102,534, Advances from Grantors by \$116,881, and Deferred Inflows of Resources Pension by \$1,467,548. However, the largest change to liabilities was the decrease in Net Pension Liability \$2,478,623 and Other Post-employment Benefits \$105,553.

**Financial Analysis of the Government'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 Town's 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 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 fiscal year.

As of June 30, 2022, the Town's governmental funds reported combined ending fund balances of \$10,350,848 a decrease of \$1,107,730 in comparison with the prior year. Of this total amount, \$6,301,837 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified as either non-spendable, restricted, committed or assigned to indicate that it is not available for new spending. The 2022 non-spendable fund balance includes permanent fund principal used to generate income for purposes that support the Town's programs at the municipal library (\$115,538) and the cemeteries (\$12,630). The restricted fund balance includes donated funds to the library of (\$208,946), donated funds for recreation facilities improvements of (\$25,786), donated funds for the heritage commission of (\$720), donated funds for sidewalk and crosswalk maintenance of (\$5,541), donated funds for the fire department of (\$108,329) and donated funds for the acquisition of land around Lee Pond in the amount of (\$18,424). The remaining restricted amount (\$19,757) represents library and cemetery income in the permanent funds.

The general fund is the chief operating fund of the Town. As of June 30, 2022, unassigned fund balance of the general fund was \$6,301,837 while total fund balance for all governmental funds was \$919,726. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (42.9%) and total fund balance (64.2%) to total general fund expenditures of \$14,685,748. As defined by the Town's Fund Balance Policy, based upon our best estimates of the fiscal 2023 budgets for other entities, the unassigned fund balance will be approximately 21.2% of total appropriations (including School and County taxes) in comparison to the target of 12.5%. The 2023 budget was passed using none of this unassigned fund balance.

Total fund balance of the general fund decreased to \$9,431,122 during the 18-month period ended 6/30/2022. Final revenues exceeded 2021-22 budgeted estimates by \$754,698 and the Town under expended its final expenditures budget by \$1,232,707.

There are ten non-major governmental funds with a total fund balance of \$919,726, which experienced an increase of \$64,642 from the prior year.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

**General Fund Budgetary Highlights**

During the 18-month period, the original budget for appropriations decreased by \$424,351. This decrease is the result of approved appropriations of \$424,351 being carried forward to fiscal year 2023 which includes a reduction in appropriations supported by revenues and transfers in totaling \$419,475 that are not susceptible to accrual.

The Town under expended its January 1, 2021-June 30, 2022, budget by \$1,232,707. In part, this under expenditure resulted from the Contingency being increased for unexpected expenses related to the 18-month budget and staffing benefits not used for Police. Highway used their stockpile of sand when poor quality sand was provided from their vendor, and they saved on overtime. Recreation had two of their three full-time positions vacant. Budgetary basis accounting requires that the 2020 encumbrances of \$20,974 be removed from the current 18-month expenditures when comparing this budget to actual. The June 30, 2022, encumbrances were \$118,679 and added as current year expenditures.

**Capital Assets and Debt Administration**

**Capital Assets.** The Town of Moultonborough considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their useful life beginning in the year of acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$16,375,011 (net of accumulated depreciation), a decrease of \$370,204 from the previous year. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the purchase of a 2021 Peterbuilt 340 with hitch plow/wing/calcium tanks for plowing/treating/sanding roads, a 2022 Dodge Ram 5500 with dump body to plow/treat roads, and a 2021 Ford F-350 fire utility vehicle. The police dispatch console was replaced including all accessories. The Town also completed improvements to States Landing except for paving the parking lot. Finally, the Town completed three rehab/reconstruction road projects including Jacobs Road, Colby Road, and Shaker Jerry Road.

Capital Assets  
(net of depreciation)  
Governmental Activities

|                            | <u>2022</u>          | <u>2020</u>          |
|----------------------------|----------------------|----------------------|
| Land and improvements      | \$ 2,430,824         | \$ 3,062,788         |
| Buildings and improvements | 4,330,407            | 4,278,894            |
| Vehicles and equipment     | 3,331,589            | 3,613,704            |
| Infrastructure             | 5,007,197            | 4,934,920            |
| Construction in progress   | 1,274,994            | 854,909              |
| <b>Total</b>               | <b>\$ 16,375,011</b> | <b>\$ 16,745,215</b> |

Additional information on capital assets can be found in Note 3 to the basic financial statements.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

**Long-Term Obligations.** At the end of the current fiscal year, total bonded debt outstanding remained at zero. Capital leases payable was \$26,490 which is a \$23,670 decrease from the prior year due to the scheduled/budgeted payments on the existing obligation.

**Outstanding Debt  
Governmental Activities  
General Obligation Bonds and Capital Lease Payable**

|                          | <u>2022</u>      | <u>2020</u>      |
|--------------------------|------------------|------------------|
| General obligation bonds | \$ -             | \$ -             |
| Capital leases           | 26,490           | 50,160           |
| <b>Total</b>             | <b>\$ 26,490</b> | <b>\$ 50,160</b> |

The balance of compensated absences payable of \$259,874 had a net increase of \$49,503 in potential future payments.

The net Other Post-Employment Benefits (OPEB) obligation as of June 30, 2022 was \$681,325 which consists of \$334,190 for the Cost-Sharing Multiple Employer Plan and \$347,135 for the Single Employer Plan. The Single Employer Plan represents the value provided to retirees through an implicit rate subsidy gained through lower insurance premiums than what a retiree might otherwise pay if they were on a different plan from other employees. The Town employs a *pay-as-you-go* basis to fund the plan and has not advance funded its obligation; therefore, the liability will continue to increase. The Cost-Sharing Multiple Employer Plan is administrated by the New Hampshire Retirement System (NHRs) which provides a medical insurance subsidy to qualified retired members.

The Net Pension Liability as of June 30, 2022, was \$4,292,204. This represents the Town's proportionate share of the New Hampshire Retirement System's total net pension liability, which is required to be reported due to the Town's participation in the cost-sharing multiple employer defined benefit pension plan.

See Note 4, 5 and 6, to the basic financial statements, for additional information for all long-term liabilities.

**Economic Factors, Rates and 2021-22 Budget**

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Moultonborough based on the Annual Budget approved at Town Meeting and adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #45. The property tax also pays the levy placed on the Town by Carroll County and the State of New Hampshire in the Statewide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year's tax rate applied to the current year's assessments. The second billing utilizes the actual tax rate for the year as established by the New Hampshire DRA applied to the current year's assessment. For the 18-month period ended June 30, 2022, the Tax Collector issued a third billing which was an estimate based on the 2021 tax rate applied to the current year's assessments. The revenue from this third billing was deferred until July 2022 (2023 budget).

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2022**

The 2021 tax rate was set during the 18-month period ended June 30, 2022. The following is a comparison of the 2021 to the 2020 tax rates:

|                               | <u>2021</u>    | <u>2020</u>    |
|-------------------------------|----------------|----------------|
| Town rate                     | \$ 2.33        | \$ 2.11        |
| Local school rate             | 1.97           | 2.09           |
| State school rate             | 1.67           | 1.78           |
| County rate                   | 1.01           | 1.15           |
| Total rate                    | <u>\$ 6.98</u> | <u>\$ 7.13</u> |
| Assessed value (in thousands) | \$ 3,943,561   | \$ 3,574,129   |

The Town's assessing contractor, Whitney Consulting Group (WCG), completed a town-wide statistical revaluation for the 2022 tax year. The revaluation was based on a sales analysis of 376 qualified sales, occurring between April 1, 2020, and March 31, 2022. The qualified sales consisted of 367 residential (84 vacant & 283 improved) sales and nine commercial (4 vacant & 5 improved) sales. The residential sales included 66 waterfront properties, 104 water access properties, 17 condominiums and 31 boat slip/racks. The results of the revaluation indicate that the town-wide, overall assessed value increased by approximately 24%. Overall, residential values increased by 25%, while commercial/industrial properties increased by approximately 6.5%. The residential-waterfront subgroup had the highest overall increase (26.5%) in value.

**Requests for Information**

This financial report provides our citizens and creditors with a general overview of the Town of Moultonborough's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administration Department, or the Board of Selectmen, at P.O. Box 139, Moultonborough, NH 03254. You may also call them at (603) 476-2347, stop by Town Hall at 6 Holland Street, or visit our website at [www.moultonboroughnh.gov](http://www.moultonboroughnh.gov) and click on *Departments and Boards* for our various email addresses.

