

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**

**Financial Statements**

**December 31, 2022**

**and**

**Independent Auditor's Report**

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**December 31, 2022**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	
<b>BASIC FINANCIAL STATEMENTS</b>	
EXHIBITS:	
A    Statement of Net Position	1
B    Statement of Activities	2
C    Balance Sheet – Governmental Funds	3
C-1  Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
D    Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
D-1  Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
E    Statement of Fiduciary Net Position – Fiduciary Funds	7
F    Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8
NOTES TO BASIC FINANCIAL STATEMENTS	9-33
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
SCHEDULES:	
1    Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	34
2    Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability	35
3    Schedule of Town OPEB Contributions	36
4    Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	37
5    Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability	38
6    Schedule of Town Pension Contributions	39
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	40

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Waterville Valley, 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 Waterville Valley, New Hampshire (the Town), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Waterville Valley, New Hampshire, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waterville Valley, 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.

### ***Restatement of Net Position and Fund Balances***

As discussed in Note 15 of the notes to the basic financial statements, the Town of Waterville Valley, New Hampshire, has restated its beginning net position of the governmental activities and fund balances of its governmental funds. Our opinions are not modified with respect to this matter.

### ***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 Waterville Valley, 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 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 Waterville Valley, 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 Waterville Valley, 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 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 is the responsibility of management and, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

*Vashon Clukay & Company PC*

Manchester, New Hampshire  
September 7, 2023

EXHIBIT A  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Statement of Net Position**  
December 31, 2022

	Governmental <u>Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,100,094
Investments	2,029,410
Taxes receivable, net	157,665
Accounts receivable, net	333,225
Due from other governments	391,853
Prepaid items	<u>81,503</u>
Total Current Assets	<u>4,093,750</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	3,039,930
Depreciable capital assets, net	<u>11,052,483</u>
Total Noncurrent Assets	<u>14,092,413</u>
Total Assets	<u>18,186,163</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	11,648
Deferred outflows related to pension	<u>655,529</u>
Total Deferred Outflows of Resources	<u>667,177</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	142,148
Accrued liabilities	54,395
Retainage payable	6,789
Deposits payable	3,221
Current portion of bonds payable	221,000
Current portion of notes payable	133,544
Current portion of financed purchase obligations	<u>39,156</u>
Total Current Liabilities	<u>600,253</u>
Noncurrent Liabilities:	
Bonds payable	6,422,070
Notes payable	80,000
OPEB liability	561,785
Net pension liability	<u>2,825,303</u>
Total Noncurrent Liabilities	<u>9,889,158</u>
Total Liabilities	<u>10,489,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	<u>15,882</u>
Total Deferred Inflows of Resources	<u>15,882</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,819,796
Restricted	340,533
Unrestricted (deficit)	<u>(1,812,282)</u>
Total Net Position	<u>\$ 8,348,047</u>

*See accompanying notes to the basic financial statements*

EXHIBIT B  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Statement of Activities**  
For the Year Ended December 31, 2022

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 1,419,834	\$ 30,000	\$ 2,517		\$ (1,387,317)
Public safety	1,424,355	119,598	49,417		(1,255,340)
Highways and streets	503,227		25,612	\$ 48,146	(429,469)
Sanitation	953,041	739,484		356,650	143,093
Water distribution and treatment	213,092	298,145	17,937		102,990
Health and welfare	2,303		10,098		7,795
Culture and recreation	586,118	237,883			(348,235)
Economic development	530				(530)
Interest and fiscal charges	175,892				(175,892)
Total governmental activities	<u>\$ 5,278,392</u>	<u>\$ 1,425,110</u>	<u>\$ 105,581</u>	<u>\$ 404,796</u>	<u>(3,342,905)</u>
General revenues:					
					3,232,954
Property and other taxes					228,368
Licenses and permits					
Grants and contributions:					
Rooms and meals tax distribution					44,611
Interest and investment earnings					36,483
Miscellaneous					81,810
Total general revenues					<u>3,624,226</u>
Change in net position					281,321
Net Position at beginning of year, as restated					<u>8,066,726</u>
Net Position at end of year					<u>\$ 8,348,047</u>

*See accompanying notes to the basic financial statements*

EXHIBIT C  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2022

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,055,127	\$ 29,541	\$ 15,426	\$ 1,100,094
Investments	1,169,300	860,110		2,029,410
Taxes receivable, net	157,665			157,665
Accounts receivable, net	333,225			333,225
Due from other governments		391,853		391,853
Due from other funds	10,000	1,771,590		1,781,590
Prepaid items	346,804			346,804
Total Assets	<u>3,072,121</u>	<u>3,053,094</u>	<u>15,426</u>	<u>6,140,641</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,072,121</u>	<u>\$ 3,053,094</u>	<u>\$ 15,426</u>	<u>\$ 6,140,641</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,466	\$ 124,682		\$ 142,148
Accrued liabilities	51,392			51,392
Retainage payable		6,789		6,789
Due to other funds	1,771,590		\$ 10,000	1,781,590
Deposits payable	3,221			3,221
Total Liabilities	<u>1,843,669</u>	<u>131,471</u>	<u>10,000</u>	<u>1,985,140</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Uncollected property taxes	<u>92,100</u>			<u>92,100</u>
Total Deferred Inflows of Resources	<u>92,100</u>	<u>-</u>	<u>-</u>	<u>92,100</u>
<b>FUND BALANCES</b>				
Nonspendable	346,804			346,804
Restricted	42,063	2,921,623		2,963,686
Committed	142,697		5,426	148,123
Assigned	155,937			155,937
Unassigned	448,851			448,851
Total Fund Balances	<u>1,136,352</u>	<u>2,921,623</u>	<u>5,426</u>	<u>4,063,401</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,072,121</u>	<u>\$ 3,053,094</u>	<u>\$ 15,426</u>	<u>\$ 6,140,641</u>

