

TOWN OF CAMPTON, NEW HAMPSHIRE

Financial Statements

December 31, 2022

and

Independent Auditor's Report

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

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FINANCIAL STATEMENTS
December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Campton, 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 Campton, 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 Campton, 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 Campton, 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 Campton, 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 Campton, 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 Campton, 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 deferred outflows of resources, liabilities, 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 deferred outflows of resources, liabilities, 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 these 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 Campton, 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 Campton, 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 Campton, 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 Campton, 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.

Vashon Clukay & Company PC

Manchester, New Hampshire
May 15, 2024

2022 Management's Discussion and Analysis

Introduction

This narrative is provided as an overview and analysis of the financial activities of the Town of Campton for the year ended December 31, 2022 and should be considered in conjunction with the Town's financial statements and the annual report from our auditors. The accompanying financial statements have been prepared in conformity with US generally accepted accounting principles (GAAP) as applied to governmental units with the exception of the omission of certain elements of the Town's other post-employment benefits liability. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

2022 Management's Discussion and Analysis

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. All funds not meeting the criteria for a major fund are aggregated and presented in the nonmajor governmental funds column.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget (See Schedule 1).

The basic governmental fund financial statements can be found on Exhibits C and D.

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

Notes to the Basic Financial Statements: The notes provide additional information that is essential to 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, schedule of changes in the Town's proportional 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 the nonmajor governmental funds.

2022 Management's Discussion and Analysis

Financial Highlights

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources of the Town's governmental activities by \$7,193,131. This amount is reported as the total net position of the governmental activities as of December 31, 2022.

Government Wide Financial Analysis

Governmental Activities

Statement of Net Position

Net position of the governmental activities as of December 31, 2022 and 2021 is as follows:

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Current assets	\$ 3,121,464	\$ 3,880,064
Capital assets, net	7,888,098	7,990,591
Total Assets	11,009,562	11,870,655
Deferred Outflows of Resources	989,739	971,276
Long-term liabilities	4,035,269	3,254,434
Other liabilities	476,047	923,097
Total Liabilities	4,511,316	4,177,531
Deferred Inflows of Resources	294,854	1,124,563
Net Position:		
Net investment in capital assets	7,460,459	7,450,356
Restricted	429,826	382,667
Unrestricted (Deficit)	(697,154)	(293,186)
Total Net Position	\$ 7,193,131	\$ 7,539,837

2022 Management's Discussion and Analysis

Statement of Activities

The following charts illustrates the changes in the statement of activities between the year ended December 31, 2022 and 2021:

	Governmental Activities		
	2022	2021	Change
Revenues:			
Program revenues:			
Charges for services	\$ 770,000	\$ 692,982	\$ 77,018
Operating grants and contributions	373,650	201,255	172,395
Capital grants and contributions	138,900	99,563	39,337
General revenues:			
Taxes	2,631,104	2,430,357	200,747
Licenses and permits	821,227	835,749	(14,522)
Intergovernmental	299,235	252,290	46,945
Interest and investment earnings (losses)	(68,488)	39,643	(108,131)
Miscellaneous	94,036	334,757	(240,721)
Total Revenues	5,059,664	4,886,596	173,068
Program Expenses:			
General government	1,162,401	1,116,204	46,197
Public safety	2,273,847	1,920,186	353,661
Highways and streets	1,467,741	834,332	633,409
Sanitation	242,181	198,248	43,933
Water treatment and distribution	13,812	20,854	(7,042)
Health and welfare	30,463	29,868	595
Culture and recreation	188,416	167,839	20,577
Conservation	30,999	57	30,942
Interest and fiscal charges	19,400	21,223	(1,823)
Total Expenses	5,429,260	4,308,811	1,120,449
Excess before gain (loss) on disposal of capital assets and contributions to permanent fund principal	(369,596)	577,785	(947,381)
Gain (Loss) on disposal of capital assets	22,575	13,679	8,896
Contributions to permanent fund principal	315	600	(285)
Change in net position	(346,706)	592,064	\$ (938,770)
Net Position - beginning of the year	7,539,837	6,947,773	
Net Position - end of year	\$ 7,193,131	\$ 7,539,837	

2022 Management's Discussion and Analysis

General Fund Budgetary Highlights

In the current reporting year, the Town's general fund had an unfavorable variance in estimated revenues versus actual, in the amount of \$188,168. Revenues were less than anticipated due in part to certain property tax abatements and settlements on property tax valuations, offset partially by a favorable variance in licenses and permits due to an excess in revenue for motor vehicle permits.

The Town's general fund had a favorable variance in appropriations versus actual expenditures in the amount of \$166,335. The most significant component was public safety which had actual expenditures less than appropriations of \$59,117, general government which had actual expenditures less than appropriations of \$42,670 and sanitation which had actual expenditures less than appropriations of \$42,216. This was largely due to savings in employment costs and general cost saving efforts.

Capital Assets

The Town considers a capital asset to be an asset whose costs meets or exceeds \$10,000 and has a useful life of greater than seven years. Assets are depreciated using the straight-line method over the course of their useful life. See Notes 1 and 4 in the Notes to the Basic Financial Statements for additional information on the Town's capitalization policy and summary of capital asset activity for the year. Significant capital asset additions recognized during the current year included various street paving and improvement projects and purchase of several pieces of vehicle and equipment.