EXHIBIT A  
**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Statement of Net Position**  
June 30, 2022

|  | <u>Governmental Activities</u> |
|--|--------------------------------|
| <b>ASSETS</b>                                      |                                |
| Current Assets:                                    |                                |
| Cash and cash equivalents                          | \$ 17,849,912                  |
| Investments  | 4,711,107                      |
| Taxes receivable, net                              | 101,014                        |
| Accounts receivable                                | 328                            |
| Total Current Assets                               | <u>22,662,361</u>              |
| Noncurrent Assets:                                 |                                |
| Capital assets:                                    |                                |
| Non-depreciable capital assets                     | 2,287,078                      |
| Depreciable capital assets, net                    | <u>14,087,933</u>              |
| Total Noncurrent Assets                            | <u>16,375,011</u>              |
| Total Assets                                       | <u>39,037,372</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                                |
| Deferred outflows of resources related to OPEB     | 40,615                         |
| Deferred outflows of resources related to pensions | <u>1,177,383</u>               |
| Total Deferred Outflows of Resources               | <u>1,217,998</u>               |
| <b>LIABILITIES</b>                                 |                                |
| Current Liabilities:                               |                                |
| Accounts payable                                   | 167,845                        |
| Accrued liabilities                                | 181,516                        |
| Deposits   | 10,000                         |
| Advances from grantors                             | 116,881                        |
| Due to other governments                           | 8,392                          |
| Current portion of capital lease payable           | 12,872                         |
| Current portion of compensated absences payable    | 27,070                         |
| Total Current Liabilities                          | <u>524,576</u>                 |
| Noncurrent Liabilities:                            |                                |
| Capital lease payable                              | 13,618                         |
| Compensated absences payable                       | 232,804                        |
| Other postemployment benefits (OPEB) liability     | 681,325                        |
| Net pension liability                              | <u>4,292,204</u>               |
| Total Noncurrent Liabilities                       | <u>5,219,951</u>               |
| Total Liabilities                                  | <u>5,744,527</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                                |
| Property taxes collected in advance                | 11,753,167                     |
| Deferred inflows of resources related to OPEB      | 4,673                          |
| Deferred inflows of resources related to pensions  | <u>1,662,210</u>               |
| Total Deferred Inflows of Resources                | <u>13,420,050</u>              |
| <b>NET POSITION</b>                                |                                |
| Net investment in capital assets                   | 16,348,521                     |
| Restricted   | 515,671                        |
| Unrestricted                                       | 4,226,601                      |
| Total Net Position                                 | <u>\$ 21,090,793</u>           |

*See accompanying notes to the basic financial statements*

## EXHIBIT B

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Statement of Activities

For the 18-Month Period Ended June 30, 2022

| Functions/Programs                            | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes<br>in Net Position |
|---|----------------------|-------------------------|--|--|---|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |   |
| <b>Governmental Activities:</b>               |                      |                         |  |  |   |
| General government                            | \$ 3,447,143         |                         |  | \$ 14,049                              | \$ (3,433,094)  |
| Public safety                                 | 3,899,617            | \$ 2,265                | \$ 228                                   | 40,353                                 | (3,856,771)   |
| Highways and streets                          | 3,939,596            | 4,953                   | 201,257                                  | 47,500                                 | (3,685,886)   |
| Sanitation                                    | 1,105,148            | 366,219                 |  |  | (738,929)   |
| Health and welfare                            | 215,798              |                         |  |  | (215,798)   |
| Culture and recreation                        | 1,604,120            | 91,140                  | 46,875                                   |  | (1,466,105)   |
| Conservation                                  | 28,691               |                         | 28,594                                   |  | (97)  |
| Interest and fiscal charges                   | 5,142                |                         |  |  | (5,142)   |
| Total governmental activities                 | <u>\$ 14,245,255</u> | <u>\$ 464,577</u>       | <u>\$ 276,954</u>                        | <u>\$ 101,902</u>                      | <u>(13,401,822)</u>                                     |
| <b>General revenues:</b>                      |                      |                         |  |  |   |
| Property and other taxes                      |                      |                         |  |  | 9,051,735   |
| Licenses and permits                          |                      |                         |  |  | 3,205,282   |
| <b>Grants and contributions:</b>              |                      |                         |  |  |   |
| Rooms and meals tax distribution              |                      |                         |  |  | 304,314   |
| Interest and investment earnings (losses)     |                      |                         |  |  | (198,322)   |
| Miscellaneous                                 |                      |                         |  |  | <u>324,532</u>  |
| Total general revenues                        |                      |                         |  |  | <u>12,687,541</u>                                       |
| Change in net position                        |                      |                         |  |  | (714,281)   |
| Net Position - beginning of year, as restated |                      |                         |  |  | <u>21,805,074</u>                                       |
| Net Position - end of year                    |                      |                         |  |  | <u>\$ 21,090,793</u>                                    |

See accompanying notes to the basic financial statements

## EXHIBIT C

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Balance Sheet

## Governmental Funds

June 30, 2022

|   | General<br>Fund             | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>   |                             |                                   |                                |
| Cash and cash equivalents   | \$ 17,679,075               | \$ 170,837                        | \$ 17,849,912                  |
| Investments   | 3,958,136                   | 752,971                           | 4,711,107                      |
| Taxes receivable, net   | 101,014                     |                                   | 101,014                        |
| Accounts receivable   | 328                         |                                   | 328                            |
| Due from other funds  | 477                         | 2,585                             | 3,062                          |
| <b>Total Assets</b>   | <b><u>21,739,030</u></b>    | <b><u>926,393</u></b>             | <b><u>22,665,423</u></b>       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                             |                                   |                                |
| Total Deferred Outflows of Resources                                      | <u>-</u>                    | <u>-</u>                          | <u>-</u>                       |
| <b>Total Assets and Deferred Outflows of Resources</b>                    | <b><u>\$ 21,739,030</u></b> | <b><u>\$ 926,393</u></b>          | <b><u>\$ 22,665,423</u></b>    |
| <b>LIABILITIES</b>  |                             |                                   |                                |
| Accounts payable  | \$ 161,655                  | \$ 6,190                          | \$ 167,845                     |
| Accrued liabilities   | 181,516                     |                                   | 181,516                        |
| Deposits  | 10,000                      |                                   | 10,000                         |
| Advances from grantors  | 116,881                     |                                   | 116,881                        |
| Due to other governments  | 8,392                       |                                   | 8,392                          |
| Due to other funds  | 2,585                       | 477                               | 3,062                          |
| <b>Total Liabilities</b>  | <b><u>481,029</u></b>       | <b><u>6,667</u></b>               | <b><u>487,696</u></b>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                             |                                   |                                |
| Property taxes collected in advance                                       | 11,753,167                  |                                   | 11,753,167                     |
| Uncollected property tax revenue  | 73,712                      |                                   | 73,712                         |
| <b>Total Deferred Inflows of Resources</b>                                | <b><u>11,826,879</u></b>    | <b><u>-</u></b>                   | <b><u>11,826,879</u></b>       |
| <b>FUND BALANCES</b>  |                             |                                   |                                |
| Nonspendable  |                             | 128,168                           | 128,168                        |
| Restricted  | 208,946                     | 178,557                           | 387,503                        |
| Committed   | 2,920,339                   | 613,001                           | 3,533,340                      |
| Unassigned  | 6,301,837                   |                                   | 6,301,837                      |
| <b>Total Fund Balances</b>  | <b><u>9,431,122</u></b>     | <b><u>919,726</u></b>             | <b><u>10,350,848</u></b>       |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b><u>\$ 21,739,030</u></b> | <b><u>\$ 926,393</u></b>          | <b><u>\$ 22,665,423</u></b>    |

See accompanying notes to the basic financial statements

## EXHIBIT C-1

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**

June 30, 2022

|   |                      |
|---|----------------------|
| Total Fund Balances - Governmental Funds (Exhibit C)  | \$ 10,350,848        |
| 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.   | 16,375,011           |
| Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.   | 73,712               |
| Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds. |                      |
| Deferred outflows of resources related to OPEB liability  | 40,615               |
| Deferred outflows of resources related to net pension liability   | 1,177,383            |
| Deferred inflows of resources related to OPEB liability   | (4,673)              |
| Deferred inflows of resources related to net pension liability  | (1,662,210)          |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:          |                      |
| Capital lease payable   | (26,490)             |
| Compensated absences payable  | (259,874)            |
| OPEB liability  | (681,325)            |
| Net pension liability   | <u>(4,292,204)</u>   |
| Net Position of Governmental Activities (Exhibit A)   | <u>\$ 21,090,793</u> |

*See accompanying notes to the basic financial statements*

## EXHIBIT D

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

For the 18-Month Period Ended June 30, 2022

|   | General<br>Fund     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>                            |                     |                                   |                                |
| Taxes                                       | \$ 9,161,893        |                                   | \$ 9,161,893                   |
| Licenses and permits                        | 3,205,282           |                                   | 3,205,282                      |
| Intergovernmental                           | 683,170             |                                   | 683,170                        |
| Charges for services                        | 371,172             | \$ 93,405                         | 464,577                        |
| Interest and investment income (losses)     | (163,956)           | (34,366)                          | (198,322)                      |
| Miscellaneous                               | 230,814             | 163,282                           | 394,096                        |
| <b>Total Revenues</b>                       | <b>13,488,375</b>   | <b>222,321</b>                    | <b>13,710,696</b>              |
| <b>Expenditures:</b>                        |                     |                                   |                                |
| Current operations:                         |                     |                                   |                                |
| General government                          | 3,311,786           | 444                               | 3,312,230                      |
| Public safety                               | 3,891,195           | 6,807                             | 3,898,002                      |
| Highways and streets                        | 2,673,620           |                                   | 2,673,620                      |
| Sanitation                                  | 1,080,571           |                                   | 1,080,571                      |
| Health and welfare                          | 215,798             |                                   | 215,798                        |
| Culture and recreation                      | 1,456,387           | 67,924                            | 1,524,311                      |
| Conservation                                |                     | 28,691                            | 28,691                         |
| Capital outlay                              | 2,056,391           |                                   | 2,056,391                      |
| Debt service:                               |                     |                                   |                                |
| Principal retirement                        |                     | 28,812                            | 28,812                         |
| <b>Total Expenditures</b>                   | <b>14,685,748</b>   | <b>132,678</b>                    | <b>14,818,426</b>              |
| Excess revenues over (under) expenditures   | (1,197,373)         | 89,643                            | (1,107,730)                    |
| Other financing sources (uses):             |                     |                                   |                                |
| Transfers in                                | 25,001              |                                   | 25,001                         |
| Transfers out                               |                     | (25,001)                          | (25,001)                       |
| <b>Total Other financing sources (uses)</b> | <b>25,001</b>       | <b>(25,001)</b>                   | <b>-</b>                       |
| Net change in fund balances                 | (1,172,372)         | 64,642                            | (1,107,730)                    |
| Fund Balances - beginning of year           | 10,603,494          | 855,084                           | 11,458,578                     |
| <b>Fund Balances - end of year</b>          | <b>\$ 9,431,122</b> | <b>\$ 919,726</b>                 | <b>\$ 10,350,848</b>           |