*See accompanying notes to the basic financial statements*



EXHIBIT C-1  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
December 31, 2022

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 4,063,401
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.	14,092,413
Prepaid expenses for debt service requirements reduce long-term liabilities on the accrual basis in the statement of net position, not the modified accrual basis.	(265,301)
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	92,100
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	11,648
Deferred outflows of resources related to net pension liability	655,529
Deferred inflows of resources related to net pension liability	(15,882)
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:	
Bonds payable	(6,643,070)
Notes payable	(213,544)
Financed purchase obligations	(39,156)
Accrued interest on long-term obligations	(3,003)
OPEB liability	(561,785)
Net pension liability	<u>(2,825,303)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 8,348,047</u>

*See accompanying notes to the basic financial statements*

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

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 3,228,180			\$ 3,228,180
Licenses and permits	228,368			228,368
Intergovernmental	198,338	\$ 356,650		554,988
Charges for services	1,425,110			1,425,110
Interest and investment income	24,271	12,211	\$ 1	36,483
Miscellaneous	81,810			81,810
Total Revenues	<u>5,186,077</u>	<u>368,861</u>	<u>1</u>	<u>5,554,939</u>
Expenditures:				
Current operations:				
General government	1,387,722			1,387,722
Public safety	1,262,444			1,262,444
Highways and streets	385,436			385,436
Sanitation	771,078			771,078
Water distribution and treatment	141,923			141,923
Health and welfare	2,303			2,303
Culture and recreation	512,095			512,095
Economic development	530			530
Capital outlay	54,359	1,405,858		1,460,217
Debt service:				
Principal retirement	467,581			467,581
Interest and fiscal charges	170,061			170,061
Total Expenditures	<u>5,155,532</u>	<u>1,405,858</u>	<u>-</u>	<u>6,561,390</u>
Excess revenues over (under) expenditures	<u>30,545</u>	<u>(1,036,997)</u>	<u>1</u>	<u>(1,006,451)</u>
Other financing sources (uses):				
Bond issuance		2,545,000		2,545,000
Bond premiums		255,000		255,000
Refunding bond issuance	1,414,547			1,414,547
Debt service - refunding principal	(1,402,344)			(1,402,344)
Transfers in		82,051		82,051
Transfers out	(82,051)			(82,051)
Total Other financing sources (uses)	<u>(69,848)</u>	<u>2,882,051</u>	<u>-</u>	<u>2,812,203</u>
Net change in fund balances	(39,303)	1,845,054	1	1,805,752
Fund Balances at beginning of year, as restated	<u>1,175,655</u>	<u>1,076,569</u>	<u>5,425</u>	<u>2,257,649</u>
Fund Balances at end of year	<u>\$ 1,136,352</u>	<u>\$ 2,921,623</u>	<u>\$ 5,426</u>	<u>\$ 4,063,401</u>

See accompanying notes to the basic financial statements

## EXHIBIT D-1

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

For the Year Ended December 31, 2022

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 1,805,752
--	--------------

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. Capital outlays and depreciation expense in the current period are as follows:

Capital outlays	1,434,711
Depreciation expense	(609,216)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	4,774
----------------	-------

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

Bond principal paid	1,796,290
Financed purchase obligation principal paid	69,880

Prepayment of long-term debt interest is an asset in the governmental funds, but the prepayment of interest is expensed in the statement of activities.

	(103,401)
--	-----------

Issuances of long-term obligations are reported as other financing sources in the governmental funds, but the issuances increase long-term liabilities in the statement of net position. Issuances are as follows:

Bonds payable	(2,545,000)
Refunding bonds	(1,414,547)

Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.

Bond premium issuances	(255,000)
Amortization of premiums	51,953

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.

	49,372
--	--------

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	8,156
Net changes in pension	(12,403)

Change in Net Position of Governmental Activities (Exhibit B)	\$ <u>281,321</u>
---	-------------------

*See accompanying notes to the basic financial statements*

EXHIBIT E  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2022

	Custodial <u>Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 427,153
Taxes receivable	<u>64,499</u>
Total Assets	<u>491,652</u>
<b>LIABILITIES</b>	
Due to other governments	<u>491,652</u>
Total Liabilities	<u>491,652</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

*See accompanying notes to the basic financial statements*

EXHIBIT F  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended December 31, 2022

	Custodial <u>Funds</u>
ADDITIONS:	
Property tax collections for other governments	\$ 2,035,179
Motor vehicle fee collections for other governments	<u>50,689</u>
Total Additions	<u>2,085,868</u>
DEDUCTIONS:	
Payments of property tax to other governments	2,035,179
Payments of motor vehicle fees to other governments	<u>50,689</u>
Total Deductions	<u>2,085,868</u>
Change in net position	-
Net Position at beginning of year	<u>-</u>
Net Position at end of year	<u><u>\$ -</u></u>

*See accompanying notes to the basic financial statements*

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2022

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

The accounting policies of the Town of Waterville Valley, New Hampshire conform to accounting principles 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 Waterville Valley, New Hampshire (the Town) was incorporated in 1829. The Town operates under the Town Meeting 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 elected 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.