Debt Administration

At the end of the fiscal year 2022 the Town had total bonds payable, compensated absences, net pension liability, OPEB liability, and accrued landfill post-closure care costs outstanding of \$4,035,269 which is an increase from 2021 of 24%. The increase was primarily due to increases in the Town of Campton's proportionate share of the New Hampshire Retirement System's net pension liability and OPEB liabilities that is allocated to the Town.

Long-term liabilities	<u>2022</u>	<u>2021</u>	<u>%Change</u>
Bonds payable	\$ 647,639	\$ 749,995	
Financed purchase obligations	-	30,240	
Compensated absences payable	18,467	18,499	
Net pension liability	3,124,852	2,229,126	
OPEB	237,911	218,574	
Accrued landfill postclosure care costs	6,400	8,000	
Total long-term liabilities	<u>\$ 4,035,269</u>	<u>\$ 3,254,434</u>	23.99%

2022 Management's Discussion and Analysis

Request for Information

This financial report is designed to provide a general overview of the Town of Campton, NH's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Administrator, 12 Gearty Way, Campton, NH 03223.

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

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 740,327
Investments	1,443,771
Taxes receivable, net	743,929
Betterment taxes receivable	59,363
Accounts receivable, net	58,747
Tax deeded property	<u>75,327</u>
Total Current Assets	<u>3,121,464</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	573,444
Depreciable capital assets, net	<u>7,314,654</u>
Total Noncurrent Assets	<u>7,888,098</u>
Total Assets	<u>11,009,562</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	15,365
Deferred outflows related to pension	<u>974,374</u>
Total Deferred Outflows of Resources	<u>989,739</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	7,567
Accrued liabilities	59,487
Due to other governments	83,244
Advances from grantors	325,749
Current portion of bonds payable	102,579
Current portion of estimated liability for landfill postclosure care costs	<u>1,600</u>
Total Current Liabilities	<u>580,226</u>
Noncurrent Liabilities:	
Bonds payable	545,060
Compensated absences payable	18,467
Estimated liability for landfill postclosure care costs	4,800
OPEB liability	237,911
Net pension liability	<u>3,124,852</u>
Total Noncurrent Liabilities	<u>3,931,090</u>
Total Liabilities	<u>4,511,316</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>294,854</u>
Total Deferred Inflows of Resources	<u>294,854</u>
NET POSITION	
Net investment in capital assets	7,460,459
Restricted	429,826
Unrestricted (deficit)	<u>(697,154)</u>
Total Net Position	<u>\$ 7,193,131</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 1,162,401	\$ 2,963			\$ (1,159,438)
Public safety	2,273,847	690,953	\$ 19,727	\$ 138,900	(1,424,267)
Highways and streets	1,467,741		353,923		(1,113,818)
Sanitation	242,181	14,885			(227,296)
Water distribution and treatment	13,812	9,279			(4,533)
Health and welfare	30,463				(30,463)
Culture and recreation	188,416	51,920			(136,496)
Conservation	30,999				(30,999)
Interest and other fiscal charges	19,400				(19,400)
Total governmental activities	<u>\$ 5,429,260</u>	<u>\$ 770,000</u>	<u>\$ 373,650</u>	<u>\$ 138,900</u>	<u>(4,146,710)</u>
General revenues:					
Property and other taxes					2,631,104
Licenses and permits					821,227
Grants and contributions:					
Rooms and meals tax distribution					296,508
State railroad tax					2,727
Interest and investment income (loss)					(68,488)
Miscellaneous					94,036
Gain on disposal of capital asset					22,575
Contributions to permanent fund principal					315
Total general revenues, contributions to permanent fund principal, and gain on disposal of capital asset					<u>3,800,004</u>
Change in net position					(346,706)
Net Position at beginning of year					<u>7,539,837</u>
Net Position at end of year					<u>\$ 7,193,131</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF CAMPTON, 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	\$ 624,029	\$ 116,298	\$ 740,327
Investments	1,032,531	411,240	1,443,771
Taxes receivable, net	743,929		743,929
Betterment taxes receivable	59,363		59,363
Accounts receivable, net	49,163	9,584	58,747
Due from other funds	5,518	36,336	41,854
Tax dedeed property	75,327		75,327
Total Assets	<u>2,589,860</u>	<u>573,458</u>	<u>3,163,318</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,589,860</u>	<u>\$ 573,458</u>	<u>\$ 3,163,318</u>
LIABILITIES			
Accounts payable	\$ 7,567		\$ 7,567
Accrued liabilities	54,181		54,181
Due to other governments	83,244		83,244
Due to other funds	36,336	\$ 5,518	41,854
Advances from grantors	325,749		325,749
Total Liabilities	<u>507,077</u>	<u>5,518</u>	<u>512,595</u>
DEFERRED INFLOWS OF RESOURCES			
Uncollected betterment taxes	56,993		56,993
Uncollected property taxes	271,188		271,188
Total Deferred Inflows of Resources	<u>328,181</u>	<u>-</u>	<u>328,181</u>
FUND BALANCES			
Nonspendable	75,327	255,777	331,104
Restricted	126,019	48,030	174,049
Committed	1,050,571	264,133	1,314,704
Assigned	92,500		92,500
Unassigned	410,185		410,185
Total Fund Balances	<u>1,754,602</u>	<u>567,940</u>	<u>2,322,542</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,589,860</u>	<u>\$ 573,458</u>	<u>\$ 3,163,318</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF CAMPTON, 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)	\$ 2,322,542
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,888,098
Taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	271,188
Betterment tax assessments not available to pay for current period expenditures are reported as deferred inflows of resources in the governmental funds.	56,993
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	15,365
Deferred outflows of resources related to net pension liability	974,374
Deferred inflows of resources related to net pension liability	(294,854)
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	(647,639)
Accrued interest on long-term obligations	(5,306)
Compensated absences payable	(18,467)
Estimated liability for landfill postclosure care costs	(6,400)
OPEB liability	(237,911)
Net pension liability	<u>(3,124,852)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 7,193,131</u>