*See accompanying notes to the basic financial statements*

EXHIBIT D-1

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**

For the 18-Month Period Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ (1,107,730)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense and capital outlays in the current period are as follows:

|                      |           |
|----------------------|-----------|
| Depreciation expense | 105,802   |
| Capital outlays      | (300,640) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (110,158)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net gain on the disposal of capital assets reduced by the actual proceeds received from the disposal. (69,564)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:

|  |        |
|--|--------|
| Principal paid on capital leases payable | 23,670 |
|--|--------|

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 the governmental funds.

|                              |          |
|------------------------------|----------|
| Compensated absences payable | (49,503) |
|------------------------------|----------|

Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

|                        |                |
|------------------------|----------------|
| Net changes in OPEB    | 121,720        |
| Net changes in pension | <u>672,122</u> |

Change in Net Position of Governmental Activities (Exhibit B) \$ (714,281)

## EXHIBIT E

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Statement of Fiduciary Net Position

## Fiduciary Funds

June 30, 2022

|                           | Private-<br>Purpose<br><u>Trust Funds</u> | Custodial<br>Funds  |
|---------------------------|---|---------------------|
| <b>ASSETS</b>             |   |                     |
| Cash and cash equivalents |   | \$ 16,994           |
| Investments               | \$ 150,842                                | <u>1,095,908</u>    |
| Total Assets              | <u>150,842</u>                            | <u>1,112,902</u>    |
| <b>LIABILITIES</b>        |   |                     |
| Accounts payable          | 328                                       |                     |
| Total Liabilities         | <u>328</u>                                | -                   |
| <b>NET POSITION</b>       |   |                     |
| Restricted for:           |   |                     |
| School district           |   | 1,095,908           |
| Others                    |   | 16,994              |
| Held in trust             | <u>150,514</u>                            |                     |
| Total Net Position        | <u>\$ 150,514</u>                         | <u>\$ 1,112,902</u> |

*See accompanying notes to the basic financial statements*

## EXHIBIT F

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the 18-Month Period Ended June 30, 2022

|   | Private-<br>Purpose<br>Trust Funds | Custodial<br>Funds  |
|---|------------------------------------|---------------------|
| <b>ADDITIONS:</b>                                   |                                    |                     |
| Contributions:                                      |                                    |                     |
| Private donations                                   | \$ 8,290                           |                     |
| Total Contributions                                 | <u>8,290</u>                       | \$ -                |
| Investment earnings:                                |                                    |                     |
| Interest income                                     | 6,919                              | 74,171              |
| Realized gains on investments                       | 14,565                             |                     |
| Net decrease in the fair value of investments       | <u>(26,735)</u>                    | <u>(133,375)</u>    |
| Total Investment earnings (losses)                  | <u>(5,251)</u>                     | <u>(59,204)</u>     |
| Property tax collections for other governments      |                                    | 18,297,261          |
| Motor vehicle fee collections for other governments |                                    | 955,710             |
| Miscellaneous                                       |                                    | 212,000             |
| Total Additions                                     | <u>3,039</u>                       | <u>19,405,767</u>   |
| <b>DEDUCTIONS:</b>                                  |                                    |                     |
| Beneficiary payments to individuals                 | 12,519                             |                     |
| Beneficiary payments to other governments           |                                    | 325,950             |
| Beneficiary payments to others                      |                                    | 7,970               |
| Payments of property tax to other governments       |                                    | 18,297,261          |
| Payments of motor vehicle fees to other governments |                                    | 955,710             |
| Total Deductions                                    | <u>12,519</u>                      | <u>19,586,891</u>   |
| Change in net position                              | (9,480)                            | (181,124)           |
| Net Position - beginning of year                    | 159,994                            | 1,294,026           |
| Net Position - end of year                          | <u>\$ 150,514</u>                  | <u>\$ 1,112,902</u> |

*See accompanying notes to the basic financial statements*

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the 18-Month Period Ended June 30, 2022

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Moultonborough, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The Town of Moultonborough, New Hampshire (the “Town”) was incorporated in 1777. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

During the Town’s 2020 Annual Town Meeting, the Town voted to adopt an optional fiscal year budget of July through June, through the provisions of RSA 31:94-a. In order to convert to the fiscal year budget, the Town adopted an 18-month budget commencing January 1, 2021 ending June 30, 2022. These financial statements represent an 18-month period ended June 30, 2022.

**1. Government-Wide Financial Statements:**

The statement of net position and statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those which are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

**2. Fund Financial Statements:**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the Town's sole major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. Custodial funds are held and administered by the Town for the benefit of others; therefore, custodial fund assets are not available to support the Town. The Town's custodial funds consist of property taxes collected on behalf of Moultonborough School District and Carroll County, motor vehicle fees collected on behalf of the State of New Hampshire, and the capital reserve funds of the Moultonborough School District, which are held by the Town as required by State law. Other custodial funds consist of developer's performance deposits.

***Measurement Focus***

**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**1. Revenues – Exchange and Non-Exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

***Budgetary Data***

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

***Investments***

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

***Taxes Receivable***

Taxes levied during the current year and prior and uncollected at June 30, 2022 are recorded as receivables net of reserves for estimated uncollectibles of \$25,000.

***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

| <u>Description</u>         | <u>Years</u> |
|----------------------------|--------------|
| Infrastructure             | 10-30        |
| Land improvements          | 10-30        |
| Buildings and improvements | 15-50        |
| Vehicles and equipment     | 3-25         |

***Compensated Absences***

Dependent on length of service, employees earn leave time at 3 to 6 hours per week. Upon voluntary separation of employment from the Town, employees shall be compensated for unused leave time at current rates of pay up to a maximum of 240 hours for full-time employees and 120 hours for part-time employees.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. General obligation debt and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance Policy***

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for the specific purpose stipulated by external resource providers or limitations imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or enabling legislation.
- *Committed Fund Balance*: Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the Town intends to use, as established by the highest level of decision making authority (Town Meeting) or the body of official designated by that level, for a specific purpose. All appropriations shall lapse at the end of the fiscal year unless authorized with the provisions of RSA 32:7. For all governmental funds, other than the General Fund, any remaining positive fund balance amounts are to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

***Spending Prioritizations***

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts shall be reduced first, followed by assigned amounts then unassigned amounts.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

**Minimum Level of Unassigned Fund Balance**

It is the Town's intent to maintain a target level of 12.5% of its total gross annual appropriations in the unassigned fund balance in the General Fund. The target shall be calculated by dividing the unassigned fund balance at year end of a given fiscal year by the total of the annual gross appropriations or levies upon the community to include the Town, County, School District, and State-Wide Education Property for the current fiscal year. Amounts above that may be considered excess.

If the unassigned fund balance drops below the target level, the Town Administrator shall so notify the Board making recommendations as to advisable actions for its consideration, including but not limited to, a spending or hiring freeze until the unassigned fund balance has recovered to the target level. If this cannot be accomplished in a prudent manner over a period of three years, the Board shall consider recommended revenue increases in the next budget year.

Excess unassigned fund balance may be expended for the following: emergency situations which may cause an over-expenditure of total appropriations in accordance with the provisions of RSA 32:11, to reduce the property tax rate, to fund underfunded trust funds or capital reserves, or to increase capital outlay beyond that normally anticipated.

***Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 2—DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

|                                      |  |                      |
|--------------------------------------|--|----------------------|
| Statement of Net Position:           |  |                      |
| Cash and cash equivalents            |  | \$ 17,849,912        |
| Investments                          |  | 4,711,107            |
| Statement of Fiduciary Net Position: |  |                      |
| Cash and cash equivalents            |  | 16,994               |
| Investments                          |  | 1,246,750            |
|                                      |  | <u>\$ 23,824,763</u> |

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

Deposits and investments at June 30, 2022 consist of the following:

|                                      |                             |
|--------------------------------------|-----------------------------|
| Deposits with financial institutions | \$ 17,936,668               |
| Investments                          | <u>5,888,095</u>            |
|                                      | <u><u>\$ 23,824,763</u></u> |

The Town's investment policy for governmental fund types requires that deposits be made with either the New Hampshire Public Deposit Investment Pool (NHPDIP), federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank or the Federal Reserve Bank. The Town limits its investments for governmental fund types to the NHPDIP, an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library Trustees.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy for managing interest rate risk is to maintain a diversified portfolio, with investments selected based on the prudent person principal, and to avoid an over-concentration of assets in a specific maturity.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

| Investment Type                    | Total                      | Remaining Maturity (in Years) |                            |                          |
|------------------------------------|----------------------------|-------------------------------|----------------------------|--------------------------|
|                                    |                            | 0-1 Years                     | 1-5 Years                  | > 5 Years                |
| Equity Mutual Funds                | \$ 97,796                  | \$ 9,461                      |                            | \$ 88,335                |
| Fixed Income Mutual Funds          | 194,024                    |                               | \$ 136,113                 | 57,911                   |
| U.S. Government Agency Obligations | 295,300                    |                               | 295,300                    |                          |
| U.S. Treasury Notes & Bonds        | 199,875                    | 199,875                       |                            |                          |
| Corporate Bonds                    | <u>2,347,427</u>           |                               | <u>2,347,427</u>           |                          |
|                                    | <u><u>\$ 3,134,422</u></u> | <u><u>\$ 209,336</u></u>      | <u><u>\$ 2,778,840</u></u> | <u><u>\$ 146,246</u></u> |

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investment policy for managing credit rate risk is to maintain a diversified portfolio, with investments selected based on the prudent person principal.