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

The statement of net position and the 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 that 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.

**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.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***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 are the Town's major governmental funds:

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.

The *Capital Projects Fund* is used to account for all financial resources and activities associated with the construction of various Town bonded projects.

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is comprised solely of custodial funds. Custodial funds are used to account for amounts collected by the Town and remitted to other individuals or governments. These assets are therefore not available to support the Town or its programs.

***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.

**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.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

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 11). 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 fiscal 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.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property 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.



**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***Budgetary Data***

The Town's budget represents departmental 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.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2022, the Town applied \$231,000 of its unassigned fund balance to reduce taxes.

***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 December 31, 2022 are recorded as receivables net of reserves for estimated uncollectibles of \$5,000.

***Accounts Receivable***

Charges for services billed during the current fiscal year and prior and uncollected at December 31, 2022 are recorded as receivables net of reserves for estimated uncollectibles of \$90,681.

***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 governmental 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 is not required to retroactively report its general infrastructure or its intangible assets. The Town has opted to retroactively include its general infrastructure for the wastewater system. Infrastructure records for all other additions have been maintained effective January 1, 2004 and are included in these financial statements. The Town's infrastructure consists of roads, bridges, sidewalks, water lines, sewer lines, and similar items. 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 WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

<u>Description</u>	<u>Years</u>
Buildings and improvements	30-40
Land improvements	40
Infrastructure	10-40

***Compensated Absences***

Town employees are eligible to receive up to fourteen days of sick leave per year, to a cumulative maximum of 28 days. No payment for unused sick leave is made upon termination or resignation. Vacation time is earned at five to thirty days per year dependent on length of service. Vacation time may not be carried over from one calendar year to the next.

***Bond Premiums***

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premium.

***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. 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 WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, 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 is available.

***Fund Balance Policy***

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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*: Includes amounts that are not in a spendable form (such as inventories or prepaid items) or are required to be maintained intact (such as principal of a permanent fund).
- *Restricted Fund Balance*: Includes amounts constrained to specific purposes by external resource providers (grantors) or by enabling legislation (federal or state law). Restrictions may be changed or lifted only upon the consent of the external resource provider or enabling legislation.
- *Committed Fund Balance*: Includes amounts constrained to specific purposes by a government itself using its highest level of decision-making authority (Town meeting action). Commitments may be changed or lifted through Town meeting action taking the same formal action that imposed the constraints originally.
- *Assigned Fund Balance*: Includes amounts the Town intends to use for a specific purpose. The Selectmen may delegate this authority to the Town Administrator or Finance Director. Items which fall under this category of fund balance include encumbrances.
- *Unassigned Fund Balance*: Includes amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

***Spending Prioritizations***

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is 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 should be reduced first, followed by assigned amounts then unassigned amounts.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

*Minimum Fund Balance*

The Town will maintain an unassigned fund balance between 5% and 17% of the regular General Fund operating budget, which includes the state education tax, local school tax net commitment, and the county appropriation.

***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 December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,100,094
Investments	2,029,410
Statement of Fiduciary Net Position:	
Cash and cash equivalents	<u>427,153</u>
	<u><u>\$ 3,556,657</u></u>

Deposits and investments as of December 31, 2022 consist of the following:

Cash on hand	\$ 1,100
Deposits with financial institutions	1,526,147
Investments	<u>2,029,410</u>
	<u><u>\$ 3,556,657</u></u>

The Town does not have a formally documented investment policy for deposit and investment of its governmental funds. The Trustees of Trust Funds have employed the “Prudent Person” rule as defined in RSA 31:25-b, to invest funds held. This traditional investment standard makes preservation of principal the highest priority among Trustee objectives. The Trustees limit investments to deposits in federally or state-chartered banks, participation in the public deposit investment pool established pursuant to RSA 383:22 (NHPDIP), or obligations with principal and interest fully guaranteed by the United States Government.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***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. Currently, the Town does not have a formal investment policy for managing exposure to credit risk. As of December 31, 2022, the Town's investment in the NHPDIP, a state investment pool, in the amount of \$2,029,410 was rated *AAA-m*.

***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. 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. The Town currently has no investment policy for assurance against custodial credit risk.

Of the Town's deposits with financial institutions at year end, \$1,013,668 was collateralized by securities held by the bank in the bank's name.

***Investment in NHPDIP***

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at [www.NHPDIP.com](http://www.NHPDIP.com).

