

TOWN OF GILFORD, NEW HAMPSHIRE
Financial Statements
December 31, 2022
and
Independent Auditor's Report

TOWN OF GILFORD, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Gilford, New Hampshire

Adverse and Unmodified 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 Gilford, 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 of Gilford, New Hampshire's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Gilford, New Hampshire, as of December 31, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Gilford, 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 Adverse and Unmodified 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 Gilford, 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the Town of Gilford, New Hampshire's single employer other postemployment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, deferred outflows and deferred inflows of resources, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred outflows and deferred inflows of resources, net position, and expenses of the governmental activities is not reasonably determinable.

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 Gilford, New Hampshire's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gilford, 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 Gilford, New Hampshire's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gilford, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Clukay & Company PC

Manchester, New Hampshire
October 4, 2023

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

Presented here is the Management Discussion & Analysis Report for the Town of Gilford, NH, for the year ending December 31, 2022. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Board of Selectmen also strives to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

Overview of the Financial Statements

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

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the remaining difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. We take all of the current year's revenues and expenses into account regardless of when we receive cash in or pay cash out.

Fund Financial Statements

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

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Town's only major fund. We combine data from all other governmental funds into a single, aggregate presentation.

The Town adopts an annual appropriation budget for its governmental funds. We provide a budgetary comparison for the General Fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties other than the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town of Gilford. The Town's fiduciary funds consist of custodial funds.

Notes to the Basic Financial Statements

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

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, the Town's only major governmental fund, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. Also, as required, this section also includes a schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental funds.

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

Government-Wide Financial Analysis

Statement of Net position

Net position of the Town of Gilford as of December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Capital assets, net	\$ 30,099,352	\$ 30,131,477
Other assets	14,344,816	12,947,426
Total Assets	<u>44,444,168</u>	<u>43,078,903</u>
Total Deferred Outflows of Resources	<u>2,308,389</u>	<u>2,308,342</u>
Long-term liabilities	14,966,739	12,662,948
Other liabilities	1,734,084	807,876
Total Liabilities	<u>16,700,823</u>	<u>13,470,824</u>
Total Deferred Inflows of Resources	<u>485,294</u>	<u>3,176,443</u>
Net Position:		
Net investment in capital assets	27,902,260	27,644,103
Restricted	1,472,497	1,134,635
Unrestricted	191,683	(38,760)
Total Net Position	<u>\$ 29,566,440</u>	<u>\$ 28,739,978</u>

Statement of Activities

Changes in net position for the years ending December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,189,414	\$ 2,009,993
Operating grants and contributions	955,219	434,644
Capital grants and contributions	300,303	-
General revenues:		
Property and other taxes	10,669,755	10,280,884
Licenses and permits	2,582,531	2,508,916
Grants and contributions	680,025	533,807
Interest and investment earnings (losses)	(15,650)	124,893
Miscellaneous	303,858	383,948
Total revenues	<u>17,665,455</u>	<u>16,277,085</u>

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

Expenses		
General government	2,747,053	2,642,755
Public safety	6,294,044	5,612,815
Highways and streets	4,884,187	3,676,000
Sanitation	1,705,175	1,586,406
Water distribution and treatment	24,437	182,939
Health and welfare	75,193	81,536
Culture and recreation	1,099,088	908,958
Conservation	51,399	56,135
Economic development	34,844	25,188
Interest and fiscal charges	64,927	77,933
Total expenses	<u>16,980,347</u>	<u>14,850,665</u>
Increase in net position before contributions to permanent fund principal and loss on disposals	685,108	1,426,420
Contributions to permanent fund principal	203,600	5,150
Loss on disposal of capital assets	<u>(62,246)</u>	<u>(77,860)</u>
Increase in net position	826,462	1,353,710
Net Position, beginning of year	<u>28,739,978</u>	<u>27,386,268</u>
Net Position, end of year	<u>\$ 29,566,440</u>	<u>\$ 28,739,978</u>

Town of Gilford Activities

As shown in the above statement, there was an increase in the Town's total net position of \$826,462. This increase is primarily attributable to full accrual basis revenues in excess of expenses, which includes an increase in charges for services, grants and contributions, taxes and vehicle registrations. In addition, the Town realized savings in water distribution and treatment, health and welfare, conservation, interest and fees expenditure functions when compared to the prior year.

The General Fund ended the year with an unassigned fund balance of \$4,312,964 or 28% of total general fund expenditures. This represents a decrease in unassigned fund balance of (\$454,943) from last year. The decrease is largely due to the Town increasing the amount of fund balance to be assigned to offset the next fiscal year's budget, as well as an increases in payables, accrued liabilities and deferred grant revenue received in the current year to be utilized in the subsequent fiscal year. There were also increases in nonspendable, restricted, committed and assigned fund balances in relation to prepayments for subsequent year expenditures, additional one-time state highway block grant and bridge aid monies received and encumbrances. Total fund balances for the general fund increased by \$179,062 from last year, or 2%.

Total fund balances of the Nonmajor Governmental Funds experienced an increase of \$286,479, or 11%, from the prior year. Activity based changes to fund balance were realized in most Nonmajor Governmental Funds in the form of consistency with the prior year or an increase, with the exception of the Sewer, Drug Forfeiture, Recreation Revolving and Cemetery Funds due to approved expenditures and transfers out.

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

Basis for Adverse Opinion on Governmental Activities: Management Response

Town management has decided that the material measurement of single employer OPEB liability, as referenced in Note 2 to the basic financial statements, is not worth the costs associated with conducting such studies. Management of the Town has opined that the requirement of this GASB mandate is superfluous, irrelevant, and compliance would generate a wasteful expenditure of tax dollars which the Town does not intend to complete. Furthermore, the Town estimates the annual impact of other post-employment benefits for its single employer plan constitutes a negligible amount of money in terms of the Town's financial position.

General Fund Budgetary Highlights

During the year, the original budget for appropriations decreased by (\$392,817) due to carryforward appropriations into the subsequent year. Additionally, budgets for both appropriations and revenues increased by offsetting amounts for unanticipated revenues received from several outside sources totaling \$434,102. The Town under expended its total 2022 budget by \$514,076. Savings were realized in all functions with the exception of sanitation and capital outlay. Actual revenues were greater than budgeted by \$383,269. This was primarily a result of the increase seen in motor vehicle registration and miscellaneous revenues. The unassigned budgetary fund balance of the General Fund at year end was \$4,686,051, a decrease of (\$474,562) from the prior year balance. As noted previously in the above, the decrease is largely due to the Town assigning a larger portion of unrestricted fund balance to offset subsequent year appropriations in the current year.

Capital Assets

The Town of Gilford considers a capital asset to be an asset whose cost exceeds \$50,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their estimated useful life beginning in the year of acquisition.