See accompanying notes to the basic financial statements

EXHIBIT D

TOWN OF CAMPTON, 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	\$ 2,641,224	\$ 43,736	\$ 2,684,960
Licenses and permits	821,227		821,227
Intergovernmental	811,785		811,785
Charges for services	745,836	24,164	770,000
Interest and investment income (loss)	(2,229)	(66,259)	(68,488)
Miscellaneous	98,435	18,491	116,926
Total Revenues	<u>5,116,278</u>	<u>20,132</u>	<u>5,136,410</u>
Expenditures:			
Current operations:			
General government	1,097,029		1,097,029
Public safety	2,131,039		2,131,039
Highways and streets	1,431,235		1,431,235
Sanitation	231,793	11,988	243,781
Water distribution and treatment		13,812	13,812
Health and welfare	30,463		30,463
Culture and recreation	188,416		188,416
Conservation	1,722	29,277	30,999
Capital outlay	75,334		75,334
Debt service:			
Principal retirement	132,596		132,596
Interest and fiscal charges	20,858		20,858
Total Expenditures	<u>5,340,485</u>	<u>55,077</u>	<u>5,395,562</u>
Net change in fund balances	(224,207)	(34,945)	(259,152)
Fund Balances at beginning of year	<u>1,978,809</u>	<u>602,885</u>	<u>2,581,694</u>
Fund Balances at end of year	<u>\$ 1,754,602</u>	<u>\$ 567,940</u>	<u>\$ 2,322,542</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF CAMPTON, 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) \$ (259,152)

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

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

Capital outlay	264,601
Depreciation expense	(367,094)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (53,856)

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

Repayments are as follows:

Bond principal paid	102,356
Financed purchase obligations principal paid	30,240

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due. 1,458

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:

Compensated absences payable	32
Estimated liability for landfill postclosure care costs	1,600

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	(15,299)
Net changes in pension	<u>(51,592)</u>

Change in Net Position of Governmental Activities (Exhibit B) \$ (346,706)

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

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents		\$ 3,321,608
Investments	\$ 450,784	187,980
Taxes receivable		<u>1,257,998</u>
Total Assets	<u>450,784</u>	<u>4,767,586</u>
LIABILITIES		
Due to other governments		<u>4,579,606</u>
Total Liabilities	<u>-</u>	<u>4,579,606</u>
NET POSITION		
Restricted for:		
Individuals and other governments	<u>450,784</u>	<u>187,980</u>
Total Net Position	<u>\$ 450,784</u>	<u>\$ 187,980</u>

See accompanying notes to the basic financial statements

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

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous	\$ 1,155	\$ 175,000
Total Contributions	<u>1,155</u>	<u>175,000</u>
Investment earnings:		
Interest income (loss)		(593)
Unrealized gain (loss) on investments	(96,138)	
Total Investment earnings (losses)	<u>(96,138)</u>	<u>(593)</u>
Property tax collections for other governments		9,853,438
Motor vehicle fee collections for other governments		290,926
Total Additions	<u>(94,983)</u>	<u>10,318,771</u>
DEDUCTIONS:		
Beneficiary payments to other governments		200,000
Payments of property tax to other governments		9,853,438
Payments of motor vehicle fees to other governments		290,926
Total Deductions	<u>-</u>	<u>10,344,364</u>
Change in net position	(94,983)	(25,593)
Net Position at beginning of year	<u>545,767</u>	<u>213,573</u>
Net Position at end of year	<u>\$ 450,784</u>	<u>\$ 187,980</u>

See accompanying notes to the basic financial statements

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

Financial Reporting Entity

The Town of Campton, New Hampshire (the “Town”) was incorporated in 1767 and 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 elected officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

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

1. Government-Wide Financial Statements:

The statement of net position and 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 CAMPTON, 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 split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's custodial funds are held and administered by the Town for the benefit of others; assets are not available to support the Town or its programs. The Town's custodial funds account for the property taxes collected on behalf of the Campton School District, Pemi-Baker Regional School District, Campton Village Precinct, Waterville Estates, and Grafton County, motor vehicle fees collected on behalf of the State of New Hampshire, and the capital reserve funds of Campton School District and the Campton Village Precinct, which are held by the Town as required by State law.

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

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

approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 12). 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, property and betterment taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

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

2. Expenses/Expenditures:

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

Budgetary Data

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

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 did not apply its unappropriated fund balance to reduce taxes. During the year ended December 31, 2022, the Town received authorization for an emergency appropriation under the provisions of RSA 32:11 in the amount of \$460,832 to be funded from its unappropriated fund balance.