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

**NOTE 3—CAPITAL ASSETS**

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

	(As Restated)			
	Balance			Balance
	<u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2022</u>
Capital assets not being depreciated:				
Land	\$ 1,204,360			\$ 1,204,360
Construction in progress	436,658	\$ 1,398,912		1,835,570
Total capital assets not being depreciated	<u>1,641,018</u>	<u>1,398,912</u>	<u>\$ -</u>	<u>3,039,930</u>
Capital assets being depreciated:				
Buildings and improvements	3,897,099			3,897,099
Land improvements	233,440			233,440
Infrastructure	13,620,454			13,620,454
Vehicles and equipment	3,261,610	35,799		3,297,409
Total capital assets being depreciated	<u>21,012,603</u>	<u>35,799</u>	<u>-</u>	<u>21,048,402</u>

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

Less accumulated depreciation for:

Buildings and improvements	(2,202,694)	(88,393)		(2,291,087)
Land improvements	(15,353)	(5,836)		(21,189)
Infrastructure	(5,535,267)	(259,438)		(5,794,705)
Vehicles and equipment	(1,633,389)	(255,549)		(1,888,938)
Total accumulated depreciation	<u>(9,386,703)</u>	<u>(609,216)</u>	-	<u>(9,995,919)</u>
Total capital assets being depreciated, net	<u>11,625,900</u>	<u>(573,417)</u>	-	<u>11,052,483</u>
Total capital assets, net	<u>\$ 13,266,918</u>	<u>\$ 825,495</u>	<u>\$ -</u>	<u>\$ 14,092,413</u>

Depreciation and expense was charged to governmental functions as follows:

General government	\$ 16,354
Public safety	165,502
Highways and streets	107,980
Water distribution and treatment	71,099
Sanitation	174,610
Culture and recreation	73,671
	<u>\$ 609,216</u>

**NOTE 4—LONG-TERM OBLIGATIONS**

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

The changes in the Town's long-term obligations for the year ended December 31, 2022 are as follows:

Type	(As Restated)			Amounts	
	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
General obligation bonds	\$ 4,002,344	\$ 3,813,600	\$ (1,779,244)	\$ 6,036,700	\$ 221,000
Unamortized bond premiums	<u>257,376</u>	<u>400,947</u>	<u>(51,953)</u>	<u>606,370</u>	
Total Bonds payable	4,259,720	4,214,547	(1,831,197)	6,643,070	221,000
Notes payable	392,490		(178,946)	213,544	133,544
Financed purchase obligations	<u>109,036</u>		<u>(69,880)</u>	<u>39,156</u>	<u>39,156</u>
	<u>\$ 4,761,246</u>	<u>\$ 4,214,547</u>	<u>\$ (2,080,023)</u>	<u>\$ 6,895,770</u>	<u>\$ 839,704</u>

Payments on the general obligation bonds, notes payable, and financed purchase obligations are paid out of the General Fund.

***General Obligation Bonds***

Bonds payable at December 31, 2022 are comprised of the following individual issues:

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

	Interest Rate	Final Maturity Date	Balance at 12/31/2022
2018 Series B issue	2.93%	August 2023	\$ 595,000
2019 Series B issue	2.58%	August 2044	790,000
2020 Series A issue	1.47%	February 2030	85,000
2020 Series B issue	0.57%	August 2025	75,000
2021 Series A issue	1.58%	February 2041	775,000
2022 Series A issue	2.36%	February 2051	893,800
2022 Series C issue	3.38%	August 2042	1,619,200
2022 Series C refunding issue	2.28%	February 2040	1,203,700
			<u>6,036,700</u>
Add: <i>Unamortized bond premiums</i>			<u>606,370</u>
			<u><u>\$ 6,643,070</u></u>

Debt service requirements to retire outstanding general obligation bonds for governmental activities at December 31, 2022 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2023	\$ 221,000	\$ 171,883	\$ 392,883
2024	373,700	235,981	609,681
2025	374,600	216,895	591,495
2026	350,600	197,765	548,365
2027	346,600	179,987	526,587
2028-2032	1,595,400	657,764	2,253,164
2033-2037	1,338,100	352,413	1,690,513
2038-2042	1,089,600	135,153	1,224,753
2043-2047	219,500	29,387	248,887
2048-2052	<u>127,600</u>	<u>6,635</u>	<u>134,235</u>
Subtotal Bonds payable	6,036,700	2,183,863	8,220,563
Add: <i>Unamortized bond premiums</i>	<u>606,370</u>		<u>606,370</u>
Total Bonds payable	<u><u>\$ 6,643,070</u></u>	<u><u>\$ 2,183,863</u></u>	<u><u>\$ 8,826,933</u></u>

***Notes Payable Direct Borrowings***

Notes payable from direct borrowings at December 31, 2022 is comprised of the following individual issues:

	Interest Rate	Final Maturity Date	Balance at 12/31/2022	Collateralized By
Water and Sewer Improvements	3.19%	August 2023	\$ 53,544	N/A
DPW Garage	2.91%	August 2024	160,000	N/A
			<u><u>\$ 213,544</u></u>	

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

Debt service requirements to retire the outstanding notes payable for governmental activities at December 31, 2022 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 133,544	\$ 5,355	\$ 138,899
2024	80,000	1,746	81,746
Total Notes payable	<u>\$ 213,544</u>	<u>\$ 7,101</u>	<u>\$ 220,645</u>

***Financed Purchase Obligations***

Financed purchase obligations represent agreements entered into for the financing of vehicles and equipment. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. The following are the individual financed purchase obligations outstanding at December 31, 2022:

	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>12/31/2022</u>
Plow Truck	3.27%	February 2023	\$ 26,993
Pickup Truck	3.27%	October 2023	12,163
			<u>\$ 39,156</u>

Debt service requirements to retire financed purchase obligations outstanding at December 31, 2022 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	<u>\$ 39,156</u>	<u>\$ 1,280</u>	<u>\$ 40,436</u>

**NOTE 5—CURRENT REFUNDING OF DEBT**

During the year ended December 31, 2022, the Town issued \$1,268,600 of bonds to affect a current refunding for \$1,402,344 of the outstanding bonds (old debt). Net refunding proceeds of \$1,414,547 were used to retire old debt principal of \$1,402,344 and old debt interest of \$12,203.