The total capital assets for governmental activities at year end amounted to \$30,099,352 (net of accumulated depreciation), a decrease of (\$32,125) primarily due to depreciation in excess of current year additions and disposal of an asset for a loss in the current year. This investment in capital assets includes land, intangible assets, buildings and improvements, vehicles and equipment, and infrastructure.

Significant capital asset events during the current fiscal year included the purchase of a police SWAT vehicle, and DPW trailer equipment, as well as disposal of older vehicles and equipment and sale of municipal property.

Additional information on capital assets can be found in Note 4 of the Basic Financial Statements.

Long-term Liabilities

At the end of the current year, total debt outstanding was \$1,844,186 and finance purchase obligations was \$352,906. During the year ended 2022, outstanding general obligation debt decreased by scheduled payments made on existing obligations of (\$254,363) and amortization of a related bond premium of (\$5,093). Total outstanding finance purchase obligations had a net decrease of (\$30,826) as a result of a new vehicle and equipment lease additions, and scheduled principal payments of (\$188,785).

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

The Town’s other long-term obligations consist of compensated absences payable which had a net increase in liability of \$3,228 for the year ended December 31, 2022.

Under GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town reports a net OPEB liability for its cost-sharing multiple employer plan, as well as the related deferred outflows and inflows of resources related to OPEB. The Town’s portion of the unfunded OPEB liability as of December 31, 2022 is \$834,800.

Under GASB Statement #68 – *Accounting and Financial Reporting for Pensions*, the Town reports a net pension liability for its cost-sharing multiple employer plan, as well as the related deferred outflows and inflows of resources related to pension. The Town’s portion of the unfunded pension liability as of December 31, 2022 is \$11,498,573.

See Notes 5, 6 and 7 of the Basic Financial Statements for additional information on outstanding long-term liabilities.

Economic Factors, Rates and 2022 Budget

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Gilford. They do so based upon the Annual Budget approved at Town Meeting adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #73. The property tax also pays the levy placed on the Town by Belknap County and the State of New Hampshire in the State-wide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year’s tax rate applied to the current year’s assessments. The second billing utilizes the correct tax rate for the year as established by the New Hampshire DRA applied to the current year’s assessment. Following is a comparison of the 2022 tax rates to the 2021 tax rates:

	<u>2022</u>	<u>2021</u>
Town rate	\$4.14	\$4.05
Local school rate	6.04	5.89
State school rate	1.09	1.51
County rate	<u>0.98</u>	<u>0.84</u>
Total rate	<u>\$12.25</u>	<u>\$12.28</u>
Assessed value (in thousands)	\$2,601,781,920	\$2,583,564,870

The Town of Gilford works to a 6-year Capital Improvement Plan. The plan contains current capital needs projections through the year 2027. The Capital Improvements Plan Committee annually reviews, adjusts and updates this plan. The resulting plan receives final review and approval through the presentation and discussion of proposed projects at public meetings and is presented to the Board of Selectmen and Budget Committee as a budget development tool.

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

Contacting the Town of Gilford's Board of Selectmen or Staff

This financial report provides our citizens and creditors with a general overview of the Town of Gilford's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department or the Board of Selectmen, at 47 Cherry Valley Road, Gilford, NH 03249 and telephone number (603) 527-4700.

EXHIBIT A
TOWN OF GILFORD, NEW HAMPSHIRE
Statement of Net Position
December 31, 2022

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,997,708
Investments	1,537,035
Taxes receivable, net	896,593
Accounts receivable, net	485,498
Due from other governments	265,310
Special assessments	4,487
Prepaid items	158,185
Total Current Assets	<u>14,344,816</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	13,420,724
Depreciable capital assets, net	16,678,628
Total Noncurrent Assets	<u>30,099,352</u>
Total Assets	<u>44,444,168</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	53,148
Deferred outflows of resources related to pensions	2,255,241
Total Deferred Outflows of Resources	<u>2,308,389</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	984,480
Accrued liabilities	272,455
Retainage payable	68,325
Advances from grantors	408,824
Current portion of bonds payable	55,000
Current portion of notes payable	115,629
Current portion of financed purchase obligations	159,215
Current portion of compensated absences payable	21,814
Total Current Liabilities	<u>2,085,742</u>
Noncurrent Liabilities:	
Bonds payable	767,536
Notes payable	906,021
Financed purchase obligations	193,691
Compensated absences payable	414,460
OPEB liability	834,800
Net pension liability	11,498,573
Total Noncurrent Liabilities	<u>14,615,081</u>
Total Liabilities	<u>16,700,823</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes collected in advance	207,933
Deferred inflows of resources related to pensions	277,361
Total Deferred Inflows of Resources	<u>485,294</u>
NET POSITION	
Net investment in capital assets	27,902,260
Restricted	1,472,497
Unrestricted	191,683
Total Net Position	<u>\$ 29,566,440</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF GILFORD, 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>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 2,747,053	\$ 94,193	\$ 60,053		\$ (2,592,807)
Public safety	6,294,044	876,259	110,567	\$ 300,303	(5,006,915)
Highways and streets	4,884,187	3,900	738,563		(4,141,724)
Sanitation	1,705,175	1,148,826	10,152		(546,197)
Water distribution and treatment	24,437		35,884		11,447
Health and welfare	75,193				(75,193)
Culture and recreation	1,099,088	66,236			(1,032,852)
Conservation	51,399				(51,399)
Economic development	34,844				(34,844)
Interest and fiscal charges	64,927				(64,927)
Total governmental activities	<u>\$ 16,980,347</u>	<u>\$ 2,189,414</u>	<u>\$ 955,219</u>	<u>\$ 300,303</u>	<u>(13,535,411)</u>
General revenues:					
Property and other taxes					10,669,755
Licenses and permits					2,582,531
Grants and contributions:					
Rooms and meals tax distribution					679,538
State and federal forest land					487
Interest and investment earnings (losses)					(15,650)
Miscellaneous					303,858
Contributions to permanent fund principal					203,600
Loss on disposal of capital assets					(62,246)
Total general revenues, contributions to permanent fund principal, and loss on disposal of capital assets					<u>14,361,873</u>
Change in net position					826,462
Net Position at the beginning of year					<u>28,739,978</u>
Net Position at the end of year					<u>\$ 29,566,440</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF GILFORD, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2022