Investments

Investments are stated at their fair value in all funds. Certificates of deposits 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 \$200,000.

Accounts Receivable

The Town recognizes uncollectible accounts under the allowance method. Accounts receivable in the General Fund have been recorded net of reserves for estimated uncollectible amounts of \$169,043. Accounts receivable in the Nonmajor Governmental Funds have been recorded net of reserves for estimated uncollectible amounts of \$8,660.

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 the following capitalization thresholds by asset class:

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

	<u>Description</u>	<u>Threshold</u>
	Infrastructure	\$ 150,000
	Buildings and improvements	\$ 50,000
	Land improvements	\$ 25,000
	Vehicles and equipment	\$ 10,000

The Town’s infrastructure consists of roads, bridges, sidewalks, and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

	<u>Description</u>	<u>Years</u>
	Infrastructure	40
	Buildings and improvements	20-50
	Vehicles and equipment	7-10

Compensated Absences

Pursuant to the Town’s personnel policy, full-time employees may accrue earned vacation leave, subject to certain limits based on the employee’s length of employment. Upon separation from service, employees are paid for any unused accrued vacation leave, up to a maximum of 30 days, at their current rates of pay. No payment for unused sick leave is made upon termination.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of retirement. The entire compensated absence liability is reported within 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 bonds 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

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

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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. These 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 by their providers, through constitutional provisions, or by enabling legislation. Restrictions may be changed or lifted only upon the consent of the external resource provider or enabling legislation.
- *Committed Fund Balance*: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority (Annual Town Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

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

- *Assigned Fund Balance*: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

Spending Prioritizations

In instances when 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 may be applied, committed resources are to be applied first, followed by assigned and unassigned. The Town has not adopted a minimum fund balance policy.

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 Other Than Pensions – Single Employer

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 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 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 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 7).

TOWN OF CAMPTON, 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	\$ 740,327
Investments	1,443,771
Statement of Fiduciary Net Position:	
Cash and cash equivalents	3,321,608
Investments	638,764
	<u>\$ 6,144,470</u>

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

Cash on hand	\$ 114,977
Deposits with financial institutions	3,961,699
Investments	2,067,794
Total cash and investments	<u>\$ 6,144,470</u>

For governmental funds the Town requires deposits be made in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank or the Federal Reserve Bank. The Town limits its investments for governmental 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, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government.

Responsibility for the investments of the expendable trust funds, permanent funds, and custodial funds is with the Board of Trustees. The Trustees of Trust Funds have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a), and limit investments according to the prudent investor rule (RSA 31:25d).

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 Trustees of Trust Funds manage exposure to interest rate risk by maintaining a broadly diversified portfolio, including equity investments and fixed income investments with an average maturity of 5 to 10 years. 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 CAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

<u>Investment Type</u>	<u>Remaining Maturity (In Years)</u>			
	<u>Fair Value</u>	<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
Fixed income mutual funds	\$ 443,050	\$ -	\$ 289,791	\$ 153,259

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 investment policy of the Trustees of Trust Funds states that all investments should be undertaken in a manner that seeks to preserve capital. The following is the actual rating at year end for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>	
		<u>AAAm</u>	<u>Unrated</u>
Money market funds	\$ 632,523		\$ 632,523
Fixed income mutual funds	443,050		443,050
	<u>\$ 1,075,573</u>	<u>\$ -</u>	<u>\$ 1,075,573</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. It is the policy of the Town to diversify its investment accounts in order to minimize the risk of loss resulting from exceeding deposit insurance limits or in the event of failure of a counterparty. The Trustees of Trust Funds policy states that its investments shall be broadly diversified to minimize the risk of loss. The Trustees of Trust Funds shall also use prudence in the selection of securities.

As of December 31, 2022, Town deposits of \$2,200,000 were collateralized by securities held by the bank in the Town's name, and \$1,581,479 were uninsured and uncollateralized.

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.

<u>Investment Type</u>	<u>Reported Amount</u>
Money market funds	\$ 632,523
Fixed income mutual funds	443,050
Equity mutual funds	800,523
Equity securities	191,698
	<u>\$ 2,067,794</u>

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

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

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>	
Money market funds	\$ 632,523			\$ 632,523
Fixed income mutual funds	443,050			443,050
Equity mutual funds	800,523			800,523
Equity securities	191,698			191,698
	<u>\$ 2,067,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,067,794</u>

Money market mutual funds, fixed income mutual funds, equity mutual funds, and equity securities classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

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>
Capital assets not depreciated:				
Land	\$ 573,444			\$ 573,444
Total capital assets not being depreciated	<u>573,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>573,444</u>
Other capital assets:				
Infrastructure	5,433,378	127,611		5,560,989
Buildings and improvements	1,982,227			1,982,227
Vehicles and equipment	2,714,979	136,990	(68,865)	2,783,104
Total other capital assets at historical cost	<u>10,130,584</u>	<u>264,601</u>	<u>(68,865)</u>	<u>10,326,320</u>
Less accumulated depreciation for:				
Infrastructure	(998,012)	(135,834)		(1,133,846)
Buildings and improvements	(397,127)	(40,679)		(437,806)
Vehicles and equipment	(1,318,298)	(190,581)	68,865	(1,440,014)
Total accumulated depreciation	<u>(2,713,437)</u>	<u>(367,094)</u>	<u>68,865</u>	<u>(3,011,666)</u>
Total other capital assets, net	<u>7,417,147</u>	<u>(102,493)</u>	<u>-</u>	<u>7,314,654</u>
Total capital assets, net	<u>\$ 7,990,591</u>	<u>\$ (102,493)</u>	<u>\$ -</u>	<u>\$ 7,888,098</u>