The current refunding of debt resulted in the recognition of an economic gain of \$120,094. The Town in effect, reduced its aggregate debt service payments by \$134,758 over the next nineteen years through the current refunding.



**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

**NOTE 6—OTHER POSTEMPLOYMENT BENEFITS**

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

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 11,648	\$ 169,537	\$ -	\$ 11,960
Single Employer Plan	-	392,248	-	21,203
Total	<u>\$ 11,648</u>	<u>\$ 561,785</u>	<u>\$ -</u>	<u>\$ 33,163</u>

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 \$11,648.

**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 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.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended December 31, 2022

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 0.31% and 3.21%, respectively, for the year ended December 31, 2022. Contributions to the OPEB plan for the Town were \$20,688 for the year ended December 31, 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 December 31, 2022, the Town reported a liability of \$169,537 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021. 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, 2022, the Town's proportion was approximately 0.0448 percent, which was an increase of approximately 0.0014 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$11,960. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 463	
Town contributions subsequent to the measurement date	11,185	
Totals	<u>\$ 11,648</u>	<u>\$ -</u>

The Town reported \$11,185 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, 2023. 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:

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

<u>June 30,</u>	
2023	\$ 77
2024	20
2025	(182)
2026	548
	<u>\$ 463</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, 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	5.40%, 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, 2021 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 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 Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 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 RSA 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

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 184,062	\$ 169,537	\$ 156,888

**SINGLE EMPLOYER PLAN**

***Plan Description***

The Town of Waterville Valley, 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.

***Benefits Provided***

The Town provides medical benefits to its eligible retirees and their covered spouses. The benefits are provided through the Town's self-funded insurance plan that is administered by Health Trust Blue Cross and Blue Shield. Employees other than police and fire hired prior to July 1, 2011 are eligible to retire at age 60 regardless of years of creditable service, age 50 with at least 10 years of creditable service, or at any age if they have at least 20 years of creditable service and the sum of their age and years of service is at least 70. Employees other than police and fire hired on or after July 1, 2011 are eligible to retire at age 65 regardless of years of creditable service, or age 60 with at least 30 years of creditable service. Police officers and firefighters hired prior to July 1, 2011 are eligible to retire at age 45 with at least 20 years of Group II creditable service, or at age 60 regardless of their years of creditable service. Police officers and firefighters hired on or after July 1, 2011 are eligible to retire at age 50 with 25 years of Group II creditable service or at age 60 regardless of years of creditable service. Retirees and their covered spouses are required to pay 100% of the cost of the premium. The valuation does not account for the cost of benefits to retirees or their spouses after age 65. Surviving spouses continue to receive coverage after the death of the eligible retired employee but are required to pay 100% of the premium. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

***Employees Covered By Benefit Terms***

As of the January 1, 2022 valuation, the following employees were covered by the benefit terms:

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>17</u>
	<u>20</u>

***Total OPEB Liability***

The Town's total OPEB liability of \$392,248 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022.

***Actuarial Assumptions and Other Inputs for OPEB***

The total OPEB liability in the January 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.10%
Salary increase rate	3.50%
Discount rate	3.72%
Healthcare cost trend rates	Initial rate of (1.65%), increasing to 7.50%, then decreasing to an ultimate rate of 4.54% in 2090

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index as of December 31, 2022.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 for general actives and retirees, Pub-2010 Safety Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 for public safety actives and retirees.

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

	Total OPEB Liability
Balance at January 1, 2022	\$ 391,678
Changes for the year:	
Service cost	6,765
Interest	14,438
Changes of assumptions or other inputs	-
Differences between expected and actual experience	-
Benefit payments	<u>(20,633)</u>
Net changes	<u>570</u>
Balance at December 31, 2022	<u>\$ 392,248</u>

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 423,269	\$ 392,248	\$ 364,157

***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 (-2.65 percent increasing to 3.54 percent) or 1-percentage-point higher (-0.65 percent increasing to 5.54 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 360,170	\$ 392,248	\$ 427,682

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

For the year ended December 31, 2022, the Town recognized OPEB expense of \$21,203. At December 31, 2022, the Town did not have any deferred outflows of resources and deferred inflows of resources related to its single employer OPEB.

**NOTE 7—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, 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.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

***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:

Years of Creditable Service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>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 firefighters 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 police officers, firefighters, and general employees were 30.67%, 29.78%, and 13.75%, respectively, for the year ended December 31, 2022. The Town contributes 100% of the employer cost for police officers, firefighters, 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 their actuarial funding policy. The Town's pension contributions to the NHRS for the year ending December 31, 2022 were \$309,683.