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 10,831,471	\$ 166,237	\$ 10,997,708
Investments	932,461	604,574	1,537,035
Taxes receivable, net	889,633	6,960	896,593
Accounts receivable, net	77,422	408,076	485,498
Due from other governments	237,322	27,988	265,310
Special assessments		4,487	4,487
Due from other funds		1,772,617	1,772,617
Prepaid items	<u>158,185</u>		<u>158,185</u>
Total Assets	<u>13,126,494</u>	<u>2,990,939</u>	<u>16,117,433</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,126,494</u>	<u>\$ 2,990,939</u>	<u>\$ 16,117,433</u>
LIABILITIES			
Accounts payable	\$ 971,481	\$ 12,999	\$ 984,480
Accrued liabilities	252,344		252,344
Retainage payable	68,325		68,325
Advances from grantors	408,824		408,824
Due to other funds	<u>1,771,267</u>	<u>1,350</u>	<u>1,772,617</u>
Total Liabilities	<u>3,472,241</u>	<u>14,349</u>	<u>3,486,590</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	207,933		207,933
Uncollected property taxes	373,087		373,087
Uncollected assessment revenue		<u>4,487</u>	<u>4,487</u>
Total Deferred Inflows of Resources	<u>581,020</u>	<u>4,487</u>	<u>585,507</u>
FUND BALANCES			
Nonspendable	158,185	590,701	748,886
Restricted	655,569	226,227	881,796
Committed	2,307,878	2,143,722	4,451,600
Assigned	1,638,637	11,453	1,650,090
Unassigned	<u>4,312,964</u>		<u>4,312,964</u>
Total Fund Balances	<u>9,073,233</u>	<u>2,972,103</u>	<u>12,045,336</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,126,494</u>	<u>\$ 2,990,939</u>	<u>\$ 16,117,433</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF GILFORD, 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)	\$ 12,045,336
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and intangible right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,099,352
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis in the funds.	373,087
Special assessments are recognized on an accrual basis in the statement of net position, not the modified accrual basis in the funds.	4,487
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	53,148
Deferred outflows of resources related to net pension liability	2,255,241
Deferred inflows of resources related to net pension liability	(277,361)
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	(822,536)
Notes payable	(1,021,650)
Financed purchase obligations	(352,906)
Accrued interest on long-term obligations	(20,111)
Compensated absences payable	(436,274)
OPEB liability	(834,800)
Net pension liability	<u>(11,498,573)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 29,566,440</u>

See accompanying notes to the basic financial statements

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

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 10,610,569	\$ 78,805	\$ 10,689,374
Licenses and permits	2,582,531		2,582,531
Intergovernmental	1,560,577	374,970	1,935,547
Charges for services	585,105	1,604,309	2,189,414
Interest and investment income (loss)	36,513	(52,163)	(15,650)
Miscellaneous	206,769	300,689	507,458
Total Revenues	<u>15,582,064</u>	<u>2,306,610</u>	<u>17,888,674</u>
Expenditures:			
Current operations:			
General government	2,665,053	27,659	2,692,712
Public safety	5,383,285	864,919	6,248,204
Highways and streets	4,010,642	4,572	4,015,214
Sanitation	658,311	933,554	1,591,865
Health and welfare	75,193		75,193
Culture and recreation	872,412	123,594	996,006
Conservation	27,491	250	27,741
Economic development	34,804		34,804
Capital outlay	1,558,164	24,884	1,583,048
Debt service:			
Principal retirement	234,075	30,699	264,774
Interest and fiscal charges	51,531		51,531
Total Expenditures	<u>15,570,961</u>	<u>2,010,131</u>	<u>17,581,092</u>
Excess revenues over (under) expenditures	<u>11,103</u>	<u>296,479</u>	<u>307,582</u>
Other financing sources (uses):			
Issuance of financed purchase obligations	157,959		157,959
Transfers in	10,000		10,000
Transfers out		(10,000)	(10,000)
Total Other financing sources (uses)	<u>167,959</u>	<u>(10,000)</u>	<u>157,959</u>
Net change in fund balances	179,062	286,479	465,541
Fund Balances at beginning of year	<u>8,894,171</u>	<u>2,685,624</u>	<u>11,579,795</u>
Fund Balances at end of year	<u>\$ 9,073,233</u>	<u>\$ 2,972,103</u>	<u>\$ 12,045,336</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

TOWN OF GILFORD, 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)	\$ 465,541
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. These amounts in the current period are as follows:	
Capital outlay purchases	731,705
Depreciation expense	(701,584)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposed capital assets reduced by the actual proceeds received from the disposal.	
	(62,246)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	(19,619)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but debt repayment reduces long-term liabilities in the statement of net position. Current year repayments are as follows:	
Principal paid on bonds payable	50,000
Principal paid on notes payable	204,363
Principal paid on financed purchase obligations	188,785
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.	
	5,093
Issuance of long-term obligations are reported as other financing sources in the governmental funds, but long-term obligations increase long-term liabilities in the statement of net position.	
	(157,959)
Some expenses reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. These expenses are from the following sources:	
Accrued interest	1,859
Compensated absences payable	(3,228)
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	19,200
Net changes in pension	104,552
	<u>123,752</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 826,462</u>

See accompanying notes to the basic financial statements

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

	Custodial <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 8,836,102
Taxes receivable	<u>950,138</u>
Total Assets	<u>9,786,240</u>
LIABILITIES	
Accounts payable	227,133
Due to other governments	<u>7,050,301</u>
Total Liabilities	<u>7,277,434</u>
NET POSITION	
Restricted for:	
Individuals and other governments	<u>2,508,806</u>
Total Net Position	<u>\$ 2,508,806</u>

See accompanying notes to the basic financial statements

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

	<u>Custodial Funds</u>
ADDITIONS:	
Contributions:	
Miscellaneous	\$ 498,055
Total Contributions	<u>498,055</u>
Investment earnings:	
Interest income	<u>24,322</u>
Total Investment earnings	<u>24,322</u>
Property tax collections for other governments	21,275,701
Motor vehicle fee collections for other governments	<u>742,362</u>
Total Additions	<u>22,540,440</u>
DEDUCTIONS:	
Benefits paid to beneficiaries	231,651
Payments of property tax to other governments	21,275,701
Payments of motor vehicle fees to other governments	<u>742,362</u>
Total Deductions	<u>22,249,714</u>
Change in net position	290,726
Net Position at the beginning of year	<u>2,218,080</u>
Net Position at the end of year	<u>\$ 2,508,806</u>

See accompanying notes to the basic financial statements

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

Financial Reporting Entity

The Town of Gilford, New Hampshire (the Town) was incorporated in 1812. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

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

Basis of Presentation

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

1. Government-Wide Financial Statements:

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

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those 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 GILFORD, 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 is the Town's sole major governmental fund:

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

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is 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's own 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.

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

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

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 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, 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 GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

Budgetary Data

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

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 appropriated \$1,110,767 from surplus.

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 \$10,000.

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 \$267,850 and \$51,915 in the General Fund and the Nonmajor Governmental Funds, respectively.

Special Assessments

Assessment fees charged for sewer hook-ups during the current and prior years that will be collected in future periods are recorded as special assessments receivable and deferred inflows of resources in the governmental fund financial statements. The revenue is recognized when earned in the government-wide financial statements.

Capital Assets

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

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$50,000. The Town's infrastructure consists of sidewalks, sewer collection and treatment systems, and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Intangible assets of the Town consist solely of land easements. 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.