The following table shows the distribution of investments by credit rating as of year-end for each investment type:

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

| <u>Rating</u> | <u>Total</u>        | Equity           | Money               | Fixed             | U.S.                                  |
|---------------|---------------------|------------------|---------------------|-------------------|---------------------------------------|
|               |                     | <u>Funds</u>     | Market              | Income            | Government                            |
|               |                     | Mutual           | Mutual              | Mutual            | Agency                                |
| AAA           | \$ 295,300          |                  |                     |                   | \$ 295,300                            |
| AA-           | 237,885             |                  |                     |                   | \$ 237,885                            |
| A+            | 184,327             |                  |                     |                   | 184,327                               |
| A             | 1,226,790           |                  |                     |                   | 1,226,790                             |
| A-            | 698,425             |                  |                     |                   | 698,425                               |
| Not Rated     | 1,633,669           | \$ 97,796        | \$ 1,341,849        | \$ 194,024        |                                       |
|               | <u>\$ 4,276,396</u> | <u>\$ 97,796</u> | <u>\$ 1,341,849</u> | <u>\$ 194,024</u> | <u>\$ 295,300</u> <u>\$ 2,347,427</u> |

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the Town's investment policy requires that all deposits with financial institutions be collateralized with pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal deposit insurance. Collateralization must remain in effect so long as Town assets remain on deposit.

Of the Town's deposits with financial institutions at year end, \$17,338,679 was collateralized by securities held by the bank.

As of June 30, 2022, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

|                                    | <u>Investment Type</u> | <u>Amount</u>       |
|------------------------------------|------------------------|---------------------|
| Equity Mutual Funds                |                        | \$ 97,796           |
| Fixed Income Mutual Funds          |                        | 194,024             |
| U.S. Government Agency Obligations |                        | 295,300             |
| U.S. Treasury Notes & Bonds        |                        | 199,875             |
| Corporate Bonds                    |                        | 2,347,427           |
| Equity Securities                  |                        | <u>1,411,824</u>    |
|                                    |                        | <u>\$ 4,546,246</u> |

***Fair Value***

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- *Level 1 Inputs* - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of June 30, 2022, the Town's investments measured at fair value, by type, were as follows:

| <u>Investment Type</u>             | Fair Value Measurements Using: |                          |                          |                     |
|------------------------------------|--------------------------------|--------------------------|--------------------------|---------------------|
|                                    | Level 1<br><u>Inputs</u>       | Level 2<br><u>Inputs</u> | Level 3<br><u>Inputs</u> | Total               |
| Equity Mutual Funds                | \$ 97,796                      |                          |                          | \$ 97,796           |
| Fixed Income Mutual Funds          | 194,024                        |                          |                          | 194,024             |
| U.S. Government Agency Obligations |                                | \$ 295,300               |                          | 295,300             |
| U.S. Treasury Notes & Bonds        |                                | 199,875                  |                          | 199,875             |
| Corporate Bonds                    |                                | 2,347,427                |                          | 2,347,427           |
| Equity Securities                  | 1,411,824                      |                          |                          | 1,411,824           |
|                                    | <u>\$ 1,703,644</u>            | <u>\$ 2,842,602</u>      | <u>\$ -</u>              | <u>\$ 4,546,246</u> |

Mutual funds and equity securities classified as Level 1 are valued using unadjusted prices quoted in active markets for those securities. U.S. Government agency obligations, U.S. Treasury notes & bonds, and corporate bonds classified as Level 2 are valued utilizing pricing that may involve estimation using similar securities or trade dates.

**NOTE 3—CAPITAL ASSETS**

The following is a summary of changes in capital assets of the governmental activities:

|   | (As Restated)        |                    |                     |                      |
|---|----------------------|--------------------|---------------------|----------------------|
|   | Balance<br>1/1/2021  | Additions          | Reductions          | Balance<br>6/30/2022 |
| <b>Governmental activities:</b>               |                      |                    |                     |                      |
| Capital assets not depreciated:               |                      |                    |                     |                      |
| Land  | \$ 1,012,084         |                    |                     | \$ 1,012,084         |
| Construction in progress                      | 854,910              | \$ 454,154         | \$ (34,070)         | 1,274,994            |
| Total capital assets not being depreciated    | <u>1,866,994</u>     | <u>454,154</u>     | <u>(34,070)</u>     | <u>2,287,078</u>     |
| Other capital assets:                         |                      |                    |                     |                      |
| Infrastructure                                | 7,347,396            | 715,109            |                     | 8,062,505            |
| Land improvements                             | 2,406,688            |                    |                     | 2,406,688            |
| Buildings and improvements                    | 7,115,891            | 74,960             | (182,029)           | 7,008,822            |
| Vehicles and equipment                        | 6,505,280            | 454,659            | (208,696)           | 6,751,243            |
| Total other capital assets at historical cost | <u>23,375,255</u>    | <u>1,244,728</u>   | <u>(390,725)</u>    | <u>24,229,258</u>    |
| Less accumulated depreciation for:            |                      |                    |                     |                      |
| Infrastructure                                | (2,412,476)          | (642,832)          |                     | (3,055,308)          |
| Land improvements                             | (842,230)            | (145,718)          |                     | (987,948)            |
| Buildings and improvements                    | (2,456,554)          | (247,952)          | 26,091              | (2,678,415)          |
| Vehicles and equipment                        | (2,891,576)          | (703,839)          | 175,761             | (3,419,654)          |
| Total accumulated depreciation                | <u>(8,602,836)</u>   | <u>(1,740,341)</u> | <u>201,852</u>      | <u>(10,141,325)</u>  |
| Total other capital assets, net               | <u>14,772,419</u>    | <u>(495,613)</u>   | <u>(188,873)</u>    | <u>14,087,933</u>    |
| Total capital assets, net                     | <u>\$ 16,639,413</u> | <u>\$ (41,459)</u> | <u>\$ (222,943)</u> | <u>\$ 16,375,011</u> |

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| General government                                 | \$ 124,280          |
| Public safety                                      | 422,132             |
| Highways and streets                               | 987,005             |
| Sanitation   | 49,666              |
| Culture and recreation                             | 157,258             |
| Total governmental activities depreciation expense | <u>\$ 1,740,341</u> |

The balance of capital assets acquired through capital lease issuances as of June 30, 2022 is as follows:

|                                |                  |
|--------------------------------|------------------|
| Vehicles and equipment         | \$ 61,032        |
| Less: Accumulated depreciation | (40,688)         |
|                                | <u>\$ 20,344</u> |

**NOTE 4—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the Town's long-term obligations for the year ended June 30, 2022 are as follows:

|                              | Balance<br>1/1/2021 | Additions        | Reductions         | Balance<br>6/30/2022 | Due Within<br>One Year |
|------------------------------|---------------------|------------------|--------------------|----------------------|------------------------|
| Governmental activities:     |                     |                  |                    |                      |                        |
| Capital lease payable        | \$ 50,160           |                  | \$ (23,670)        | \$ 26,490            | \$ 12,872              |
| Compensated absences payable | 210,371             | \$ 52,533        | (3,030)            | 259,874              | 27,070                 |
|                              | <u>\$ 260,531</u>   | <u>\$ 52,533</u> | <u>\$ (26,700)</u> | <u>\$ 286,364</u>    | <u>\$ 39,942</u>       |

Payments made on capital lease obligations are paid out of the Recreation Fund, a Nonmajor Governmental Fund. Compensated absences payments will be paid from the General Fund.

***Capital Lease Obligations***

Capital lease obligations represent lease agreements entered into for the financing of vehicle acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable functions. The following is the individual capital lease obligation outstanding at June 30, 2022:

|                                 | Interest<br>Rate | Final<br>Maturity<br>Date | Balance<br>6/30/2022 |
|---------------------------------|------------------|---------------------------|----------------------|
| <b>Governmental Activities:</b> |                  |                           |                      |
| Van                             | 5.79%            | 02/2024                   | <u>\$ 26,490</u>     |

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

Debt service requirements to retire the capital lease obligation outstanding at June 30, 2022 are as follows:

| Year Ending | <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u>    |
|-------------|-----------------|------------------|-----------------|------------------|
|             | 2023            | \$ 12,872        | \$ 1,534        | \$ 14,406        |
|             | 2024            | 13,618           | 788             | 14,406           |
|             |                 | <u>\$ 26,490</u> | <u>\$ 2,322</u> | <u>\$ 28,812</u> |

**NOTE 5—OTHER POST-EMPLOYMENT BENEFITS**

***Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense***

|                                     | <u>Deferred<br/>Outflows</u> | <u>OPEB<br/>Liability</u> | <u>Deferred<br/>Inflows</u> | <u>OPEB<br/>Expense</u> |
|-------------------------------------|------------------------------|---------------------------|-----------------------------|-------------------------|
| Cost-Sharing Multiple Employer Plan | \$ 40,615                    | \$ 334,190                | \$ 4,673                    | \$ 37,943               |
| Single Employer Plan                |                              | 347,135                   |                             | (23,253)                |
| <b>Total</b>                        | <b><u>\$ 40,615</u></b>      | <b><u>\$ 681,325</u></b>  | <b><u>\$ 4,673</u></b>      | <b><u>\$ 14,690</u></b> |

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$35,942.