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

At December 31, 2022, the Town reported a liability of \$2,825,303 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2021. 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, 2022, the Town's proportion was approximately 0.0493 percent, which was an increase of approximately 0.0008 percentage points from its proportion measured as of June 30, 2021.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

For the year ended December 31, 2022, the Town recognized pension expense of \$322,085. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 53,026	\$ 10,846
Net difference between projected and actual earnings on pension plan investments	107,075	
Changes of assumptions	150,284	
Changes in proportion and differences between Town contributions and proportionate share of contributions	180,245	5,036
Town contributions subsequent to the measurement date	<u>164,899</u>	
Totals	<u>\$ 655,529</u>	<u>\$ 15,882</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$639,647. The Town reported \$164,899 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 170,796
2024	149,488
2025	(464)
2026	<u>154,928</u>
	<u>\$ 474,748</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation



**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

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, 2021 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 Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

***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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension liability	\$ 3,790,844	\$ 2,825,303	\$ 2,022,545

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

**NOTE 8—INTERFUND BALANCES AND TRANSFERS**

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2022 are as follows:

Due to	General Fund	Due from Nonmajor Governmental	
		Fund	Totals
General Fund		\$ 10,000	\$ 10,000
Capital Projects Fund	\$ 1,771,590		1,771,590
	<u>\$ 1,771,590</u>	<u>\$ 10,000</u>	<u>\$ 1,781,590</u>

During the year ending December 31, 2022, the General Fund transferred \$82,051 to the Capital Projects Fund. Transfers were made in accordance with authorizations by the Board of Selectmen.

**NOTE 9—RESTRICTED NET POSITION**

Net position of governmental activities at December 31, 2022 is restricted for specific purposes as follows:

Library operations	\$ 5,237
SB 401 Bridge aid	36,826
Capital projects	298,470
	<u>\$ 340,533</u>

**NOTE 10—FUND BALANCE COMPONENTS**

The components of the Town's fund balance for its governmental funds at December 31, 2022 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>				
Prepaid items	\$ 346,804			\$ 346,804
<b>Restricted for:</b>				
Library operations	5,237			5,237
SB 401 Bridge aid	36,826			36,826
Capital projects		\$ 2,921,623		2,921,623
<b>Committed for:</b>				
Carryforward appropriations	47,471			47,471
Capital reserves	95,226			95,226
Conservation			\$ 5,426	5,426

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

<b>Assigned for:</b>				
Encumbrances	155,937			155,937
<b>Unassigned:</b>				
General operations	448,851			448,851
	<u>\$ 1,136,352</u>	<u>\$ 2,921,623</u>	<u>\$ 5,426</u>	<u>\$ 4,063,401</u>

**NOTE 11—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$494,986,105 as of April 1, 2022) and are due in two installments on July 1, 2022 and December 1, 2022. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue 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 dedeed to the Town.

In accordance with State law, the Town collects taxes for the Waterville Valley School District and Grafton 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 year were \$1,466,652 and \$568,527 for the Waterville Valley School District and Grafton County, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

**NOTE 12—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 December 31, 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 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 December 31, 2022.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 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 13—CONTINGENT LIABILITIES**

***Federal Grants***

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

***Litigation***

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 14—CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended December 31, 2022, the Town implemented GASB Statement No. 87, *Leases*. Under GASB Statement No. 87, a lease liability and an intangible right to use asset is recognized for leasing arrangements where the Town is the lessee. No such leases have been identified by the Town. Accordingly, management has determined that the effect of implementing GASB Statement No. 87 to its financial statements to be immaterial.

**NOTE 15—RESTATEMENT OF NET POSITION AND FUND BALANCES**

***Government-Wide Statements***

During the year ended December 31, 2022, it was determined that cash and cash equivalents, receivables, deferred outflows for pensions, deferred outflows for OPEB, accounts payable, accrued liabilities, bonds payable, financed purchase obligations and OPEB liability were all understated, while capital assets were overstated, as previously reported.

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

Net position of the governmental activities as of January 1, 2022 has been restated as follows:

	Governmental Activities
Net Position - January 1, 2022 (as previously reported)	\$ 11,012,775
Amount of restatement due to:	
Understatement of cash and cash equivalents	34,524
Understatement of receivables	100,775
Overstatement of capital assets	(2,294,468)
Understatement of deferred outflows for pensions	140,407
Understatement of deferred outflows for OPEB	9,390
Understatement of accounts payable	(9,258)
Understatement of accrued liabilities	(95,521)
Understatement of bonds payable	(331,184)
Understatement of financed purchase obligations	(109,036)
Understatement of OPEB liability	(391,678)
Net Position - January 1, 2022, as restated	<u>\$ 8,066,726</u>

***Governmental Funds***

In addition to the above restatements, it was determined that certain governmental funds were not properly classified under the provisions of GASB Statement No. 54, interfund balances were overstated and understated, and deferred inflows for taxes were understated, as previously reported.