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

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:

	<u>Description</u>	<u>Years</u>
Intangible assets		100
Buildings and improvements		10-150
Vehicles and equipment		3-50
Infrastructure		10-50

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 premiums.

Compensated Absences

Employees earn vacation and sick leave as they provide services. Dependent upon the department and years of service, employees earn vacation and sick pay at a rate of ten to twenty-five days per year. Pursuant to Town personnel policy and certain collective bargaining agreements, upon voluntary separation of employment from the Town, employees shall be compensated for unused sick and vacation leave (subject to certain limitations) at current rates of pay or at a rate agreed to in the collective bargaining agreements.

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

Accrued Liabilities and Long-Term Obligations

Except for the obligation for certain other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation debt and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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.

Net Position

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

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

Fund Balance Policy

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

- ***Nonspendable Fund Balance:*** Amounts that are not in a spendable form or are required to be maintained intact.
- ***Restricted Fund Balance:*** Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or through enabling legislation.
- ***Committed Fund Balance:*** Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Annual Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- ***Assigned Fund Balance:*** Amounts the Town intends to use for specific purposes. Intent can be expressed by the Board of Selectmen or by an official to which the Board of Selectmen delegates the authority. For all governmental funds other than the General Fund, any remaining positive fund balance is to be classified as "Assigned".
- ***Unassigned Fund Balance:*** Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

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

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.

Minimum Level of Unassigned Fund Balance

The Town's fund balance policy mandates the Town maintain a level of fund balance between 5% and 17% of the sum of the Town's annual budget plus the school and county appropriations, in accordance with the recommendations of the NH Department of Revenue Administration and the general accepted accounting practices recommended by the Government Finance Officers Association. To avoid the need to issue Tax Anticipation Notes, the Town shall retain a sufficient amount of unassigned fund balance in order to provide an appropriate level of cash reserves for Town operations and its obligations to the school district and county. This amount shall also include funds necessary to manage unanticipated emergencies as defined by RSA-32:11. A nominal amount of the unassigned fund balance shall be used to stabilize the municipal portion of the tax rate. This amount shall reflect a minimal sum anticipated annually, resulting from unexpended appropriations and unanticipated revenues. This nominal amount, in excess of the cash reserves noted in the previous paragraph, is established at \$200,000.

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—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Postemployment Benefits – Single Employer Plan

The Town did not implement the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. Statement No. 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB Statement No. 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has only implemented the provisions of GASB Statement No. 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 6).

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

NOTE 3—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	\$ 10,997,708
Investments	1,537,035
Statement of Fiduciary Net Position:	
Cash and cash equivalents	<u>8,836,102</u>
	<u>\$ 21,370,845</u>

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

Cash on hand	\$ 7,686
Deposits with financial institutions	2,918,032
Investments	<u>18,445,127</u>
	<u>\$ 21,370,845</u>

The Town's investment policy for governmental funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The Town limits its investments for governmental funds to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements collateralized by U.S. Government Securities, all other types of interest bearing accounts, or U.S. Government notes and obligations fully guaranteed as to principal and interest by the United States government.

Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Town's investment policy for governmental funds regarding interest rate risk indicates that safety and liquidity are the primary objectives. The Trustees of Trust Funds investment policy's primary goal is safety of principal with a secondary goal of maximizing the total return, consistent with prudent investment management.

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
Bond mutual funds	\$ 19,442			\$ 19,442
Exchange traded funds	312,526		\$ 291,399	21,127
	<u>\$ 331,968</u>	<u>\$ -</u>	<u>\$ 291,399</u>	<u>\$ 40,569</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investment policy for managing credit risk is to minimize credit risk by limiting its investments to the safest types of securities and diversifying the portfolio. The Trustees of Trust Funds do not have a formal investment policy for managing exposure to credit risk.

The following are the actual ratings as of December 31, 2022, for each investment type:

<u>Investment Type</u>	<u>Rating as of Year End</u>		<u>Fair Value</u>
	<u>AAAm</u>	<u>Not Rated</u>	
State investment pool	\$ 618,236		\$ 618,236
Equity mutual funds		\$ 477,404	477,404
Bond mutual funds		19,442	19,442
Money market mutual funds		4,844,789	4,844,789
	<u>\$ 618,236</u>	<u>\$ 5,341,635</u>	<u>\$ 5,959,871</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the Town's investment policy requires that all investment and depository instruments be collateralized with pledged securities that shall be perfected through third party custodial safekeeping and be equal to or in excess of the amount of the investment and depository instruments. The Trustees of Trust Funds do not have a formal investment policy regarding custodial credit risk.

Of the Town's deposits with financial institutions at year end, \$375,991 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2022, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

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

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 477,404
Bond mutual funds	19,442
Exchange traded funds	335,594
Alternatives	70,072
Money market mutual funds	4,844,789
Repurchase agreement (fully collateralized)	12,079,590
	<u>\$ 17,826,891</u>

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.

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.

Fair Value Measurement of Investments

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

- ***Level 1 Inputs*** - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- ***Level 2 Inputs*** - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- ***Level 3 Inputs*** - Significant unobservable inputs.

As of December 31, 2022, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	
Equity mutual funds	\$ 477,404			\$ 477,404
Bond mutual funds	19,442			19,442
Alternatives	70,072			70,072
Exchange traded funds	335,594			335,594
	<u>\$ 902,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 902,512</u>

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

Equity and bond mutual funds, alternatives and exchange traded funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 4—CAPITAL ASSETS

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

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 13,283,677		\$ (62,246)	\$ 13,221,431
Construction in progress	69,137	\$ 199,293	(69,137)	199,293
Total capital assets not being depreciated	<u>13,352,814</u>	<u>199,293</u>	<u>(131,383)</u>	<u>13,420,724</u>
Other capital assets:				
Intangible assets	1,921,901			1,921,901
Buildings and improvements	9,367,945			9,367,945
Vehicles and equipment	6,849,553	601,549	(76,564)	7,374,538
Infrastructure	4,984,650			4,984,650
Total other capital assets at historical cost	<u>23,124,049</u>	<u>601,549</u>	<u>(76,564)</u>	<u>23,649,034</u>
Less accumulated depreciation for:				
Intangible assets	(202,834)	(16,119)		(218,953)
Buildings and improvements	(1,773,218)	(91,555)		(1,864,773)
Vehicles and equipment	(3,275,073)	(470,562)	76,564	(3,669,071)
Infrastructure	(1,094,261)	(123,348)		(1,217,609)
Total accumulated depreciation	<u>(6,345,386)</u>	<u>(701,584)</u>	<u>76,564</u>	<u>(6,970,406)</u>
Total other capital assets, net	<u>16,778,663</u>	<u>(100,035)</u>	<u>-</u>	<u>16,678,628</u>
Total capital assets, net	<u>\$ 30,131,477</u>	<u>\$ 99,258</u>	<u>\$ (131,383)</u>	<u>\$ 30,099,352</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 32,593
Public safety	252,569
Highways and streets	260,474
Sanitation	97,884
Culture and recreation	41,945
Conservation	16,119
Total governmental activities depreciation expense	<u>\$ 701,584</u>