**COST-SHARING MULTIPLE EMPLOYER PLAN**

***Plan Description***

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

***Benefits Provided***

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. 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, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount 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. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

***Funding Policy***

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of general employees and public safety employees were 0.29% and 3.66% through June 30, 2021, respectively, and 0.31% and 3.21%, respectively, thereafter. Contributions to the OPEB plan for the Town were \$56,769 for the 18-month period ended June 30, 2022. Employees are not required to contribute to the OPEB plan.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2022, the Town reported a liability of \$334,190 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2020. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2021, the Town's proportion was approximately 0.0835 percent, which was a decrease of 0.0117 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized OPEB expense of \$37,943. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 70   |  |
| Net difference between projected and actual earnings on OPEB plan investments                             | 4,175   |  |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 428   |  |
| Town contributions subsequent to the measurement date   | <u>\$ 40,615</u>                              |  |
| <b>Totals</b>   | <b><u>\$ 40,615</u></b>                       | <b><u>\$ 4,673</u></b>                       |

The Town reported \$40,615 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

| <u>June 30,</u> |                          |
|-----------------|--------------------------|
| 2022            | \$ (1,453)               |
| 2023            | (877)                    |
| 2024            | (983)                    |
| 2025            | <u>(1,360)</u>           |
|                 | <b><u>\$ (4,673)</u></b> |

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.00%  |
| Wage inflation            | 2.75% (2.25% for teachers)   |
| Salary increases          | 5.60%, average, including inflation  |
| Investment rate of return | 6.75%, per year, net of OPEB plan investment expense, including inflation for determining solvency contributions |

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

| <u>Asset Class</u>      | <u>Target Allocation</u> | <u>Weighted Average Long-Term<br/>Expected Real Rate of Return</u> |
|-------------------------|--------------------------|--|
| Domestic equity         | 30%                      | 1.14-6.46%   |
| Fixed income            | 25%                      | 3.60%  |
| International equity    | 20%                      | 2.37-5.53%   |
| Alternative investments | 15%                      | 7.25-8.85%   |
| Real estate             | 10%                      | 6.60%  |
| Total                   | <u><u>100%</u></u>       |  |

The discount rate used to measure the collective total OPEB liability as of June 30, 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSSA 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

***Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

|                    | 1% Decrease<br><u>(5.75%)</u> | Current<br>Discount Rate<br><u>(6.75%)</u> | 1% Increase<br><u>(7.75%)</u> |
|--------------------|-------------------------------|--|-------------------------------|
| Net OPEB liability | \$ 363,290                    | \$ 334,190                                 | \$ 308,870                    |

**SINGLE EMPLOYER PLAN**

***Plan Description***

The Town of Moultonborough, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

***Benefits Provided***

The Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees and their covered dependents. Retirees over the age of 65 are covered by the Medicare supplemental plan. The following groups of retirees qualify for this benefit: Group I employees are required to reach age 60 with no minimum service requirement; Group II employees are eligible at age 55 with 20 years of service or at age 60 with no minimum service requirement. Retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

***Employees Covered by Benefit Terms***

At June 30, 2022, the following employees were covered by the benefit terms:

|  |                  |
|--|------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | -                |
| Inactive employees entitled to but not yet receiving benefit payments    | -                |
| Active employees   | 45               |
|  | <u>45</u>        |
|  | <u><u>45</u></u> |

***Total OPEB Liability***

The Town's total OPEB liability of \$347,135 was measured and calculated as of June 30, 2022 using the alternative measurement method in place of an actuarial valuation.

***Alternative Measurement Method Assumptions and Other Inputs for OPEB***

The total OPEB liability in the June 30, 2022 calculation was determined using the following alternative measurement method assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                             |  |
|-----------------------------|--|
| Salary increases            | 2.80%  |
| Discount rate               | 3.54%  |
| Healthcare cost trend rates | 4.70% for 2022, decreasing by 0.1% per year to an ultimate rate of 4.20% in 2029 and later years |

The discount rate was based on a 20-year tax-exempt municipal bond yield of 3.54% as of June 30, 2022.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. The turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

***Changes in the Total OPEB Liability***

|  | Total OPEB<br><u>Liability</u> |
|--|--------------------------------|
| Balance at January 1, 2021                         | \$ 370,388                     |
| Changes for the year:                              |                                |
| Service cost                                       | 38,062                         |
| Interest   | 8,659                          |
| Changes of assumptions or other inputs             | (62,297)                       |
| Differences between expected and actual experience | (7,677)                        |
| Net changes  | <u>(23,253)</u>                |
| Balance at June 30, 2022                           | <u>\$ 347,135</u>              |

Changes in assumptions and other inputs reflect a change in the discount rate of 2.12% at December 31, 2020 to 3.54% at June 30, 2022. Healthcare trend rates have been reset to an initial rate of 4.70% decreasing to an ultimate rate of 4.20%.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                      | Current        |                |                |
|----------------------|----------------|----------------|----------------|
|                      | 1% Decrease    | Discount Rate  | 1% Increase    |
|                      | <u>(2.54%)</u> | <u>(3.54%)</u> | <u>(4.54%)</u> |
| Total OPEB liability | \$ 389,282     | \$ 347,135     | \$ 311,726     |

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.70 percent decreasing to 3.20 percent) or 1-percentage-point higher (5.70 percent decreasing to 5.20 percent) than the current healthcare cost trend rate:

|                      | Healthcare<br>Cost Trend |                  |                  |
|----------------------|--------------------------|------------------|------------------|
|                      | 1% Decrease              | Rates            | 1% Increase      |
|                      | <u>(3.70%)</u>           | <u>(4.70%)</u>   | <u>(5.70%)</u>   |
|                      | decreasing               | decreasing       | decreasing       |
|                      | <u>to 3.20%)</u>         | <u>to 4.20%)</u> | <u>to 5.20%)</u> |
| Total OPEB liability | \$ 300,273               | \$ 347,135       | \$ 404,219       |

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

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

For the year ended June 30, 2022, the Town recognized negative OPEB expense of (\$23,253). The impact of differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings are recognized as a component of OPEB expense as they occur under the alternative measurement method.

**NOTE 6—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

***Benefits Provided***

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

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**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

| Years of Creditable Service as of<br><u>January 1, 2012</u> | <u>Minimum Age</u> | <u>Minimum Service</u> | <u>Benefit Multiplier</u> |
|---|--------------------|------------------------|---------------------------|
| At least 8 but less than 10 years                           | 46                 | 21                     | 2.4%                      |
| At least 6 but less than 8 years                            | 47                 | 22                     | 2.3%                      |
| At least 4 but less than 6 years                            | 48                 | 23                     | 2.2%                      |
| Less than 4 years   | 49                 | 24                     | 2.1%                      |

***Funding Policy***

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of general employees, police officers, and firefighters were 10.88%, 24.77%, and 26.43% through June 30, 2021, respectively, and 13.75%, 30.67%, and 29.78%, respectively, thereafter. The Town contributes 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the 18-month period ended June 30, 2022 were \$812,831.

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

At June 30, 2022, the Town reported a liability of \$4,292,204 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2020. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2021, the Town's proportion was approximately 0.0968 percent, which was a decrease of 0.0090 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$143,222. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

|   | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>Inflows of<br><u>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 120,188                                  | \$ 44,936                                  |
| Changes of assumptions  | 448,296                                     |  |
| Net difference between projected and actual investment earnings on pension plan investments               |   | 1,200,431                                  |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 11,604                                      | 416,843                                    |
| Town contributions subsequent to the measurement date   | <u>597,295</u>                              |  |
| <b>Totals</b>   | <b><u>\$ 1,177,383</u></b>                  | <b><u>\$ 1,662,210</u></b>                 |

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as a decrease to unrestricted net position in the amount of \$484,827. The Town reported \$597,295 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense in the measurement periods as follows:

| Year Ending<br><u>June 30,</u> |                              |
|--------------------------------|------------------------------|
| 2022                           | \$ (221,338)                 |
| 2023                           | (179,175)                    |
| 2024                           | (207,041)                    |
| 2025                           | <u>(474,568)</u>             |
|                                | <b><u>\$ (1,082,122)</u></b> |

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.00%  |
| Wage inflation            | 2.75% (2.25% for teachers)   |
| Salary increases          | 5.60%, average, including inflation                                |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

| <u>Asset Class</u>      | <u>Target Allocation</u> | <u>Weighted Average Long-Term<br/>Expected Real Rate of Return</u> |
|-------------------------|--------------------------|--|
| Domestic equity         | 30%                      | 1.14-6.46%   |
| Fixed income            | 25%                      | 3.60%  |
| International equity    | 20%                      | 2.37-5.53%   |
| Alternative investments | 15%                      | 7.25-8.85%   |
| Real estate             | 10%                      | 6.60%  |
| <b>Total</b>            | <b><u>100%</u></b>       |  |

***Discount Rate***

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

***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 percent, 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 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

|   | 1% Decrease<br><u>(5.75%)</u> | Current<br><u>Discount Rate</u><br><u>(6.75%)</u> | 1% Increase<br><u>(7.75%)</u> |
|---|-------------------------------|---|-------------------------------|
| Town's proportionate share of the net pension liability | \$ 6,183,343                  | \$ 4,292,204                                      | \$ 2,752,223                  |

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

**NOTE 7—INTERFUND BALANCES AND TRANSFERS**

Land use change taxes collected by the General fund on-behalf of the Conservation Fund, a Nonmajor Governmental Fund, were not transferred prior to year-end and are payable to the Conservation Fund. As of June 30, 2022, the General Fund had an interfund payable to the Nonmajor Governmental Funds in the amount of \$2,585, and an interfund receivable from the Nonmajor Governmental Funds in the amount of \$477.

During the 18-month period ended June 30, 2022, the Permanent Funds, a Nonmajor Governmental Fund, transferred \$25,001 to the General Fund to support library operations. This transfer was made in accordance with the intended purpose of the Permanent Funds.

