

TOWN OF HOLDERNESS, NEW HAMPSHIRE

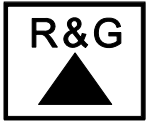
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Holderness
Holderness, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Holderness as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Holderness as of June 30, 2022, and the respective changes in financial position thereof, and the budgetary comparison statement of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 and pension and OPEB information on pages 36-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and individual general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

December 28, 2022

Roberts & Heene, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Holderness, New Hampshire (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to 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 our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred inflows/outflows 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 is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities include general government, public safety, highways and streets, sanitation, health and human service, welfare, culture and recreation, and conservation.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be 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 government's near-term financing requirements.

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary Funds

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

Notes to Financial Statements

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

Required Supplementary Information (Other Than MD&A)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$7,052,622 (i.e., net position), a change of \$373,410 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$3,259,411, a change of \$452,426 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,908,475, a change of \$355,958 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current fiscal year.

NET POSITION

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 9,278,139	\$ 8,759,207
Capital assets	5,334,565	5,366,655
Total assets	<u>14,612,704</u>	<u>14,125,862</u>
Deferred outflows of resources	448,838	557,848
Current liabilities	4,893,497	139,172
Noncurrent liabilities	1,865,901	2,433,259
Total liabilities	<u>6,759,398</u>	<u>2,572,431</u>
Deferred inflows of resources	1,477,974	5,358,657
Net investment of capital assets	5,334,565	5,366,655
Restricted	14,962	98,466
Unrestricted	1,474,643	1,287,501
Total net position	<u>\$ 6,824,170</u>	<u>\$ 6,752,622</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was \$6,824,170, a change of \$36,310 in comparison to the restated prior year.

The largest portion of net position \$5,334,565 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$98,466 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,587,501 may be used to meet the government's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 927,860	\$ 876,753
Operating grants and contributions	53,409	161,142
Capital grants and contributions	70,475	-
General revenues:		
Property taxes	1,758,779	1,664,991
Other taxes	75,669	368,255
Grants and contributions not restricted to specific programs	161,101	247,276
Miscellaneous revenue	43,239	110,893
Total revenues	<u>3,090,532</u>	<u>3,429,310</u>
Expenses:		
General Government	822,189	969,891
Public Safety	886,016	803,230
Highways and streets	552,315	732,298
Sanitation	262,127	263,149
Health and human services	42,656	52,946
Welfare	3,785	233
Culture and recreation	298,382	229,730
Conservation	5,488	4,423
Capital outlay	181,261	-
Total expenses	<u>3,054,219</u>	<u>3,055,900</u>
Change in net position	36,313	373,410
Net position, beginning	7,052,622	6,679,212
Prior year restatement	(264,765)	
Net position, ending	<u>\$ 6,824,170</u>	<u>\$ 7,052,622</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$36,310. Key elements of this change are as follows:

General fund operating results	\$ 46,267
Depreciation expense	(341,148)
Capital assets acquired from revenue sources	309,058
Other	22,136
Total	<u>\$ 36,313</u>

Financial Analysis of Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,291,657, a change of \$32,246 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 46,267
Nonmajor governmental funds results	(14,021)
Total	<u>\$ 32,246</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,797,051, while total fund balance was \$3,206,073. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below:

<u>General Fund</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 1,797,051	\$ 1,908,475	\$ (111,424)	58.4%
Total fund balance	\$ 3,206,073	\$ 3,212,823	\$ (6,750)	104.1%

The fund balance of the general fund changed by \$46,267 during the current fiscal year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (348,000)
Revenues in excess of budget	248,648
Expenditures less than budget	62,511
Removal of special revenue funds	(53,966)
Change in capital reserves	137,074
Total	<u>\$ 46,267</u>

Included in the total general fund balance are the Town's capital reserve account(s) with the following balance(s):

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Change</u>
Capital Reserve	\$ 1,304,916	\$ 1,167,842	\$ 137,074

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget.

Capital Asset Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$5,334,565 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, improvements, machinery, equipment, vehicles, and infrastructure.