NOTE 5—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:

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

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 840,000		\$ (50,000)	\$ 790,000	\$ 55,000
Unamortized bond premium	37,629		(5,093)	32,536	
Total Bonds payable	877,629	\$ -	(55,093)	822,536	55,000
Notes payable	1,226,013		(204,363)	1,021,650	115,629
Financed purchase obligations	383,732	157,959	(188,785)	352,906	159,215
Compensated absences payable	433,046	24,576	(21,348)	436,274	21,814
	<u>\$ 2,920,420</u>	<u>\$ 182,535</u>	<u>\$ (469,589)</u>	<u>\$ 2,633,366</u>	<u>\$ 351,658</u>

Payments on the bonds payable and notes payable are paid out of the General Fund and Sewer Fund, a Nonmajor Governmental Fund, as applicable. Amortization of the bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B). Payments on financed purchase obligations are paid out of the General Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

General obligation bonds are direct obligations of the Town, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property. Bonds are not subject to redemption prior to maturity.

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

<u>Description</u>	<u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>12/31/2022</u>
2014 Police Station Bonds	<u>\$ 1,130,000</u>	3.44%	August 2034	<u>\$ 790,000</u>
			Sub-total Bonds payable	790,000
			Add: <i>Unamortized bond premium</i>	32,536
			Total Bonds payable	<u>\$ 822,536</u>

Debt service requirements to retire general obligation bonds 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	\$ 55,000	\$ 32,340	\$ 87,340
2024	55,000	29,535	84,535
2025	55,000	26,730	81,730
2026	60,000	25,025	85,025
2027	60,000	23,165	83,165
2028-2032	345,000	76,260	421,260
2033-2034	160,000	9,840	169,840
Sub-total Bonds payable	790,000	222,895	1,012,895
Add: <i>Unamortized bond premium</i>	32,536		32,536
Total Bonds payable	<u>\$ 822,536</u>	<u>\$ 222,895</u>	<u>\$ 1,045,431</u>

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

General Obligation Notes

General obligation notes are direct obligations of the Town, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property. All notes are considered direct borrowings for the Town. The Town reserves the right to prepay without penalty.

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

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 12/31/2022</u>
Varney Point Road Pumping Station Note	\$ 629,471	2.00%	July 2048	\$ 518,302
2018 Recycling Center Note	950,000	2.48%	December 2027	503,348
			Total Notes payable	<u>\$ 1,021,650</u>

Debt service requirements to retire the general obligation notes outstanding at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 115,629	\$ 22,122	\$ 137,751
2024	118,030	19,323	137,353
2025	120,548	16,406	136,954
2026	123,102	13,453	136,555
2027	125,712	10,436	136,148
2028-2032	99,674	37,876	137,550
2033-2037	99,674	27,909	127,583
2038-2042	99,674	17,941	117,615
2043-2047	99,674	7,974	107,648
2048	19,933	399	20,332
Total Notes payable	<u>\$ 1,021,650</u>	<u>\$ 173,839</u>	<u>\$ 1,195,489</u>

Financed Purchase Obligations

Financed purchase obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable functions.

The following are the individual financed purchase obligations outstanding at December 31, 2022:

Fire equipment, due in annual installments of \$37,127, including interest at 2.125%, through July 2025	\$ 106,743
Fire Boat, due in annual installments of \$52,342, including interest at 2.75%, through January 2024	55,793
Highway equipment, due in annual installments of \$32,600, including interest at 1.85%, through December 2024	63,432

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

Fire Department vehicle, due in annual installments of \$11,210 including interest at 5.00%, through December 2025	32,391
Sewer equipment, due in annual installments of \$32,721, including interest at 1.90%, through December 2025	<u>94,547</u>
	<u>\$ 352,906</u>

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

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 159,215	\$ 6,786	\$ 166,001
2024	114,235	3,785	118,020
2025	<u>79,456</u>	<u>1,602</u>	<u>81,058</u>
	<u>\$ 352,906</u>	<u>\$ 12,173</u>	<u>\$ 365,079</u>

NOTE 6—OTHER POSTEMPLOYMENT BENEFITS

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.

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

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

upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town’s contribution rates for the covered payroll of general employees and public safety employees were 0.31% and 3.21%, respectively, for the year ended December 31, 2022. Contributions to the OPEB plan for the Town were \$95,703 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 \$834,800 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 0.2209 percent, which was an increase of 0.0114 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$76,503. 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	\$ 2,281	
Town contributions subsequent to the measurement date	<u>50,867</u>	
Totals	<u>\$ 53,148</u>	<u>\$ -</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 \$53,148. The Town reported \$50,867 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 GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

<u>June 30,</u>	
2023	\$ 379
2024	99
2025	(898)
2026	<u>2,701</u>
	<u>\$ 2,281</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, adjusted 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	<u>25%</u>	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 this single discount rate assumed that employer contributions will be made under the current statutes 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 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.

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

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%, 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	\$ 906,318	\$ 834,800	\$ 772,514

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 at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

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

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

Benefits Provided

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

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

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

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

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

Funding Policy

Covered police officers and 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 contributed 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the year ended December 31, 2022 were \$1,197,344.

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

At December 31, 2022, the Town reported a liability of \$11,498,573 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 0.2004 percent, which was a decrease of 0.0004 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$1,092,793. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 215,808	\$ 44,141
Change in assumptions	435,781	
Net difference between projected and actual investment earnings on pension plan investments	611,632	
Changes in proportion and differences between Town contributions and proportionate share of contributions	358,208	233,220
Town contributions subsequent to the measurement date	<u>633,812</u>	
Totals	<u>\$ 2,255,241</u>	<u>\$ 277,361</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$1,977,880. The Town reported \$633,812 as deferred outflows of resources related to pension 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 and deferred inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 436,651
2024	413,328
2025	(102,077)
2026	<u>596,166</u>
	<u>\$ 1,344,068</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

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.

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

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	<u>25%</u>	3.60%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2022 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%, 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	\$ 15,428,187	\$ 11,498,573	\$ 8,231,464

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:

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

Due to	Nonmajor Governmental Funds	General	Due from Nonmajor Governmental	Totals
		<u>Fund</u>	<u>Funds</u>	
		\$ 1,771,267	\$ 1,350	\$ 1,772,617
		<u>\$ 1,771,267</u>	<u>\$ 1,350</u>	<u>\$ 1,772,617</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorization.