**NOTE 8—RESTRICTED NET POSITION**

Net position of governmental activities is restricted for specific purposes at June 30, 2022 as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Permanent Funds - Principal      | \$ 128,168        |
| Permanent Funds - Income         | 19,757            |
| Library                          | 208,946           |
| Recreation Facility Improvements | 25,786            |
| Heritage Commission              | 720               |
| Lee's Pond Preservation          | 18,424            |
| Fire Trusts                      | 108,329           |
| Sidewalk Maintenance             | <u>5,541</u>      |
|                                  | <u>\$ 515,671</u> |

**NOTE 9—COMPONENTS OF FUND BALANCE**

Components of the Town's fund balance for its governmental funds at June 30, 2022 are as follows:

| <u>Fund Balances</u>             | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------------------|---------------------|------------------------------------|---------------------------------|
| <b>Nonspendable:</b>             |                     |                                    |                                 |
| Permanent Funds - Principal      | \$ 128,168          | \$ 128,168                         | \$ 128,168                      |
| <b>Restricted for:</b>           |                     |                                    |                                 |
| Library                          | \$ 208,946          |                                    | 208,946                         |
| Permanent Funds - Income         |                     | 19,757                             | 19,757                          |
| Recreation Facility Improvements |                     | 25,786                             | 25,786                          |
| Heritage Commission              |                     | 720                                | 720                             |
| Lee's Pond Preservation          |                     | 18,424                             | 18,424                          |
| Fire Trusts                      |                     | 108,329                            | 108,329                         |
| Sidewalk Maintenance             |                     | 5,541                              | 5,541                           |

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the 18-Month Period Ended June 30, 2022**

**Committed for:**

|                           |                             |                   |
|---------------------------|-----------------------------|-------------------|
| Continuing appropriations | 4,876                       | 4,876             |
| Capital Reserves          | 2,465,735                   | 2,465,735         |
| Expendable Trusts         | 331,049                     | 331,049           |
| Encumbrances              | 118,679                     | 118,679           |
| Conservation              | 53,389                      | 53,389            |
| Town Property Acquisition | 465,390                     | 465,390           |
| Police Details            | 403                         | 403               |
| Recreation                | 93,819                      | 93,819            |
| <b>Unassigned</b>         | <b>6,301,837</b>            | <b>6,301,837</b>  |
|                           | <u>\$ 9,431,122</u>         | <u>\$ 919,726</u> |
|                           | <u><u>\$ 10,350,848</u></u> |                   |

**NOTE 10—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$3,943,560,976 as of April 1, 2021) and are due in two installments on July 1, 2021 and January 19, 2022. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue on the modified accrual basis of accounting when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Moultonborough School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the 18-month periods ended June 30, 2022 were \$14,299,211 and \$3,998,050 for the Moultonborough School District and Carroll County, respectively. These taxes are recognized in the financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

**NOTE 11—RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the 18-Month Period Ended June 30, 2022**

reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2022.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

***Worker's Compensation***

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

**NOTE 12—CONTINGENCIES**

***Litigation***

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town, which are not covered by insurance are immaterial and would not affect the financial position of the Town.

**NOTE 13—RESTATEMENT OF NET POSITION**

During the 18-month period ended June 30, 2022, it was determined that capital assets of the governmental activities were overstated, as previously reported. The impact on net position of the governmental activities as of January 1, 2021 is as follows:

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Net Position - January 1, 2021 (as previously reported) | \$ 21,910,876                      |
| Amount of restatement due to:                           |                                    |
| Overstatement of capital assets                         | <u>(105,802)</u>                   |
| Net Position - January 1, 2021, as restated             | <u>\$ 21,805,074</u>               |

## SCHEDULE 1

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the 18-Month Period Ended June 30, 2022

|   | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget -<br>Favorable<br>(Unfavorable) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
|   |                   |                   |                   |   |
| <b>Revenues:</b>                            |                   |                   |                   |   |
| Taxes                                       | \$ 9,093,663      | \$ 9,093,663      | \$ 9,051,735      | \$ (41,928)   |
| Licenses and permits                        | 2,614,500         | 2,614,500         | 3,205,282         | 590,782   |
| Intergovernmental                           | 508,535           | 610,665           | 683,170           | 72,505  |
| Charges for services                        | 265,500           | 265,500           | 371,172           | 105,672   |
| Interest income                             | 112,500           | 112,500           | 42,712            | (69,788)  |
| Miscellaneous                               | 122,000           | 122,000           | 219,455           | 97,455  |
| <b>Total Revenues</b>                       | <b>12,716,698</b> | <b>12,818,828</b> | <b>13,573,526</b> | <b>754,698</b>  |
| <b>Expenditures:</b>                        |                   |                   |                   |   |
| Current operations:                         |                   |                   |                   |   |
| General government                          | 3,540,988         | 3,540,988         | 3,378,894         | 162,094   |
| Public safety                               | 4,223,991         | 4,223,991         | 3,872,889         | 351,102   |
| Highways and streets                        | 2,892,725         | 2,892,725         | 2,710,011         | 182,714   |
| Sanitation                                  | 1,197,051         | 1,197,051         | 1,080,571         | 116,480   |
| Health and welfare                          | 247,951           | 247,951           | 215,798           | 32,153  |
| Culture and recreation                      | 1,409,209         | 1,409,209         | 1,133,202         | 276,007   |
| Capital outlay                              | 2,005,042         | 1,799,702         | 1,687,545         | 112,157   |
| <b>Total Expenditures</b>                   | <b>15,516,957</b> | <b>15,311,617</b> | <b>14,078,910</b> | <b>1,232,707</b>  |
| Excess revenues over (under) expenditures   | (2,800,259)       | (2,492,789)       | (505,384)         | 1,987,405   |
| <b>Other financing sources (uses):</b>      |                   |                   |                   |   |
| Transfers in                                | 1,803,564         | 1,500,970         | 1,473,482         | (27,488)  |
| Transfers out                               | (1,125,783)       | (1,125,783)       | (1,201,072)       | (75,289)  |
| <b>Total Other financing sources (uses)</b> | <b>677,781</b>    | <b>375,187</b>    | <b>272,410</b>    | <b>(102,777)</b>  |
| Net change in fund balance                  | (2,122,478)       | (2,117,602)       | (232,974)         | 1,884,628   |
| <b>Fund Balance - beginning of year</b>     |                   |                   |                   |   |
| - Budgetary Basis                           | 6,613,399         | 6,613,399         | 6,613,399         | -   |
| <b>Fund Balance - end of year</b>           |                   |                   |                   |   |
| - Budgetary Basis                           | \$ 4,490,921      | \$ 4,495,797      | \$ 6,380,425      | \$ 1,884,628  |

*See accompanying notes to the required supplementary information*

SCHEDULE 2

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**

**Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability**

For the 18-Month Period Ended June 30, 2022

**Cost-Sharing Multiple Employer Plan Information Only**

| <u>Measurement Period Ended</u> | <u>Town's Proportion of the Net OPEB Liability</u> | <u>Town's Proportionate Share of the Net OPEB Liability</u> | <u>Town's Covered Payroll</u> | <u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u> |
|---------------------------------|--|---|-------------------------------|--|--|
| June 30, 2021                   | 0.08345209%  | \$ 334,190  | \$ 2,841,612                  | 11.76%   | 11.06%   |
| June 30, 2020                   | 0.09515222%  | \$ 416,490  | \$ 2,939,948                  | 14.17%   | 7.74%  |
| June 30, 2019                   | 0.10147044%  | \$ 444,858  | \$ 2,864,894                  | 15.53%   | 7.75%  |
| June 30, 2018                   | 0.10227889%  | \$ 468,280  | \$ 2,747,896                  | 17.04%   | 7.53%  |
| June 30, 2017                   | 0.07225568%  | \$ 330,378  | \$ 2,558,656                  | 12.91%   | 7.91%  |
| June 30, 2016                   | *  | *   | *                             | *  | *  |
| June 30, 2015                   | *  | *   | *                             | *  | *  |
| June 30, 2014                   | *  | *   | *                             | *  | *  |
| June 30, 2013                   | *  | *   | *                             | *  | *  |
| June 30, 2012                   | *  | *   | *                             | *  | *  |

\* 10 Year schedule, historical information not available

**Significant Actuarial Assumptions**

| <u>Measurement Periods</u> | <u>Inflation</u> | <u>Salary Increases</u> | <u>Investment Rate of Return</u> | <u>Mortality Table</u> | <u>Mortality Scale</u> |
|----------------------------|------------------|-------------------------|----------------------------------|------------------------|------------------------|
| June 30, 2020 - 2021       | 2.00%            | 5.60%                   | 6.75%                            | Pub-2010               | MP-2019                |
| June 30, 2016 - 2019       | 2.50%            | 5.60%                   | 7.25%                            | RP-2014                | MP-2015                |
| June 30, 2013 - 2015       | 3.00%            | 3.75-5.80%              | 7.75%                            | RP-2000                | Scale AA               |

*See accompanying notes to the required supplementary information*

SCHEDULE 3  
**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Schedule of Town OPEB Contributions**  
For the 18-Month Period Ended June 30, 2022

| <u>Year Ended</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to the Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Town's Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------------|--|---|---|-------------------------------|---|
| June 30, 2022**   | \$ 56,769                                  | \$ (56,769)   | \$ -                                    | \$ 4,405,985                  | 1.29%   |
| December 31, 2020 | \$ 40,335                                  | \$ (40,335)   | \$ -                                    | \$ 2,881,675                  | 1.40%   |
| December 31, 2019 | \$ 47,350                                  | \$ (47,350)   | \$ -                                    | \$ 2,987,130                  | 1.59%   |
| December 31, 2018 | \$ 45,448                                  | \$ (45,448)   | \$ -                                    | \$ 2,819,043                  | 1.61%   |
| December 31, 2017 | \$ 43,033                                  | \$ (43,033)   | \$ -                                    | \$ 2,609,259                  | 1.65%   |
| December 31, 2016 | *  | *   | *                                       | *                             | *   |
| December 31, 2015 | *  | *   | *                                       | *                             | *   |
| December 31, 2014 | *  | *   | *                                       | *                             | *   |
| December 31, 2013 | *  | *   | *                                       | *                             | *   |
| December 31, 2012 | *  | *   | *                                       | *                             | *   |