Major capital asset events during the current fiscal year included the following:

Governmental:		
New addition:		
Shepard Hill Road	\$	100,411
Marston Road	\$	64,022
Ford F-150	\$	44,975
Defibrillator	\$	29,951
Sidewalk repairs	\$	27,918

Additional information on capital assets can be found in the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Holderness' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Select Board
Town of Holderness
P.O. Box 203, Holderness
Holderness, New Hampshire 03245
(603) 968-3537

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,689,730
Investments	1,319,059
Intergovernmental receivable	36,952
Other receivables, net of allowance for uncollectibles	1,220,292
Prepaid items	8,714
Tax deeded property held for resale	3,392
Capital assets, not being depreciated:	
Land	1,296,888
Construction in progress	161,115
Capital assets, net of accumulated depreciation:	
Land improvements	99,698
Buildings and building improvements	1,814,290
Machinery, vehicles and equipment	923,381
Infrastructure	1,039,193
Total assets	<u>14,612,704</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	433,067
Deferred amounts related to OPEB	15,771
Total deferred outflows of resources	<u>448,838</u>
LIABILITIES	
Accounts payable	176,677
Accrued payroll and benefits	77,309
Intergovernmental payable	4,638,835
Performance and escrow deposits	676
Noncurrent obligations:	
Due within one year:	
Compensated absences payable	4,761
Accrued landfill postclosure care costs	10,000
Due in more than one year:	
Compensated absences payable	42,850
Accrued landfill postclosure care costs	290,000
Net pension liability	1,380,116
Other postemployment benefits liability	138,174
Total liabilities	<u>6,759,398</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	1,058,555
Deferred amounts related to pensions	417,664
Deferred amounts related to OPEB	1,755
Total deferred inflows of resources	<u>1,477,974</u>
NET POSITION	
Net investment in capital assets	5,334,565
Restricted for:	
Endowments:	
Nonexpendable	4,750
Expendable	10,212
Unrestricted	1,474,643
Total net position	<u>\$ 6,824,170</u>

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

EXHIBIT 2
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 822,189	\$ 684,998	\$ 18,636	\$ -	\$ (118,555)
Public safety	886,016	120,060	34,763	-	(731,193)
Highways and streets	552,315	-	-	70,475	(481,840)
Sanitation	262,127	58,081	-	-	(204,046)
Health	42,656	-	-	-	(42,656)
Welfare	3,785	-	-	-	(3,785)
Culture and recreation	298,382	64,721	-	-	(233,661)
Conservation	5,488	-	10	-	(5,478)
Capital outlay	181,261	-	-	-	(181,261)
Total primary government	<u>\$ 3,054,219</u>	<u>\$ 927,860</u>	<u>\$ 53,409</u>	<u>\$ 70,475</u>	<u>(2,002,475)</u>
General revenues:					
Property taxes					1,758,779
Other taxes					75,669
Grants and contributions not restricted to specific programs					161,101
Miscellaneous					43,239
Total general revenues					<u>2,038,788</u>
Change in net position					36,313
Net position, beginning, as restated, see Note III.D.1					6,787,857
Net position, ending					<u>\$ 6,824,170</u>

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

EXHIBIT 3
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,619,108	\$ 70,622	\$ 6,689,730
Investments	1,304,097	14,962	1,319,059
Receivables, net of allowance for uncollectibles:			
Taxes	1,188,890	-	1,188,890
Accounts	31,402	-	31,402
Intergovernmental	36,952	-	36,952
Prepaid items	8,714	-	8,714
Tax deeded property held for resale	3,392	-	3,392
Total assets	<u>\$ 9,192,555</u>	<u>\$ 85,584</u>	<u>\$ 9,278,139</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 176,677	\$ -	\$ 176,677
Accrued salaries and benefits	77,309	-	77,309
Intergovernmental payable	4,638,835	-	4,638,835
Escrow and performance deposits	676	-	676
Total liabilities	<u>4,893,497</u>	<u>-</u>	<u>4,893,497</u>
Deferred inflows of resources:			
Deferred revenue	<u>1,092,985</u>	<u>-</u>	<u>1,092,985</u>
Fund balances:			
Nonspendable	12,106	4,750	16,856
Restricted	-	10,212	10,212
Committed	1,366,916	70,622	1,437,538
Assigned	30,000	-	30,000
Unassigned	1,797,051	-	1,797,051
Total fund balances	<u>3,206,073</u>	<u>85,584</u>	<u>3,291,657</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,192,555</u>	<u>\$ 85,584</u>	<u>\$ 9,278,139</u>