Interfund transfers for the year ended December 31, 2022 are as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 10,000	
Nonmajor Governmental Funds:		
Sewer Fund		\$ 10,000
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

NOTE 9—RESTRICTED NET POSITION

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

Permanent Funds - Principal	\$ 590,701
Permanent Funds - Income	63,773
SB401 Restricted Funds	283,548
Conservation trusts	372,021
Library funds	117,687
Drug Forfeiture funds	9,935
Donation funds	34,832
	<u>\$ 1,472,497</u>

NOTE 10—COMPONENTS OF FUND BALANCE

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid items	\$ 158,185		\$ 158,185
Permanent funds - Principal		\$ 590,701	590,701

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

Restricted for:

Conservation trusts	372,021		372,021
Permanent funds - Income		63,773	63,773
Library operations		117,687	117,687
Drug forfeiture		9,935	9,935
Donations		34,832	34,832
SB 401 - Highway Block Grant	103,408		103,408
SB 401 - Bridge Aid	180,140		180,140

Committed for:

Carryforward appropriations	109,269		109,269
Expendable trusts	2,198,609		2,198,609
Conservation commission		416,198	416,198
Sewer operations		988,174	988,174
Sewer capital cost recovery		3,900	3,900
Recreation revolving		89,641	89,641
Special details revolving		141,889	141,889
Ambulance revolving		456,537	456,537
Cemetery		47,383	47,383

Assigned for:

Designated to offset subsequent year appropriations	1,346,900		1,346,900
Encumbrances	291,737		291,737
Rowe House		212	212
Old Home Day		11,241	11,241

Unassigned:

Unassigned - General operations	4,312,964		4,312,964
	<u>\$ 9,073,233</u>	<u>\$ 2,972,103</u>	<u>\$ 12,045,336</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1st (\$2,601,781,920 as of April 1, 2022) and are due in two installments on July 7, 2022 and December 29, 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 deeded to the Town.

In accordance with State law, the Town collects taxes for the Gilford School District, Belknap County, and Gunstock Acres Village Water District, all 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 \$18,550,302, \$2,560,310, and \$165,089, for the Gilford School District, Belknap County, and Gunstock Acres Village Water District, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

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

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.

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—CONTINGENCIES

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

NOTE 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. The Town has entered into various rental agreements as lessee for office equipment. Management has determined that the effect of implementing GASB Statement No. 87 related to these leases is immaterial to its financial statements.

SCHEDULE 1
TOWN OF GILFORD, 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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 10,547,870	\$ 10,547,870	\$ 10,590,950	\$ 43,080
Licenses and permits	2,455,000	2,455,000	2,582,531	127,531
Intergovernmental	1,150,611	1,555,274	1,560,577	5,303
Charges for services	525,000	525,000	585,105	60,105
Interest and investment income	30,000	30,000	81,920	51,920
Miscellaneous	82,000	111,439	206,769	95,330
Total Revenues	<u>14,790,481</u>	<u>15,224,583</u>	<u>15,607,852</u>	<u>383,269</u>
Expenditures:				
Current operations:				
General government	2,710,046	2,710,046	2,658,631	51,415
Public safety	5,471,037	5,543,536	5,308,078	235,458
Highways and streets	4,023,752	4,123,581	3,837,695	285,886
Sanitation	666,699	666,699	666,911	(212)
Health and welfare	109,323	109,323	75,193	34,130
Culture and recreation	960,401	960,401	883,524	76,877
Conservation	30,500	30,500	27,491	3,009
Economic Development	50,000	50,000	34,804	15,196
Capital outlay	927,386	796,343	984,395	(188,052)
Debt service:				
Principal retirement	234,439	234,439	234,075	364
Interest and fiscal charges	51,536	51,536	51,531	5
Total Expenditures	<u>15,235,119</u>	<u>15,276,404</u>	<u>14,762,328</u>	<u>514,076</u>
Excess revenues over (under) expenditures	<u>(444,638)</u>	<u>(51,821)</u>	<u>845,524</u>	<u>897,345</u>
Other financing sources (uses):				
Transfers out	<u>(717,667)</u>	<u>(717,667)</u>	<u>(717,667)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(717,667)</u>	<u>(717,667)</u>	<u>(717,667)</u>	<u>-</u>
Net change in fund balance	(1,162,305)	(769,488)	127,857	897,345
Fund Balance at beginning of year				
- Budgetary Basis	<u>6,456,096</u>	<u>6,456,096</u>	<u>6,456,096</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 5,293,791</u>	<u>\$ 5,686,608</u>	<u>\$ 6,583,953</u>	<u>\$ 897,345</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF GILFORD, NEW HAMPSHIRE

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

For the Year Ended December 31, 2022

Cost-Sharing Multiple Employer Plan Information Only					
<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	0.22091232%	\$ 834,800	\$ 5,263,169	15.86%	10.64%
June 30, 2021	0.20946989%	\$ 838,836	\$ 5,044,613	16.63%	11.06%
June 30, 2020	0.19718550%	\$ 863,099	\$ 4,606,220	18.74%	7.74%
June 30, 2019	0.22476140%	\$ 985,379	\$ 4,622,210	21.32%	7.75%
June 30, 2018	0.23029198%	\$ 1,054,382	\$ 4,499,514	23.43%	7.53%
June 30, 2017	0.15568057%	\$ 711,824	\$ 4,462,304	15.95%	7.91%
June 30, 2016	0.15318699%	\$ 741,586	\$ 4,249,625	17.45%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions					
<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 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 GILFORD, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2022