\* 10 Year schedule, historical information not available

\*\* For the 18-month period ended June 30, 2022

SCHEDULE 4  
 TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios  
 For the 18-Month Period Ended June 30, 2022

| Single Employer Plan Information Only                            |              | 2022         | 2020         | 2019         | 2018      | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|--------------|-----------|------|------|------|------|------|------|
| Total OPEB Liability:  |              |              |              |              |           |      |      |      |      |      |      |
| Service cost   | \$ 38,062    | \$ 28,704    | \$ 28,704    | \$ 28,704    | \$ 29,718 | *    | *    | *    | *    | *    | *    |
| Interest   | 8,659        | 10,217       | 7,452        | 7,452        | *         | *    | *    | *    | *    | *    | *    |
| Changes of assumptions or other inputs                           | (62,297)     | 23,666       | 40,381       | (81,679)     | *         | *    | *    | *    | *    | *    | *    |
| Differences between expected and actual experience               | (7,677)      | (36,376)     | (47,335)     | (36,643)     | *         | *    | *    | *    | *    | *    | *    |
| Net change in total OPEB liability                               | (23,253)     | 26,211       | 29,202       | (81,152)     | -         | -    | -    | -    | -    | -    | -    |
| Total OPEB Liability - beginning of year                         | \$ 370,388   | \$ 344,177   | \$ 314,975   | \$ 396,127   | *         | *    | *    | *    | *    | *    | *    |
| Total OPEB Liability - end of year                               | \$ 347,135   | \$ 370,388   | \$ 344,177   | \$ 314,975   | *         | *    | *    | *    | *    | *    | *    |
| Covered employee payroll   | \$ 3,788,770 | \$ 2,194,109 | \$ 2,565,006 | \$ 2,478,831 | *         | *    | *    | *    | *    | *    | *    |
| Total OPEB liability as a percentage of covered employee payroll | 9.16%        | 16.88%       | 13.42%       | 12.71%       | *         | *    | *    | *    | *    | *    | *    |
| Significant Actuarial Assumptions                                |              |              |              |              |           |      |      |      |      |      |      |
| Discount rate  | 3.54%        | 2.12%        | 2.74%        | 4.10%        | *         | *    | *    | *    | *    | *    | *    |
| Health cost trend rates:   |              |              |              |              |           |      |      |      |      |      |      |
| Initial  | 4.7% - 2022  | 4.9% - 2020  | 4.6% - 2019  | 4.6% - 2018  | *         | *    | *    | *    | *    | *    | *    |
| Ultimate   | 4.2% - 2029  | 4.3% - 2027  | 4.7% - 2025  | 4.7% - 2024  | *         | *    | *    | *    | *    | *    | *    |
| Mortality table  | Pub-2010     | Pub-2010     | RP-2000      | RP-2000      | *         | *    | *    | *    | *    | *    | *    |
| Salary increase rate   | 2.80%        | 2.75%        | 2.75%        | 2.75%        | *         | *    | *    | *    | *    | *    | *    |

See accompanying notes to the required supplementary information

SCHEDULE 5

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**

**Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability**

For the 18-Month Period Ended June 30, 2022

| <u>For the Measurement Period Ended</u> | <u>Town's Proportion of the Net Pension Liability</u> | <u>Town's Proportionate Share of the Net Pension Liability</u> | <u>Town's Covered Payroll</u> | <u>Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---|---|--|-------------------------------|---|---|
| June 30, 2021                           | 0.09684752%   | \$ 4,292,204   | \$ 2,841,612                  | 151.05%   | 72.22%  |
| June 30, 2020                           | 0.10585784%   | \$ 6,770,827   | \$ 2,939,948                  | 230.30%   | 58.72%  |
| June 30, 2019                           | 0.10652702%   | \$ 5,125,712   | \$ 2,864,894                  | 178.91%   | 65.59%  |
| June 30, 2018                           | 0.10585374%   | \$ 5,097,072   | \$ 2,747,896                  | 185.49%   | 64.73%  |
| June 30, 2017                           | 0.10874744%   | \$ 5,348,191   | \$ 2,558,656                  | 209.02%   | 62.66%  |
| June 30, 2016                           | 0.11385000%   | \$ 6,054,082   | \$ 2,628,327                  | 230.34%   | 58.30%  |
| June 30, 2015                           | 0.11977481%   | \$ 4,744,912   | \$ 2,782,627                  | 170.52%   | 65.47%  |
| June 30, 2014                           | 0.11948913%   | \$ 4,485,127   | \$ 2,680,456                  | 167.33%   | 66.32%  |
| June 30, 2013                           | 0.12550257%   | \$ 5,401,360   | \$ 2,777,588                  | 194.46%   | 59.81%  |
| June 30, 2012                           | *   | *  | *                             | *   | *   |

\* 10 Year schedule, historical information not available

**Significant Actuarial Assumptions**

| <u>Measurement Periods</u> | <u>Inflation</u> | <u>Salary Increases</u> | <u>Investment Rate of Return</u> | <u>Mortality Table</u> | <u>Mortality Scale</u> |
|----------------------------|------------------|-------------------------|----------------------------------|------------------------|------------------------|
| June 30, 2020 - 2021       | 2.00%            | 5.60%                   | 6.75%                            | Pub-2010               | MP-2019                |
| June 30, 2016 - 2019       | 2.50%            | 5.60%                   | 7.25%                            | RP-2014                | MP-2015                |
| June 30, 2013 - 2015       | 3.00%            | 3.75-5.80%              | 7.75%                            | RP-2000                | Scale AA               |

*See accompanying notes to the required supplementary information*

## SCHEDULE 6

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Schedule of Town Pension Contributions

For the 18-Month Period Ended June 30, 2022

| <u>Year Ended</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to the Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Town's Covered Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------------|--|---|---|-------------------------------|---|
| June 30, 2022**   | \$ 812,831                                 | \$ (812,831)  | \$ -                                    | \$ 4,405,985                  | 18.45%  |
| December 31, 2020 | \$ 448,601                                 | \$ (448,601)  | \$ -                                    | \$ 2,881,675                  | 15.57%  |
| December 31, 2019 | \$ 483,283                                 | \$ (483,283)  | \$ -                                    | \$ 2,987,130                  | 16.18%  |
| December 31, 2018 | \$ 454,408                                 | \$ (454,408)  | \$ -                                    | \$ 2,819,043                  | 16.12%  |
| December 31, 2017 | \$ 414,525                                 | \$ (414,525)  | \$ -                                    | \$ 2,609,259                  | 15.89%  |
| December 31, 2016 | \$ 408,216                                 | \$ (408,216)  | \$ -                                    | \$ 2,624,321                  | 15.56%  |
| December 31, 2015 | \$ 400,448                                 | \$ (400,448)  | \$ -                                    | \$ 2,691,587                  | 14.88%  |
| December 31, 2014 | \$ 382,302                                 | \$ (382,302)  | \$ -                                    | \$ 2,609,916                  | 14.65%  |
| December 31, 2013 | \$ 364,888                                 | \$ (364,888)  | \$ -                                    | \$ 2,856,978                  | 12.77%  |
| December 31, 2012 | *  | *   | *                                       | *                             | *   |

\* 10 Year schedule, historical information not available

\*\* For the 18-month period ended June 30, 2022

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the 18-Month Period Ended June 30, 2022**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Additionally, budgetary revenues and other financing sources, and expenditures and other financing uses, were adjusted for encumbrances, non-budgetary revenues and expenditures, non-budgetary transfers in, and budgetary transfers in and out as follows:

|   | Revenues<br>and Other<br>Financing<br><u>Sources</u> | Expenditures<br>and Other<br>Financing<br><u>Uses</u> |
|---|--|---|
| Per Exhibit D   | \$ 13,513,376  | \$ 14,685,748   |
| Difference in property taxes meeting<br>susceptible to accrual criteria | (110,158)  |   |
| Encumbrances - December 31, 2020  |  | (20,974)  |
| Encumbrances - June 30, 2022  |  | 118,679   |
| Non-budgetary revenues and expenditures                                 | 195,309  | (704,543)   |
| Non-budgetary transfers in  | (25,001)   |   |
| Budgetary transfers in and out  | <u>1,473,482</u>                                     | <u>1,201,072</u>                                      |
| Per Schedule 1  | <u>\$ 15,047,008</u>                                 | <u>\$ 15,279,982</u>                                  |

**NOTE 2—BUDGETARY FUND BALANCE**

Components of the budgetary fund balance for the General Fund at June 30, 2022 are as follows:

|                           |                     |
|---------------------------|---------------------|
| <i>Committed for:</i>     |                     |
| Continuing appropriations | \$ 4,876            |
| <i>Unassigned</i>         | <u>6,375,549</u>    |
|                           | <u>\$ 6,380,425</u> |