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

EXHIBIT 4
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit 3)		\$ 3,291,657
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 9,239,604	
Less accumulated depreciation	<u>(3,905,039)</u>	5,334,565
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		34,430
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	\$ 47,611	
Accrued landfill postclosure care costs	300,000	
Net pension liability	1,380,116	
Other postemployment benefits liability	<u>138,174</u>	(1,865,901)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 433,067	
Deferred outflows of resources related to OPEB	15,771	
Deferred inflows of resources related to pensions	(417,664)	
Deferred inflows of resources related to OPEB	<u>(1,755)</u>	29,419
Total net position of governmental activities (Exhibit 1)		<u>\$ 6,824,170</u>

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

EXHIBIT 5
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,907,296	\$ -	\$ 1,907,296
Licenses, permits and fees	628,170	-	628,170
Intergovernmental	266,348	-	266,348
Charges for services	259,909	39,781	299,690
Miscellaneous	53,844	32	53,876
Total revenues	<u>3,115,567</u>	<u>39,813</u>	<u>3,155,380</u>
Expenditures:			
Current:			
General government	906,911	-	906,911
Public safety	777,964	12,405	790,369
Highways and streets	365,803	-	365,803
Sanitation	254,467	-	254,467
Health	42,656	-	42,656
Welfare	3,785	-	3,785
Culture and recreation	243,907	27,429	271,336
Conservation	1,488	4,000	5,488
Capital outlay	482,319	-	482,319
Total expenditures	<u>3,079,300</u>	<u>43,834</u>	<u>3,123,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,267</u>	<u>(4,021)</u>	<u>32,246</u>
Other financing sources (uses):			
Transfers in	10,000	-	10,000
Transfers out	-	(10,000)	(10,000)
Total other financing sources and uses	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	46,267	(14,021)	32,246
Fund balances, beginning, as restated, see Note III.D.1.	3,159,806	99,605	3,259,411
Fund balances, ending	<u>\$ 3,206,073</u>	<u>\$ 85,584</u>	<u>\$ 3,291,657</u>

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

EXHIBIT 6
TOWN OF HOLDERNESS, 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 June 30, 2022

Net change in fund balances of governmental funds (Exhibit 5)		\$ 32,246
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 309,058	
Depreciation expense	<u>(341,148)</u>	(32,090)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (10,000)	
Transfers out	<u>10,000</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue		(72,848)
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.		
Decrease in compensated absences payable	\$ 10,875	
Decrease in OPEB related balances	<u>4,190</u>	15,065
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 188,698	
Cost of benefits earned, net of employee contributions	<u>(94,758)</u>	93,940
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 36,313</u></u>

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

EXHIBIT 7
TOWN OF HOLDERNESS, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,697,661	\$ 1,834,448	\$ 136,787
Licenses, permits and fees	569,235	628,170	58,935
Intergovernmental	227,866	266,348	38,482
Charges for services	258,775	259,909	1,134
Miscellaneous	15,275	50,925	35,650
Total revenues	<u>2,768,812</u>	<u>3,039,800</u>	<u>270,988</u>
EXPENDITURES			
Current:			
General government	958,211	867,962	90,249
Public safety	766,026	777,964	(11,938)
Highways and streets	352,253	365,803	(13,550)
Sanitation	301,279	250,050	51,229
Health	60,347	42,656	17,691
Welfare	10,000	3,785	6,215
Culture and recreation	250,582	243,907	6,675
Conservation	3,614	1,488	2,126
Capital outlay	275,150	314,130	(38,980)
Total expenditures	<u>2,977,462</u>	<u>2,867,745</u>	<u>109,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(208,650)</u>	<u>172,055</u>	<u>380,705</u>
Other financing sources (uses):			
Transfers in	264,150	240,676	(23,474)
Transfers out	(403,500)	(403,500)	-
Total other financing sources and uses	<u>(139,350)</u>	<u>(162,824)</u>	<u>(23,474)</u>
Net change in fund balance	<u>\$ (348,000)</u>	9,231	<u>\$ 357,231</u>
Increase in nonspendable fund balance		(11,444)	
Increase in commmitted fund balance		(62,000)	
Unassigned fund balance, beginning		2,014,614	
Unassigned fund balance, ending		<u>\$ 1,950,401</u>	