Cost-Sharing Multiple Employer Plan Information Only					
<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	\$ 95,703	\$ (95,703)	\$ -	\$ 5,444,063	1.76%
December 31, 2021	\$ 95,381	\$ (95,381)	\$ -	\$ 5,114,193	1.87%
December 31, 2020	\$ 96,959	\$ (96,959)	\$ -	\$ 4,888,029	1.98%
December 31, 2019	\$ 96,642	\$ (96,642)	\$ -	\$ 4,617,984	2.09%
December 31, 2018	\$ 103,762	\$ (103,762)	\$ -	\$ 4,592,798	2.26%
December 31, 2017	\$ 96,885	\$ (96,885)	\$ -	\$ 4,481,111	2.16%
December 31, 2016	\$ 90,483	\$ (90,483)	\$ -	\$ 4,323,953	2.09%
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 GILFORD, 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	0.20045868%	\$ 11,498,573	\$ 5,263,169	218.47%	65.12%
June 30, 2021	0.20089924%	\$ 8,903,692	\$ 5,044,613	176.50%	72.22%
June 30, 2020	0.18934139%	\$ 12,110,561	\$ 4,606,220	262.92%	58.72%
June 30, 2019	0.19993676%	\$ 9,620,266	\$ 4,622,210	208.13%	65.59%
June 30, 2018	0.20225847%	\$ 9,739,155	\$ 4,499,514	216.45%	64.73%
June 30, 2017	0.21023119%	\$ 10,339,155	\$ 4,462,304	231.70%	62.66%
June 30, 2016	0.20621926%	\$ 10,965,906	\$ 4,249,625	258.04%	58.30%
June 30, 2015	0.19893695%	\$ 7,880,941	\$ 4,024,996	195.80%	65.47%
June 30, 2014	0.19060229%	\$ 7,154,420	\$ 3,735,394	191.53%	66.32%
June 30, 2013	0.19571271%	\$ 8,423,053	\$ 3,733,416	225.61%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 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 5
TOWN OF GILFORD, 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	\$ 1,197,344	\$ (1,197,344)	\$ -	\$ 5,444,063	21.99%
December 31, 2021	\$ 1,034,850	\$ (1,034,850)	\$ -	\$ 5,114,193	20.23%
December 31, 2020	\$ 892,043	\$ (892,043)	\$ -	\$ 4,888,029	18.25%
December 31, 2019	\$ 855,447	\$ (855,447)	\$ -	\$ 4,617,984	18.52%
December 31, 2018	\$ 871,267	\$ (871,267)	\$ -	\$ 4,592,798	18.97%
December 31, 2017	\$ 812,598	\$ (812,598)	\$ -	\$ 4,481,111	18.13%
December 31, 2016	\$ 750,180	\$ (750,180)	\$ -	\$ 4,323,953	17.35%
December 31, 2015	\$ 692,399	\$ (692,399)	\$ -	\$ 4,082,122	16.96%
December 31, 2014	\$ 652,124	\$ (652,124)	\$ -	\$ 3,937,841	16.56%
December 31, 2013	\$ 559,976	\$ (559,976)	\$ -	\$ 3,769,528	14.86%

See accompanying notes to the required supplementary information

TOWN OF GILFORD, 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 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 non-budgetary revenues and expenditures, non-budgetary transfers in and out, budgetary transfers out, encumbrances, and financed purchase obligation activity as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 15,750,023	\$ 15,570,961
Difference in property taxes meeting susceptible to accrual criteria	(19,619)	
Non-budgetary revenues and expenditures	45,407	(469,502)
Non-budgetary transfers in and out	(10,000)	(10,000)
Budgetary transfers out		727,667
Encumbrances - December 31, 2021		(472,909)
Encumbrances - December 31, 2022		291,737
Financed purchase obligation activity	<u>(157,959)</u>	<u>(157,959)</u>
Per Schedule 1	<u>\$ 15,607,852</u>	<u>\$ 15,479,995</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2022 are as follows:

<i>Nonspendable:</i>	
Prepaid items	\$ 158,185
<i>Restricted for:</i>	
SB401 - Highway Block Grant	103,408
SB401 - Bridge Aid	180,140
<i>Committed for:</i>	
Carryforward appropriations	109,269
<i>Assigned for:</i>	
Designated to offset subsequent year appropriations	1,346,900
<i>Unassigned:</i>	
Unassigned - General operations	4,686,051
	<u>\$ 6,583,953</u>

SCHEDULE A
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2022

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 64,341	\$ 101,896	\$ 166,237
Investments	53,346	551,228	604,574
Taxes receivable, net	6,960		6,960
Accounts receivable, net	408,076		408,076
Due from other governments	27,988		27,988
Special assessments	4,487		4,487
Due from other funds	<u>1,771,267</u>	<u>1,350</u>	<u>1,772,617</u>
Total Assets	<u>2,336,465</u>	<u>654,474</u>	<u>2,990,939</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,336,465</u>	<u>\$ 654,474</u>	<u>\$ 2,990,939</u>
LIABILITIES			
Accounts payable	\$ 12,999		\$ 12,999
Due to other funds	<u>1,350</u>		<u>1,350</u>
Total Liabilities	<u>14,349</u>	<u>\$ -</u>	<u>14,349</u>
DEFERRED INFLOWS OF RESOURCES			
Uncollected assessment revenue	<u>4,487</u>		<u>4,487</u>
Total Deferred Inflows of Resources	<u>4,487</u>	<u>-</u>	<u>4,487</u>
FUND BALANCES			
Nonspendable		590,701	590,701
Restricted	162,454	63,773	226,227
Committed	2,143,722		2,143,722
Assigned	<u>11,453</u>		<u>11,453</u>
Total Fund Balances	<u>2,317,629</u>	<u>654,474</u>	<u>2,972,103</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,336,465</u>	<u>\$ 654,474</u>	<u>\$ 2,990,939</u>

SCHEDULE A-1
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2022

	<u>Library Fund</u>	<u>Sewer Fund</u>	<u>Conservation Commission Fund</u>	<u>Capital Cost Recovery Fund</u>	<u>Drug Forfeiture Fund</u>	<u>Rowe House Fund</u>	<u>Old Home Day Fund</u>
ASSETS							
Cash and cash equivalents	\$ 64,341						
Investments	53,346						
Taxes receivable, net			\$ 6,960				
Accounts receivable, net		\$ 251,769					
Due from other governments							
Special assessments				\$ 4,487			
Due from other funds		736,546	409,238	3,900	\$ 9,935	\$ 212	\$ 11,241
Total Assets	<u>117,687</u>	<u>988,315</u>	<u>416,198</u>	<u>8,387</u>	<u>9,935</u>	<u>212</u>	<u>11,241</u>
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 117,687</u>	<u>\$ 988,315</u>	<u>\$ 416,198</u>	<u>\$ 8,387</u>	<u>\$ 9,935</u>	<u>\$ 212</u>	<u>\$ 11,241</u>
LIABILITIES							
Accounts payable		\$ 141					
Due to other funds							
Total Liabilities	<u>\$ -</u>	<u>141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES							
Uncollected assessment revenue				4,487			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,487</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	117,687				9,935		
Committed		988,174	416,198	3,900			
Assigned						212	11,241
Total Fund Balances	<u>117,687</u>	<u>988,174</u>	<u>416,198</u>	<u>3,900</u>	<u>9,935</u>	<u>212</u>	<u>11,241</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 117,687</u>	<u>\$ 988,315</u>	<u>\$ 416,198</u>	<u>\$ 8,387</u>	<u>\$ 9,935</u>	<u>\$ 212</u>	<u>\$ 11,241</u>

(continued)

SCHEDULE A-1
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2022
(continued)