SCHEDULE A  
TOWN OF MULTONBOROUGH, NEW HAMPSHIRE  
Combining Balance Sheet  
Governmental Funds - All Nonmajor Funds  
June 30, 2022

| Special Revenue Funds  |                   |                   |                  |                    |               |   |                              |                   |                           | Combining Totals            |                   |
|--|-------------------|-------------------|------------------|--------------------|---------------|---|------------------------------|-------------------|---------------------------|-----------------------------|-------------------|
| Town Property Acquisition Fund                                     | Recreation Fund   | Conservation Fund | Heritage Fund    | Police Detail Fund | Police Fund   | Recreation Facilities Improvements Fund | Lee's Pond Preservation Fund | Fire Trust Fund   | Sidewalk Maintenance Fund | Total Special Revenue Funds | Permanent Funds   |
| <b>ASSETS</b>  |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| Cash and cash equivalents  | \$ 97,901         | \$ 465,390        | \$ 53,389        | \$ 720             | \$ 403        | \$ 25,786                               | \$ 18,424                    | \$ 108,329        | \$ 5,541                  | \$ 170,837                  | \$ 170,837        |
| Investments  |                   |                   |                  |                    |               |   |                              |                   |                           | 605,046                     | 752,971           |
| Due from other funds   |                   | 2,585             |                  |                    |               |   |                              |                   | 2,585                     |                             | 2,585             |
| <b>Total Assets</b>  | <b>\$ 100,486</b> | <b>\$ 465,390</b> | <b>\$ 53,389</b> | <b>\$ 720</b>      | <b>\$ 403</b> | <b>\$ 25,786</b>                        | <b>\$ 18,424</b>             | <b>\$ 108,329</b> | <b>\$ 5,541</b>           | <b>\$ 177,468</b>           | <b>\$ 926,393</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| Total Deferred Outflows of Resources                               |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| Total Assets and Deferred Outflows of Resources                    |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| <b>LIABILITIES</b>   |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| Accounts payable   | \$ 6,190          |                   |                  |                    |               |   |                              |                   |                           | \$ 6,190                    | \$ 6,190          |
| Due to other funds   | 477               |                   |                  |                    |               |   |                              |                   | 477                       |                             | 477               |
| Total Liabilities  | 6,667             |                   |                  |                    |               |   |                              |                   | 6,667                     |                             | 6,667             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| Total Deferred Inflows of Resources                                |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| <b>FUND BALANCES</b>   |                   |                   |                  |                    |               |   |                              |                   |                           |                             |                   |
| Nonspendable   |                   |                   |                  |                    |               |   |                              |                   |                           | 128,168                     | 128,168           |
| Restricted   |                   |                   |                  |                    |               |   |                              |                   |                           | 19,757                      | 178,557           |
| Committed  |                   |                   |                  |                    |               |   |                              |                   |                           |                             | 613,001           |
| Total Fund Balances  | 93,819            | 465,390           | 53,389           | 720                | 403           | 25,786                                  | 18,424                       | 108,329           | 5,541                     | 613,001                     | 147,925           |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | 93,819            | 465,390           | 53,389           | 720                | 403           | 25,786                                  | 18,424                       | 108,329           | 5,541                     | \$ 778,468                  | \$ 147,925        |
|  | \$ 100,486        | \$ 465,390        | \$ 53,389        | \$ 720             | \$ 403        | \$ 25,786                               | \$ 18,424                    | \$ 108,329        | \$ 5,541                  | \$ 778,468                  | \$ 926,393        |

**SCHEDULE B**  
**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Funds**  
For the 18-Month Period Ended June 30, 2022

| Special Revenue Funds                     |                                |                   |                  |                    |   |                              |                  |                           |                             | Combining Totals  |                   |                   |
|---|--------------------------------|-------------------|------------------|--------------------|---|------------------------------|------------------|---------------------------|-----------------------------|-------------------|-------------------|-------------------|
|   | Town Property Acquisition Fund | Conservation Fund | Heritage Fund    | Police Detail Fund | Recreation Facilities Improvements Fund | Lee's Pond Preservation Fund | Fire Trust Fund  | Sidewalk Maintenance Fund | Total Special Revenue Funds | Permanent Funds   |                   |                   |
| Revenues:                                 |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Charges for services                      | \$ 91,140                      | \$ (26,710)       | \$ 9             | \$ 2,265           | \$ (1,486)                              | \$ 450                       | \$ 4,769         | \$ (318)                  | \$ 93,405                   | \$ (10,658)       | \$ 93,405         | \$ (34,366)       |
| Interest and investment income (losses)   | 28                             |                   |                  |                    |   |                              |                  |                           | (23,708)                    | 163,282           |                   | 163,282           |
| Miscellaneous                             | 59,272                         |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Total Revenues                            | <u>150,440</u>                 | <u>(26,710)</u>   | <u>9</u>         | <u>2,265</u>       | <u>(1,486)</u>                          | <u>450</u>                   | <u>103,560</u>   | <u>(318)</u>              | <u>232,979</u>              | <u>(10,658)</u>   |                   | <u>222,321</u>    |
| Expenditures:                             |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Current operations:                       |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| General government                        |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Public safety                             |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Culture and recreation                    |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Conservation                              | 67,924                         |                   | 10,187           |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Debt service:                             |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Principal retirement                      | 28,812                         |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Total Expenditures                        | 96,736                         | -                 | 10,187           | -                  | 6,807                                   | -                            | 18,504           | -                         |                             | 28,812            |                   | 28,812            |
| Excess revenues over (under) expenditures | 53,704                         | (26,710)          | (10,178)         | -                  | (4,542)                                 | (1,486)                      | (18,054)         | 108,329                   | (318)                       | 132,234           | 444               | 132,678           |
| Other financing sources (uses):           |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Transfers out                             |                                |                   |                  |                    |   |                              |                  |                           |                             |                   |                   |                   |
| Total Other financing sources (uses)      |                                | -                 | -                | -                  | -                                       | -                            | -                | -                         |                             |                   |                   |                   |
| Net change in fund balances               | 53,704                         | (26,710)          | (10,178)         | -                  | (4,542)                                 | (1,486)                      | (18,054)         | 108,329                   | (318)                       | 100,745           | (36,103)          | 64,642            |
| Fund Balances - beginning of year         | 40,115                         | 492,100           | 63,567           | 720                | 4,945                                   | 27,272                       | 36,478           | -                         | 5,859                       | 671,056           | 184,028           | 855,084           |
| Fund Balances - end of year               | <u>93,819</u>                  | <u>\$ 465,390</u> | <u>\$ 53,389</u> | <u>\$ 720</u>      | <u>\$ 403</u>                           | <u>\$ 25,786</u>             | <u>\$ 18,424</u> | <u>\$ 108,329</u>         | <u>\$ 5,541</u>             | <u>\$ 771,801</u> | <u>\$ 147,925</u> | <u>\$ 919,726</u> |

## SCHEDULE C

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Combining Statement of Fiduciary Net Position

## Fiduciary Funds - All Custodial Funds

June 30, 2022

|                           | School<br>Custodial<br>Funds | Performance<br>Bond Custodial<br>Funds | Tax<br>Custodial<br>Funds | Combining<br>Totals |
|---------------------------|------------------------------|--|---------------------------|---------------------|
| <b>ASSETS</b>             |                              |  |                           |                     |
| Cash and cash equivalents |                              | \$ 16,994                              |                           | \$ 16,994           |
| Investments               | \$ 1,095,908                 |  |                           | 1,095,908           |
| Total Assets              | <u>1,095,908</u>             | <u>16,994</u>                          | <u>\$ -</u>               | <u>1,112,902</u>    |
| <b>LIABILITIES</b>        |                              |  |                           |                     |
| Total Liabilities         | <u>-</u>                     | <u>-</u>                               | <u>-</u>                  | <u>-</u>            |
| <b>NET POSITION</b>       |                              |  |                           |                     |
| Restricted for:           |                              |  |                           |                     |
| School district           | 1,095,908                    |  |                           | 1,095,908           |
| Others                    |                              | 16,994                                 |                           | 16,994              |
| Total Net Position        | <u>\$ 1,095,908</u>          | <u>\$ 16,994</u>                       | <u>\$ -</u>               | <u>\$ 1,112,902</u> |

## SCHEDULE D

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Combining Statement of Changes in Fiduciary Net Position

## Fiduciary Funds - All Custodial Funds

For the 18-Month Period Ended June 30, 2022

|   | School<br>Custodial<br><u>Funds</u> | Performance<br>Bond Custodial<br><u>Funds</u> | Tax<br>Custodial<br><u>Funds</u> | Combining<br><u>Totals</u> |
|---|-------------------------------------|---|----------------------------------|----------------------------|
| <b>ADDITIONS:</b>                                   |                                     |   |                                  |                            |
| Investment earnings:                                |                                     |   |                                  |                            |
| Interest income                                     | \$ 74,171                           |   |                                  | \$ 74,171                  |
| Net decrease in the fair value of investments       | (133,375)                           |   |                                  | (133,375)                  |
| Total Investment earnings (losses)                  | <u>(59,204)</u>                     | \$ -  | \$ -                             | <u>(59,204)</u>            |
| Property tax collections for other governments      |                                     |   | 18,297,261                       | 18,297,261                 |
| Motor vehicle fee collections for other governments |                                     |   | 955,710                          | 955,710                    |
| Miscellaneous                                       | <u>200,000</u>                      | <u>12,000</u>                                 |                                  | <u>212,000</u>             |
| Total Additions                                     | <u>140,796</u>                      | <u>12,000</u>                                 | <u>19,252,971</u>                | <u>19,405,767</u>          |
| <b>DEDUCTIONS:</b>                                  |                                     |   |                                  |                            |
| Beneficiary payments to other governments           | 325,950                             |   |                                  | 325,950                    |
| Beneficiary payments to others                      |                                     | 7,970   |                                  | 7,970                      |
| Payments of property tax to other governments       |                                     |   | 18,297,261                       | 18,297,261                 |
| Payments of motor vehicle fees to other governments |                                     |   | 955,710                          | 955,710                    |
| Total Deductions                                    | <u>325,950</u>                      | <u>7,970</u>                                  | <u>19,252,971</u>                | <u>19,586,891</u>          |
| Change in net position                              | (185,154)                           | 4,030   | -                                | (181,124)                  |
| Net Position - beginning of year                    | 1,281,062                           | 12,964  | -                                | 1,294,026                  |
| Net Position - end of year                          | <u>\$ 1,095,908</u>                 | <u>\$ 16,994</u>                              | <u>\$ -</u>                      | <u>\$ 1,112,902</u>        |