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

Depreciation expense was charged to governmental functions as follows:

General government	\$ 33,689
Public safety	119,438
Highways and streets	<u>213,967</u>
Total governmental activities depreciation expense	<u>\$ 367,094</u>

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town’s long-term obligations of its governmental activities for the year ended December 31, 2022 are as follows:

<u>Type</u>	<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>
General obligation bonds payable	\$ 647,144		\$ (87,857)	\$ 559,287	\$ 87,857
Special assessment bonds payable	102,851	\$ -	(14,499)	88,352	14,722
Total Bonds payable	<u>749,995</u>		<u>(102,356)</u>	<u>647,639</u>	<u>102,579</u>
Financed purchase obligations payable	30,240		(30,240)	-	
Compensated absences payable	<u>18,499</u>	<u>4,665</u>	<u>(4,697)</u>	<u>18,467</u>	
Totals	<u>\$ 798,734</u>	<u>\$ 4,665</u>	<u>\$ (137,293)</u>	<u>\$ 666,106</u>	<u>\$ 102,579</u>

Payments on general obligation debt and financed purchase obligations are paid out of the General Fund. General obligation debt is a direct obligation of the Town, for which full faith and credit is pledged, and is payable from taxes levied on all taxable property located within the Town. Compensated absences will be paid from the General Fund.

General Obligation Bonds

General obligation bonds payable at December 31, 2022 is comprised of the following 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>
2018 Deer Run Dam Bond	\$ 300,000	3.40%	November 2033	\$ 220,000
2013 Municipal Building	\$ 950,000	2.28%	June 2027	<u>339,287</u>
			Total Bonds payable	<u>\$ 559,287</u>

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

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

Year Ending December 31,	Principal	Interest	Totals
2023	\$ 87,857	\$ 15,216	\$ 103,073
2024	87,857	12,989	100,846
2025	87,857	10,761	98,618
2026	87,857	8,534	96,391
2027	87,859	6,307	94,166
2028-2032	100,000	13,600	113,600
2033	20,000	680	20,680
Total	<u>\$ 559,287</u>	<u>\$ 68,087</u>	<u>\$ 627,374</u>

Special Assessment Bonds

Special assessment bonds are general obligations of the Town, for which full faith and credit is pledged, and are payable from special assessment betterment taxes levied on taxable properties within the special assessment area.

Special assessment bonds payable at December 31, 2022 is comprised of the following issues:

Description	Original Issue	Interest Rate	Maturity Date	Balance at 12/31/2022
2021 Bootjack and Driftwood Roads	\$ 93,530	2.15%	August 2031	\$ 73,987
2014 Beebe River Road	\$ 71,835	2.26%	August 2024	14,365
				<u>\$ 88,352</u>

Debt service requirements to retire the special assessment bonds outstanding for governmental activities at December 31, 2022 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2023	\$ 14,722	\$ 1,916	\$ 16,638
2024	14,884	1,591	16,475
2025	7,867	1,263	9,130
2026	8,036	1,094	9,130
2027	8,208	921	9,129
2028-2031	34,635	2,081	36,716
Total	<u>\$ 88,352</u>	<u>\$ 8,866</u>	<u>\$ 97,218</u>

NOTE 6—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town's landfill reached 100% capacity in 1994, with final closure being completed in 1997. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs has a balance of \$6,400 as of December 31, 2022. The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired

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

as of December 31, 2022. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining post-closure care costs are expected to be financed through the General Fund.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended December 31, 2022:

Balance - January 1, 2022	\$ 8,000
Change in estimated liability	<u>(1,600)</u>
Balance - December 31, 2022	<u>\$ 6,400</u>

NOTE 7—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 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.

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

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 \$27,005 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 \$237,911 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 0.0630 percent, which was an increase of approximately 0.0084 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$42,304. 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	\$ 650	
Town contributions subsequent to the measurement date	<u>14,715</u>	<u> </u>
Totals	<u>\$ 15,365</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 \$15,365. The Town reported \$14,715 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 CAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2022

<u>June 30,</u>	
2023	\$ 108
2024	28
2025	(256)
2026	<u>770</u>
	<u>\$ 650</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	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of

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

current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 258,292	\$ 237,911	\$ 220,160

NOTE 8—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

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

the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of creditable service as of <u>January 1, 2012</u>	<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 general employees, police officers, and firefighters were 13.75%, 30.67% and 29.78%, respectively, for the year ended December 31, 2022. The Town contributes 100% of the employer cost for general employees, police officers, and firefighters 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 \$322,186.