The impacts of the restatements on the governmental funds as of January 1, 2022 are as follows:

	General Fund	Capital Projects Fund	Capital & Noncapital Reserves	Nonmajor Governmental Fund
Fund Balance - January 1, 2022 (as previously reported)	\$ 1,072,731	\$ 1,018,181	\$ 80,802	\$ 35,366
Amount of restatement due to:				
Reclassification of fund	84,205	16,538	(80,802)	(19,941)
Understatement of cash and cash equivalents	34,524			
Understatement of receivables	65,573	35,202		
Understatement of interfund receivable	3,352			
Understatement of accounts payable	(9,258)			
Understatement of accrued liabilities	(43,146)			
Overstatement of interfund payable		6,648		
Understatement of interfund payable				(10,000)
Understatement of deferred inflows	(32,326)			
Fund Balance - January 1, 2022, as restated	<u>\$ 1,175,655</u>	<u>\$ 1,076,569</u>	<u>\$ -</u>	<u>\$ 5,425</u>

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2022

**NOTE 16—SUBSEQUENT EVENTS**

***Debt Authorizations***

At the March 2023 annual Town meeting, the voters authorized the issuance bonds or notes in the amount of \$37,000,000 for the construction of a new wastewater collection and treatment facility and \$1,500,000 for the engineering, site work, drainage, permitting and repaving of Town roads and sidewalks.

***Debt Issuance***

During August 2023, the Town issued \$500,000 of bonds for the construction of a wastewater collection and treatment facility and \$750,000 of bonds for engineering, site work, drainage, permitting and repaving of Town roads and sidewalks.

SCHEDULE 1  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 3,249,024	\$ 3,249,024	\$ 3,228,180	\$ (20,844)
Licenses and permits	207,530	207,530	228,368	20,838
Intergovernmental	248,463	309,135	198,338	(110,797)
Charges for services	1,394,962	1,394,962	1,425,110	30,148
Interest and investment income	1,200	1,200	22,306	21,106
Miscellaneous	83,571	83,571	84,628	1,057
Total Revenues	<u>5,184,750</u>	<u>5,245,422</u>	<u>5,186,930</u>	<u>(58,492)</u>
Expenditures:				
Current operations:				
General government	1,501,846	1,483,083	1,345,981	137,102
Public safety	1,196,057	1,245,474	1,264,679	(19,205)
Highways and streets	393,414	405,228	311,396	93,832
Sanitation	701,663	701,663	751,050	(49,387)
Water distribution and treatment	170,706	170,706	128,943	41,763
Health and welfare	4,478	4,478	2,303	2,175
Culture and recreation	527,329	533,656	498,506	35,150
Economic development	2,000	2,000	530	1,470
Capital outlay	387,000	232,529	73,203	159,326
Debt service:				
Principal retirement	469,445	469,445	496,875	(27,430)
Interest and fiscal charges	117,053	117,053	157,858	(40,805)
Total Expenditures	<u>5,470,991</u>	<u>5,365,315</u>	<u>5,031,324</u>	<u>333,991</u>
Excess revenues over (under) expenditures	<u>(286,241)</u>	<u>(119,893)</u>	<u>155,606</u>	<u>275,499</u>
Other financing sources (uses):				
Transfers out	<u>(43,500)</u>	<u>(125,551)</u>	<u>(125,551)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(43,500)</u>	<u>(125,551)</u>	<u>(125,551)</u>	<u>-</u>
Net change in fund balance	(329,741)	(245,444)	30,055	275,499
Fund Balance at beginning of year				
- Budgetary Basis	<u>941,997</u>	<u>941,997</u>	<u>941,997</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 612,256</u>	<u>\$ 696,553</u>	<u>\$ 972,052</u>	<u>\$ 275,499</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**

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

For the Year Ended December 31, 2022

<u>Measurement Period Ended</u>	<b>Cost-Sharing Multiple Employer Plan Information Only</b>				
	<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, 2022	0.04486450%	\$ 169,537	\$ 1,470,655	11.53%	10.64%
June 30, 2021	0.04345843%	\$ 174,032	\$ 1,396,362	12.46%	11.06%
June 30, 2020	0.03696690%	\$ 161,807	\$ 1,277,486	12.67%	7.74%
June 30, 2019	0.04133583%	\$ 181,221	\$ 1,209,250	14.99%	7.75%
June 30, 2018	0.04080666%	\$ 186,832	\$ 1,125,918	16.59%	7.53%
June 30, 2017	0.02845449%	\$ 130,104	\$ 1,158,648	11.23%	7.91%
June 30, 2016	0.02824660%	\$ 136,743	\$ 1,088,841	12.56%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

<b>Significant Actuarial Assumptions</b>					
<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, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
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

*See accompanying notes to the required supplementary information*



SCHEDULE 3  
**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Schedule of Town OPEB Contributions**  
For the Year Ended December 31, 2022

<b>Cost-Sharing Multiple Employer Plan Information Only</b>					
<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>
December 31, 2022	\$ 20,688	\$ (20,688)	\$ -	\$ 1,588,064	1.30%
December 31, 2021	\$ 20,933	\$ (20,933)	\$ -	\$ 1,449,217	1.44%
December 31, 2020	\$ 17,817	\$ (17,817)	\$ -	\$ 1,303,627	1.37%
December 31, 2019	\$ 17,911	\$ (17,911)	\$ -	\$ 1,243,889	1.44%
December 31, 2018	\$ 18,669	\$ (18,669)	\$ -	\$ 1,182,672	1.58%
December 31, 2017	\$ 17,356	\$ (17,356)	\$ -	\$ 1,124,945	1.54%
December 31, 2016	\$ 16,414	\$ (16,414)	\$ -	\$ 1,124,766	1.46%
December 31, 2015	*	*	*	*	*
December 31, 2014	*	*	*	*	*
December 31, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