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

EXHIBIT 8
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Private Purpose Trust	Custodial
Assets:		
Investments	\$ 134,025	\$ 587,994
Liabilities	-	-
Net position:		
Held in trust for specific purposes	134,025	-
Held for other governments	-	587,994
Total net positions	<u>\$ 134,025</u>	<u>\$ 587,994</u>

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

EXHIBIT 9
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Private Purpose Trust	Custodial
Additions:		
Deposits from school district	\$ -	\$ 180,000
Investment earnings:		
Interest and dividends	263	1,183
Miscellaneous revenue	15,538	-
Total additions	<u>15,801</u>	<u>181,183</u>
Deductions:		
Trust distributions	11,425	-
Disbursements to school district	-	115,551
Total deductions	<u>11,425</u>	<u>115,551</u>
Change in net position	4,376	65,632
Net position, beginning	<u>129,649</u>	<u>522,362</u>
Net position, ending	<u>\$ 134,025</u>	<u>\$ 587,994</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Holderness (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2022.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

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

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

Government-Wide Financial Statements

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

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

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major individual, governmental fund is reported in separate columns with composite columns for nonmajor funds.

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

The Town also reports four nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

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

Custodial Fund – Accounts for amounts held by the Town for individuals or other governments. These assets are therefore not available to support the Town’s own programs. The Town’s custodial fund is used to account for amounts held by the trustees of trust funds that belong to the Holderness School District.

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

I.C.1. Cash and Investments

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

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

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

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2022**

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

I.C.2. Capital Assets and Depreciation

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Land improvements	40
Buildings and building improvements	40
Machinery, vehicles and equipment	5-20
Infrastructure	10-30

I.C.3. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.4. Equity

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal balance of the permanent fund that must be permanently invested for cemetery care and other Town purposes.
- Restricted for endowments, expendable, which consists of the balance of the permanent fund’s income that must be used for specific Town purposes.
- Unrestricted, which consists of the remaining balance of net position.

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent fund, the tax deeded property held for resale in the general fund, and prepaid items.
- Restricted, which represents the expendable income from the permanent fund whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed, and assigned balances.

Fund Balance Policy

The Town's policy is that it should maintain a minimum unassigned fund balance in accordance to New Hampshire Department of Revenue Administration recommended guidelines of the total appropriations of the community, including town, county, school, and state amounts. The Board of Selectmen will review this information each year in order to determine the amount, if any, of unassigned fund balances to use to balance the budget and to reduce the property tax rate.

I.D. Estimates

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

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. For fiscal year 2022, \$300,000 of the fund balance of the General Fund from fiscal year 2021 was so used and \$48,000 was appropriated.

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

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

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

II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 3,280,476
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	107,278
Tax revenue deferred in the current year	(34,430)
Perspective difference:	
Revenue from expendable trust fund	2,919
Transfers from expendable trust fund	(230,676)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,125,567</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 3,271,245
Adjustments:	
Basis difference:	
Encumbrances, beginning	83,966
Encumbrances, ending	(30,000)
Perspective difference:	
Non-budgetary GAAP expenditures	118,920
Expenditures of expendable trust fund	38,669
Transfers to expendable trust fund	(403,500)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,079,300</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,950,401
Adjustments:	
Basis difference:	
Deferred tax revenue, GAAP basis	(34,430)
Non-budgetary GAAP expenditures	(118,920)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,797,051</u>

The Expendable Trust Fund does not have an annual budget.

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of June 30, 2022, the Town’s reporting entity had \$2,041,078 invested in the New Hampshire Public Deposit Investment Pool.