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 \$3,124,852 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 0.0545 percent, which was an increase of approximately 0.0042 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$373,778. 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 CAMPTON, 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	\$ 58,648	\$ 11,996
Changes of assumptions	166,217	
Net difference between projected and actual earnings on pension plan investments	118,428	
Changes in proportion and differences between Town contributions and proportionate share of contributions	453,499	282,858
Town contributions subsequent to the measurement date	<u>177,582</u>	
Totals	<u>\$ 974,374</u>	<u>\$ 294,854</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 \$679,520. The Town reported \$177,582 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 inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 175,808
2024	157,444
2025	(31,897)
2026	<u>200,583</u>
	<u>\$ 501,938</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 CAMPTON, 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 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town's proportionate share of the net pension liability	\$ 4,192,764	\$ 3,124,852	\$ 2,236,983

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

NOTE 9—INTERFUND BALANCES AND TRANSFERS

The Town maintains separate cash accounts for its governmental funds; however, most cash transactions flow through the General Fund. For accounting and reporting purposes, the portion of cash applicable to a particular fund is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2022 are as follows:

Due to	Due from		Totals
	General Fund	Nonmajor Governmental Funds	
General Fund		\$ 5,518	\$ 5,518
Nonmajor Governmental Funds	\$ 36,336		36,336
Totals	\$ 36,336	\$ 5,518	\$ 41,854

NOTE 10—RESTRICTED NET POSITION

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

Permanent Funds - Principal	\$ 255,777
Permanent Funds - Income	48,030
Unspent Bond Proceeds	8,947
State of NH SB38 - Highway Block Grant Funding	891
State of NH SB401 - Bridge Aid	114,977
Library	1,204
	<u>\$ 429,826</u>

NOTE 11—COMPONENTS OF FUND BALANCE

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

<u>Fund Balances</u>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent Funds - Principal		\$ 255,777	\$ 255,777
Tax Deeded Property	\$ 75,327		75,327
Restricted for:			
Permanent Funds - Income		48,030	48,030
Library	1,204		1,204
Unspent bond proceeds	8,947		8,947
State of NH SB38 - Highway Block Grant Funding	891		891
State of NH SB401 - Bridge Aid	114,977		114,977

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

Committed for:

Carryforward appropriations	27,513		27,513
Capital Reserves	1,023,058		1,023,058
Conservation		122,346	122,346
Cemetery		14,742	14,742
Water		11,924	11,924
Sewer		27,948	27,948
Durgin Expendable Trust		87,173	87,173

Assigned for:

Designated for subsequent year expenditures	92,500		92,500
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Unassigned:

Unassigned - General operations	410,185		410,185
	<u>\$ 1,754,602</u>	<u>\$ 567,940</u>	<u>\$ 2,322,542</u>

NOTE 12—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1st (\$450,010,782 as of April 1, 2022) and are due in two installments on July 1, 2022 and January 6, 2023. 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 Campton School District, Pemi-Baker Regional School District, Campton Village Precinct, Waterville Estates, and Grafton County, 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 districts. Total taxes appropriated during the year for independent governmental units were as follows:

<u>Governmental Unit</u>	<u>Total Taxes Appropriated</u>
Campton School District	\$ 5,463,068
Pemi-Baker Regional School District	2,189,634
Waterville Estates	1,229,625
Campton Village Precinct	86,669
Grafton County	884,442
Total	<u>\$ 9,853,438</u>

These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

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

NOTE 13—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 14—COMMITMENTS AND CONTINGENCIES

Litigation

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

Property Tax Assessment Settlement

The Town is currently in the process of settling various tax assessment and abatement claims for property taxes collected in the current and prior years. The results of those settlements could result in refunds owed to the original tax payers based on differences between the original and amended assessed property value.

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

During June 2021, the Town reached an agreement in one such settlement case whereby the total amount due under the terms of the settlement is \$349,431. The Town exercised an option to pay the settlement amount in two equal installments during 2021 and 2022, respectively. A payment in the amount of \$174,715 has been recognized in the Town's financial statements during the year ended December 31, 2022 in accordance with this agreement.

NOTE 15—JOINT VENTURES

Intergovernmental Agreement of Disposal of Solid Waste

The Towns of Campton, Thornton, and Ellsworth have entered into an agreement to provide solid waste disposal and related services through December 31, 2024. Under the terms of the agreement, the Town of Thornton is responsible for the payment of solid waste disposal and related service expenditures. The Town of Thornton subsequently requests reimbursement from the Towns of Campton and Ellsworth.

Operating costs are shared between the member Towns as follows:

Campton	52.6%
Thornton	45.6%
Ellsworth	1.8%

NOTE 16—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 agreements as a lessee. 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 CAMPTON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 2,850,523	\$ 2,850,523	\$ 2,598,109	\$ (252,414)
Licenses and permits	717,500	717,500	821,227	103,727
Intergovernmental	445,856	813,978	811,785	(2,193)
Charges for services	783,800	783,800	745,836	(37,964)
Interest income	2,500	2,500	2,741	241
Miscellaneous	98,000	98,000	98,435	435
Total Revenues	<u>4,898,179</u>	<u>5,266,301</u>	<u>5,078,133</u>	<u>(188,168)</u>
Expenditures:				
Current operations:				
General government	1,139,699	1,139,699	1,097,029	42,670
Public safety	2,066,984	2,190,156	2,131,039	59,117
Highways and streets	1,105,873	1,216,119	1,197,688	18,431
Sanitation	251,886	251,886	209,670	42,216
Health and welfare	37,340	37,340	30,463	6,877
Culture and recreation	142,640	142,640	147,987	(5,347)
Conservation	1,750	1,750	1,722	28
Capital outlay	90,210	72,586	75,334	(2,748)
Debt service:				
Principal retirement	135,911	135,911	132,596	3,315
Interest and fiscal charges	22,634	22,634	20,858	1,776
Total Expenditures	<u>4,994,927</u>	<u>5,210,721</u>	<u>5,044,386</u>	<u>166,335</u>
Excess revenues over (under) expenditures	<u>(96,748)</u>	<u>55,580</u>	<u>33,747</u>	<u>(21,833)</u>
Other financing sources (uses):				
Transfers out	<u>(522,494)</u>	<u>(522,494)</u>	<u>(510,541)</u>	<u>11,953</u>
Total Other financing sources (uses)	<u>(522,494)</u>	<u>(522,494)</u>	<u>(510,541)</u>	<u>11,953</u>
Net change in fund balance	(619,242)	(466,914)	(476,794)	(9,880)
Fund Balance at beginning of year				
- Budgetary Basis	<u>1,478,322</u>	<u>1,478,322</u>	<u>1,478,322</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 859,080</u>	<u>\$ 1,011,408</u>	<u>\$ 1,001,528</u>	<u>\$ (9,880)</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF CAMPTON, NEW HAMPSHIRE

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

For the Year Ended December 31, 2022

Measurement Period Ended	Cost-Sharing Multiple Employer Plan Information Only				
	Town's Proportion of the Net OPEB Liability	Town's Proportionate Share of the Net OPEB Liability	Town's Covered Payroll	Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2022	0.06295802%	\$ 237,911	\$ 1,372,274	17.34%	10.64%
June 30, 2021	0.05458108%	\$ 218,574	\$ 1,221,316	17.90%	11.06%
June 30, 2020	0.05780400%	\$ 253,013	\$ 1,218,869	20.76%	7.74%
June 30, 2019	0.05990891%	\$ 262,648	\$ 1,051,902	24.97%	7.75%
June 30, 2018	0.03790611%	\$ 173,552	\$ 716,655	24.22%	7.53%
June 30, 2017	0.02627464%	\$ 120,137	\$ 695,469	17.27%	7.91%
June 30, 2016	*	*	*	*	*
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

Measurement Periods	Significant Actuarial Assumptions				
	Inflation	Salary Increases	Investment Rate of Return	Mortality Table	Mortality Scale
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 CAMPTON, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2022

<u>Year Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<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	\$ 27,005	\$ (27,005)	\$ -	\$ 1,407,198	1.92%
December 31, 2021	\$ 26,429	\$ (26,429)	\$ -	\$ 1,318,715	2.00%
December 31, 2020	\$ 27,663	\$ (27,663)	\$ -	\$ 1,281,387	2.16%
December 31, 2019	\$ 27,339	\$ (27,339)	\$ -	\$ 1,137,034	2.40%
December 31, 2018	\$ 16,501	\$ (16,501)	\$ -	\$ 716,499	2.30%
December 31, 2017	\$ 16,086	\$ (16,086)	\$ -	\$ 706,757	2.28%
December 31, 2016	*	*	*	*	*
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 CAMPTON, 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	0.05447665%	\$ 3,124,852	\$ 1,372,274	227.71%	65.12%
June 30, 2021	0.05029707%	\$ 2,229,126	\$ 1,221,316	182.52%	72.22%
June 30, 2020	0.05246915%	\$ 3,356,006	\$ 1,218,869	275.34%	58.72%
June 30, 2019	0.04900299%	\$ 2,357,854	\$ 1,051,902	224.15%	65.59%
June 30, 2018	0.03177228%	\$ 1,529,900	\$ 716,655	213.48%	64.73%
June 30, 2017	0.03273514%	\$ 1,609,912	\$ 695,469	231.49%	62.66%
June 30, 2016	0.02991490%	\$ 1,590,753	\$ 622,886	255.38%	58.30%
June 30, 2015	0.02683398%	\$ 1,063,035	\$ 531,511	200.00%	65.47%
June 30, 2014	0.02776093%	\$ 1,042,030	\$ 535,414	194.62%	66.32%
June 30, 2013	0.02562896%	\$ 1,103,015	\$ 489,358	225.40%	59.81%

* 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
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 CAMPTON, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2022

<u>Year Ended</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2022	\$ 322,186	\$ (322,186)	\$ -	\$ 1,407,198	22.90%
December 31, 2021	\$ 278,275	\$ (278,275)	\$ -	\$ 1,318,715	21.10%
December 31, 2020	\$ 242,732	\$ (242,732)	\$ -	\$ 1,281,387	18.94%
December 31, 2019	\$ 224,372	\$ (224,372)	\$ -	\$ 1,137,034	19.73%
December 31, 2018	\$ 133,231	\$ (133,231)	\$ -	\$ 716,499	18.59%
December 31, 2017	\$ 126,984	\$ (126,984)	\$ -	\$ 706,757	17.97%
December 31, 2016	\$ 118,990	\$ (118,990)	\$ -	\$ 701,806	16.95%
December 31, 2015	\$ 96,403	\$ (96,403)	\$ -	\$ 550,956	17.50%
December 31, 2014	\$ 87,609	\$ (87,609)	\$ -	\$ 519,008	16.88%
December 31, 2013	\$ 77,940	\$ (77,940)	\$ -	\$ 522,018	14.93%