*See accompanying notes to the required supplementary information*

## SCHEDULE 4

## TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE

## Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2022

<b>Single Employer Plan Information Only</b>										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total OPEB Liability:										
Service cost	\$ 6,765	*	*	*	*	*	*	*	*	*
Interest	14,438	*	*	*	*	*	*	*	*	*
Changes of benefit terms	-	*	*	*	*	*	*	*	*	*
Changes of assumptions or other inputs	-	*	*	*	*	*	*	*	*	*
Differences between expected and actual experience	-	*	*	*	*	*	*	*	*	*
Benefit payments	(20,633)	*	*	*	*	*	*	*	*	*
Net change in total OPEB liability	570	*	*	*	*	*	*	*	*	*
Total OPEB Liability at beginning of year	391,678	*	*	*	*	*	*	*	*	*
Total OPEB Liability at end of year	<u>\$ 392,248</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Covered employee payroll	\$ 1,179,844	*	*	*	*	*	*	*	*	*
Total OPEB liability as a percentage of covered employee payroll	33.25%	*	*	*	*	*	*	*	*	*
<b>Significant Actuarial Assumptions</b>										
Discount rate	3.72%	*	*	*	*	*	*	*	*	*
Health cost trend rates:										
Initial	(1.65)% - 2022	*	*	*	*	*	*	*	*	*
Ultimate	4.54% - 2090	*	*	*	*	*	*	*	*	*
Mortality improvement scale	MP-2021	*	*	*	*	*	*	*	*	*
Salary increase rate	3.50%	*	*	*	*	*	*	*	*	*

**Note To Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

\* 10 Year schedule, historical information not available. Town implemented single employer OPEB during 2022

*See accompanying notes to the required supplementary information*

SCHEDULE 5

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**

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

For the Year Ended December 31, 2022

<u>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 (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.04925450%	\$ 2,825,303	\$ 1,470,655	192.11%	65.12%
June 30, 2021	0.04842147%	\$ 2,146,000	\$ 1,396,362	153.69%	72.22%
June 30, 2020	0.04401385%	\$ 2,815,192	\$ 1,277,486	220.37%	58.72%
June 30, 2019	0.04428404%	\$ 2,130,795	\$ 1,209,250	176.21%	65.59%
June 30, 2018	0.04301661%	\$ 2,071,337	\$ 1,125,918	183.97%	64.73%
June 30, 2017	0.04681237%	\$ 2,302,229	\$ 1,158,648	198.70%	62.66%
June 30, 2016	0.04555754%	\$ 2,422,566	\$ 1,088,841	222.49%	58.30%
June 30, 2015	0.04600087%	\$ 1,822,337	\$ 1,092,703	166.77%	65.47%
June 30, 2014	0.04645895%	\$ 1,743,877	\$ 1,069,626	163.04%	66.32%
June 30, 2013	0.04703310%	\$ 2,024,203	\$ 1,050,053	192.77%	59.81%

\* 10 Year schedule, historical information not available

<u>Significant Actuarial Assumptions</u>					
<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, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
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 WATERVILLE VALLEY, NEW HAMPSHIRE**  
**Schedule of Town Pension Contributions**  
For the Year Ended December 31, 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>
December 31, 2022	\$ 309,683	\$ (309,683)	\$ -	\$ 1,588,064	19.50%
December 31, 2021	\$ 259,182	\$ (259,182)	\$ -	\$ 1,449,217	17.88%
December 31, 2020	\$ 200,864	\$ (200,864)	\$ -	\$ 1,303,627	15.41%
December 31, 2019	\$ 193,824	\$ (193,824)	\$ -	\$ 1,243,889	15.58%
December 31, 2018	\$ 189,307	\$ (189,307)	\$ -	\$ 1,182,672	16.01%
December 31, 2017	\$ 174,355	\$ (174,355)	\$ -	\$ 1,124,945	15.50%
December 31, 2016	\$ 166,616	\$ (166,616)	\$ -	\$ 1,124,766	14.81%
December 31, 2015	\$ 161,451	\$ (161,451)	\$ -	\$ 1,102,613	14.64%
December 31, 2014	\$ 152,127	\$ (152,127)	\$ -	\$ 1,081,963	14.06%
December 31, 2013	\$ 135,139	\$ (135,139)	\$ -	\$ 1,074,531	12.58%

*See accompanying notes to the required supplementary information*

**TOWN OF WATERVILLE VALLEY, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended December 31, 2022

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

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 and budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for debt refunding activity, non-budgetary activity, encumbrances, and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 6,600,624	\$ 6,639,927
Difference in property taxes meeting susceptible to accrual criteria	4,774	
Debt refunding activity	(1,414,547)	(1,414,547)
Non-budgetary activity	(3,921)	(31,163)
Encumbrances - December 31, 2021		(236,779)
Encumbrances - December 31, 2022		155,937
Budgetary transfers		43,500
Per Schedule 1	<u>\$ 5,186,930</u>	<u>\$ 5,156,875</u>