	Recreation Fund	Donations Fund	Special Details Revolving Fund	Ambulance Revolving Fund	Cemetery Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents						\$ 64,341
Investments						53,346
Taxes receivable, net						6,960
Accounts receivable, net			\$ 121,232	\$ 35,075		408,076
Due from other governments		\$ 27,988				27,988
Special assessments						4,487
Due from other funds	\$ 90,987	18,356	20,657	421,462	\$ 48,733	1,771,267
Total Assets	<u>90,987</u>	<u>46,344</u>	<u>141,889</u>	<u>456,537</u>	<u>48,733</u>	<u>2,336,465</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 90,987</u>	<u>\$ 46,344</u>	<u>\$ 141,889</u>	<u>\$ 456,537</u>	<u>\$ 48,733</u>	<u>\$ 2,336,465</u>
LIABILITIES						
Accounts payable	\$ 1,346	\$ 11,512				\$ 12,999
Due to other funds					\$ 1,350	1,350
Total Liabilities	<u>1,346</u>	<u>11,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,350</u>	<u>14,349</u>
DEFERRED INFLOWS OF RESOURCES						
Uncollected assessment revenue						4,487
Total Deferred Inflows of Resources	-	-	-	-	-	<u>4,487</u>
FUND BALANCES						
Restricted		34,832				162,454
Committed	89,641		141,889	456,537	47,383	2,143,722
Assigned						11,453
Total Fund Balances	<u>89,641</u>	<u>34,832</u>	<u>141,889</u>	<u>456,537</u>	<u>47,383</u>	<u>2,317,629</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 90,987</u>	<u>\$ 46,344</u>	<u>\$ 141,889</u>	<u>\$ 456,537</u>	<u>\$ 48,733</u>	<u>\$ 2,336,465</u>

SCHEDULE B
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2022

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:			
Taxes	\$ 78,805		\$ 78,805
Intergovernmental	374,970		374,970
Charges for services	1,604,309		1,604,309
Interest and investment income (loss)	21,724	\$ (73,887)	(52,163)
Miscellaneous	<u>97,089</u>	<u>203,600</u>	<u>300,689</u>
Total Revenues	<u>2,176,897</u>	<u>129,713</u>	<u>2,306,610</u>
Expenditures:			
Current operations:			
General government	22,828	4,831	27,659
Public safety	864,919		864,919
Highways and streets	4,572		4,572
Sanitation	933,554		933,554
Culture and recreation	123,594		123,594
Conservation	250		250
Capital outlay	24,884		24,884
Debt service:			
Principal retirement	<u>30,699</u>		<u>30,699</u>
Total Expenditures	<u>2,005,300</u>	<u>4,831</u>	<u>2,010,131</u>
Excess revenues over (under) expenditures	<u>171,597</u>	<u>124,882</u>	<u>296,479</u>
Other financing sources (uses):			
Transfers out	<u>(10,000)</u>		<u>(10,000)</u>
Total Other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	161,597	124,882	286,479
Fund Balances at beginning of year	<u>2,156,032</u>	<u>529,592</u>	<u>2,685,624</u>
Fund Balances at end of year	<u>\$ 2,317,629</u>	<u>\$ 654,474</u>	<u>\$ 2,972,103</u>

SCHEDULE B-1
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022

	<u>Library</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Conservation</u> <u>Commission</u> <u>Fund</u>	<u>Capital Cost</u> <u>Recovery</u> <u>Fund</u>	<u>Drug</u> <u>Forfeiture</u> <u>Fund</u>	<u>Rowe House</u> <u>Fund</u>	<u>Old Home Day</u> <u>Fund</u>
Revenues:							
Taxes			\$ 78,805				
Intergovernmental							
Charges for services		\$ 953,078					
Interest and investment income	\$ 6	10,049	3,592		\$ 106	\$ 3	\$ 169
Miscellaneous	55,089		1,270				33,216
Total Revenues	<u>55,095</u>	<u>963,127</u>	<u>83,667</u>	<u>\$ -</u>	<u>106</u>	<u>3</u>	<u>33,385</u>
Expenditures:							
Current operations:							
General government							
Public safety					5,865		
Highways and streets							
Sanitation		933,554					
Culture and recreation	50,184						34,911
Conservation			250				
Capital outlay							
Debt service:							
Principal retirement		30,699					
Total Expenditures	<u>50,184</u>	<u>964,253</u>	<u>250</u>	<u>-</u>	<u>5,865</u>	<u>-</u>	<u>34,911</u>
Excess revenues over (under) expenditures	<u>4,911</u>	<u>(1,126)</u>	<u>83,417</u>	<u>-</u>	<u>(5,759)</u>	<u>3</u>	<u>(1,526)</u>
Other financing sources (uses):							
Transfers out		(10,000)					
Total Other financing sources (uses)	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,911	(11,126)	83,417	-	(5,759)	3	(1,526)
Fund Balances at beginning of year	<u>112,776</u>	<u>999,300</u>	<u>332,781</u>	<u>3,900</u>	<u>15,694</u>	<u>209</u>	<u>12,767</u>
Fund Balances at end of year	<u>\$ 117,687</u>	<u>\$ 988,174</u>	<u>\$ 416,198</u>	<u>\$ 3,900</u>	<u>\$ 9,935</u>	<u>\$ 212</u>	<u>\$ 11,241</u>

(continued)

SCHEDULE B-1
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022
(continued)

	Recreation <u>Fund</u>	Donations <u>Fund</u>	Special Details Revolving <u>Fund</u>	Ambulance Revolving <u>Fund</u>	Cemetery <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:						
Taxes						\$ 78,805
Intergovernmental		\$ 374,970				374,970
Charges for services	\$ 32,711		\$ 454,746	\$ 160,774	\$ 3,000	1,604,309
Interest and investment income	909		256	6,111	523	21,724
Miscellaneous		4,014			3,500	97,089
Total Revenues	<u>33,620</u>	<u>378,984</u>	<u>455,002</u>	<u>166,885</u>	<u>7,023</u>	<u>2,176,897</u>
Expenditures:						
Current operations:						
General government		4,711			18,117	22,828
Public safety		362,467	432,569	64,018		864,919
Highways and streets		4,572				4,572
Sanitation						933,554
Culture and recreation	38,121	378				123,594
Conservation						250
Capital outlay			24,884			24,884
Debt service:						
Principal retirement						30,699
Total Expenditures	<u>38,121</u>	<u>372,128</u>	<u>457,453</u>	<u>64,018</u>	<u>18,117</u>	<u>2,005,300</u>
Excess revenues over (under) expenditures	<u>(4,501)</u>	<u>6,856</u>	<u>(2,451)</u>	<u>102,867</u>	<u>(11,094)</u>	<u>171,597</u>
Other financing sources (uses):						
Transfers out						(10,000)
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	(4,501)	6,856	(2,451)	102,867	(11,094)	161,597
Fund Balances at beginning of year	<u>94,142</u>	<u>27,976</u>	<u>144,340</u>	<u>353,670</u>	<u>58,477</u>	<u>2,156,032</u>
Fund Balances at end of year	<u>\$ 89,641</u>	<u>\$ 34,832</u>	<u>\$ 141,889</u>	<u>\$ 456,537</u>	<u>\$ 47,383</u>	<u>\$ 2,317,629</u>