* 10 Year schedule, historical information not available

TOWN OF CAMPTON, 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 under State regulations. 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, and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 5,116,278	\$ 5,340,485
Difference in property taxes meeting susceptible to accrual criteria	(43,115)	
Non-budgetary revenues and expenditures	4,970	(296,099)
Budgetary transfers out		510,541
Per Schedule 1	<u>\$ 5,078,133</u>	<u>\$ 5,554,927</u>

SCHEDULE A
TOWN OF CAMPTON, 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	\$ 116,298		\$ 116,298
Investments	107,433	\$ 303,807	411,240
Accounts receivable, net	9,584		9,584
Due from other funds	<u>36,336</u>		<u>36,336</u>
Total Assets	<u>269,651</u>	<u>303,807</u>	<u>573,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 269,651</u>	<u>\$ 303,807</u>	<u>\$ 573,458</u>
LIABILITIES			
Due to other funds	<u>\$ 5,518</u>		<u>\$ 5,518</u>
Total Liabilities	<u>5,518</u>	<u>\$ -</u>	<u>5,518</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		255,777	255,777
Restricted		48,030	48,030
Committed	<u>264,133</u>		<u>264,133</u>
Total Fund Balances	<u>264,133</u>	<u>303,807</u>	<u>567,940</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 269,651</u>	<u>\$ 303,807</u>	<u>\$ 573,458</u>

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

	Conservation <u>Fund</u>	Cemetery <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>	Durgin Expendable <u>Trust Fund</u>	Total Nonmajor <u>Funds</u>
ASSETS						
Cash and cash equivalents	\$ 86,010		\$ 8,419	\$ 21,869		\$ 116,298
Investments		\$ 14,742			\$ 92,691	107,433
Accounts receivable, net			3,505	6,079		9,584
Due from other funds	36,336					36,336
Total Assets	<u>122,346</u>	<u>14,742</u>	<u>11,924</u>	<u>27,948</u>	<u>92,691</u>	<u>269,651</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 122,346</u>	<u>\$ 14,742</u>	<u>\$ 11,924</u>	<u>\$ 27,948</u>	<u>\$ 92,691</u>	<u>\$ 269,651</u>
LIABILITIES						
Due to other funds					\$ 5,518	\$ 5,518
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,518</u>	<u>5,518</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Committed	122,346	14,742	11,924	27,948	87,173	264,133
Total Fund Balances	<u>122,346</u>	<u>14,742</u>	<u>11,924</u>	<u>27,948</u>	<u>87,173</u>	<u>264,133</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 122,346</u>	<u>\$ 14,742</u>	<u>\$ 11,924</u>	<u>\$ 27,948</u>	<u>\$ 92,691</u>	<u>\$ 269,651</u>

SCHEDULE B
TOWN OF CAMPTON, 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	\$ 43,736		\$ 43,736
Charges for services	24,164		24,164
Interest and investment income (loss)	(492)	\$ (65,767)	(66,259)
Miscellaneous	<u>18,176</u>	<u>315</u>	<u>18,491</u>
Total Revenues	<u>85,584</u>	<u>(65,452)</u>	<u>20,132</u>
Expenditures:			
Current operations:			
Sanitation	11,988		11,988
Water distribution and treatment	13,812		13,812
Conservation	<u>29,277</u>		<u>29,277</u>
Total Expenditures	<u>55,077</u>	<u>-</u>	<u>55,077</u>
Net change in fund balances	30,507	(65,452)	(34,945)
Fund Balances at beginning of year	<u>233,626</u>	<u>369,259</u>	<u>602,885</u>
Fund Balances at end of year	<u>\$ 264,133</u>	<u>\$ 303,807</u>	<u>\$ 567,940</u>

SCHEDULE B-1
TOWN OF CAMPTON, 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

	Conservation <u>Fund</u>	Cemetery <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>	Durgin Expendable <u>Trust Fund</u>	Total Nonmajor <u>Funds</u>
Revenues:						
Taxes	\$ 43,736					\$ 43,736
Charges for services			\$ 9,279	\$ 14,885		24,164
Interest and investment income (loss)	10	\$ 15			\$ (517)	(492)
Miscellaneous	905				17,271	18,176
Total Revenues	<u>44,651</u>	<u>15</u>	<u>9,279</u>	<u>14,885</u>	<u>16,754</u>	<u>85,584</u>
Expenditures:						
Current operations:						
Sanitation				11,988		11,988
Water distribution and treatment			13,812			13,812
Conservation	20,373				8,904	29,277
Total Expenditures	<u>20,373</u>	<u>-</u>	<u>13,812</u>	<u>11,988</u>	<u>8,904</u>	<u>55,077</u>
Net change in fund balances	24,278	15	(4,533)	2,897	7,850	30,507
Fund Balances at beginning of year	<u>98,068</u>	<u>14,727</u>	<u>16,457</u>	<u>25,051</u>	<u>79,323</u>	<u>233,626</u>
Fund Balances at end of year	<u>\$ 122,346</u>	<u>\$ 14,742</u>	<u>\$ 11,924</u>	<u>\$ 27,948</u>	<u>\$ 87,173</u>	<u>\$ 264,133</u>