The investments appear in the financial statements as follow:

Fund reporting level:		
Governmental funds - balance sheet (Exhibit 3)		\$ 1,319,059
Fiduciary funds - statement of fiduciary net position (Exhibit 8)		<u>722,019</u>
Total		<u><u>\$ 2,041,078</u></u>

Fair Value Measurement

The Town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town classifies its investments into Level 2, which refers to investments not traded on an active market but for which observable market inputs are readily available. The levels relate to valuation only and do not necessarily indicate a measure of risk.

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

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 14% per annum is charged upon redemption of liened taxes. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2021 property taxes on June 10th.

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

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2022**

The net assessed valuation as of April 1, 2021, upon which the 2021 property tax levy was based was:

For the New Hampshire education tax	\$ 958,024,872
For all other taxes	\$ 975,676,972

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

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$1.80	\$ 1,750,371
School portion:		
State of New Hampshire	\$1.60	1,536,970
Local	\$6.30	6,145,689
County portion	\$1.61	1,573,634
Total property taxes assessed		\$ 11,006,664

The following details the taxes receivable at year-end:

Property:		
Levy of 2022		\$ 1,120,404
Levy of 2021		5
Unredeemed (under tax lien):		
Levy of 2021		48,368
Levy of 2020		41,814
Levy of 2019		21,502
Land use change		17,000
Less: allowance for estimated uncollectible taxes		(60,203)
Net taxes receivable		\$ 1,188,890

Other Receivables

Other significant receivables include grant reimbursements and reimbursements from Holderness School for the School Resource Officer. The receivables are as follow:

Accounts	\$ 31,402
Intergovernmental	36,952
Net total receivables	\$ 68,354

Deferred Revenue

Deferred revenue at June 30, 2022 represents \$902,458 for property taxes levied for the subsequent year, \$34,430 of property taxes that were not collected within 60 days of the fiscal year end, and therefore, are deferred in accordance with generally accepted accounting principles, \$147,242 for unspent America Rescue Plan Act Funds, \$4,107 in scholarship funds, and \$4,748 in funds for the concert series. In the

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

Governmental Activities, only the property taxes levied for the subsequent year, unspent ARPA Funds, scholarship funds and concert series funds are reported as unearned.

III.A.3. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 1,296,888	\$ -	\$ -	\$ 1,296,888
Construction in progress	29,088	161,115	(29,088)	161,115
Total capital assets not being depreciated	<u>1,325,976</u>	<u>161,115</u>	<u>(29,088)</u>	<u>1,458,003</u>
Being depreciated:				
Land improvements	208,717	-	-	208,717
Buildings and building improvements	2,838,631	10,165	-	2,848,796
Machinery, vehicles and equipment	2,359,250	74,926	(33,800)	2,400,376
Infrastructure	2,231,772	91,940	-	2,323,712
Total capital assets being depreciated	<u>7,638,370</u>	<u>177,031</u>	<u>(33,800)</u>	<u>7,781,601</u>
Total all capital assets	<u>8,964,346</u>	<u>338,146</u>	<u>(62,888)</u>	<u>9,239,604</u>
Less accumulated depreciation:				
Land improvements	(103,801)	(5,218)	-	(109,019)
Buildings and building improvements	(964,536)	(69,970)	-	(1,034,506)
Machinery, vehicles and equipment	(1,370,066)	(140,729)	33,800	(1,476,995)
Infrastructure	(1,159,288)	(125,231)	-	(1,284,519)
Total accumulated depreciation	<u>(3,597,691)</u>	<u>(341,148)</u>	<u>33,800</u>	<u>(3,905,039)</u>
Net book value, capital assets being depreciated	<u>4,040,679</u>	<u>(164,117)</u>	<u>-</u>	<u>3,876,562</u>
Net book value, all capital assets	<u>\$ 5,366,655</u>	<u>\$ (3,002)</u>	<u>\$ (29,088)</u>	<u>\$ 5,334,565</u>

Depreciation Expense

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

General government	\$ 13,728
Public safety	105,395
Highways and streets	186,852
Sanitation	9,059
Culture and recreation	26,114
Total depreciation expense	<u>\$ 341,148</u>

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

III.B. Long-Term Liabilities

Long-term liabilities at year-end are as follow:

	Outstanding at 06/30/2022	Current Portion
Compensated absences payable:		
Accrued vacation leave	\$ 47,611	\$ 4,761
Accrued landfill postclosure care costs	300,000	10,000
Net pension liability	1,380,116	-
Other postemployment benefits payable	138,174	-
	\$ 1,865,901	\$ 14,761

Changes in Long-Term Liabilities

The following is a summary of changes in the long-term liabilities during the year:

	Compensated Absences Payable	Net Pension Liability	Accrued Landfill Postclosure Care Costs	OPEB Liability	Total
Balance, beginning	\$ 58,486	\$ 1,935,553	\$ 300,000	\$ 145,069	\$ 2,439,108
Reductions	(10,875)	(555,437)	-	(6,895)	(573,207)
Balance, ending	\$ 47,611	\$ 1,380,116	\$ 300,000	\$ 138,174	\$ 1,865,901

III.C. Transfers – Payments Within the Reporting Entity

Transfers within the reporting entity are substantially for the purposes of moving or distributing voted amounts, and distributing trust income to the applicable funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

During the fiscal year, the Nonmajor Public Safety Fund transferred \$10,000 to the General Fund representing voted appropriations.

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

III.D. Fund Equity

III.D.1. Restatement of Beginning Equity

The beginning equity at June 30, 2021 was restated as follows:

	Governmental Activities	General Fund	Nonmajor Funds
To record accrued landfill postclosure care liability	\$ (300,000)	\$ -	\$ -
To correct revenues	35,235	-	-
To reclassify conservation account	-	(1,139)	1,139
To reclassify Public Safety Fund	-	(12,801)	12,801
To reclassify Recreation Fund	-	(39,077)	39,077
Net position/fund balance, as previously reported	<u>7,052,622</u>	<u>3,212,823</u>	<u>46,588</u>
Net position/fund balance, as restated	<u>\$ 6,787,857</u>	<u>\$ 3,159,806</u>	<u>\$ 99,605</u>

III.D.2. Components of Fund Balance

The components of fund balance, as described in Note I.C.4., are classified for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 4,750
Prepaid items	8,714	-
Tax deeded property	3,392	-
Total nonspendable	<u>12,106</u>	<u>4,750</u>
Restricted:		
Culture and recreation	-	10,212
Committed:		
Public safety	-	6,954
Culture and recreation	-	34,871
Conservation	-	28,797
Capital outlay	1,366,916	-
Total committed	<u>1,366,916</u>	<u>70,622</u>
Assigned for sanitation	<u>30,000</u>	-
Unassigned	<u>1,797,051</u>	-
Total fund balance	<u>\$ 3,206,073</u>	<u>\$ 85,584</u>

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

IV. Other Information

IV.A. Risk Management

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

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage were provided from January 1 through December 31. Primex provided property and employer's liability coverage in varying amounts and statutory coverage for workers' compensation.

Contributions for fiscal year 2022 recorded as an insurance expenditure/expense totaled \$12,576 for workers' compensation and \$30,673 for property/liability. There were no unpaid contributions for the fiscal year ended June 30, 2022. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, fire, and other employees were 11.55%, 11.80%, and 7%, respectively, of gross earnings. The rates of contribution from the Town for the period were 33.88% for police officers, 32.99% for fire, and 14.06% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions for pension and medical subsidy from the Town during the years 2020,

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

2021, and 2022 were \$134,433, \$143,067, and \$188,699 respectively. The amounts were paid on a monthly basis as due.

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

At June 30, 2022, the Town reported a liability of \$1,380,116 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021 (the date used for the 2022 valuation), the Town's proportion was 0.0311%, which was an increase of 0.008% from its proportion measured as of June 30, 2020.

For 2022, the Town recognized pension expense of \$94,758. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 61,578	\$ 17,228
Net differences between projected and actual earnings on pension plan investments	-	385,987
Changes in assumptions	144,145	-
Differences between expected and actual experience	38,645	14,449
Town contributions subsequent to the measurement date	188,699	-
	<u>\$ 433,067</u>	<u>\$ 417,664</u>

The Town reported \$188,699 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

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

Fiscal Year Ending June 30,	
<u>2023</u>	\$ (29,038)
2024	(11,098)
2025	(15,865)
2026	(117,295)
	<u><u>\$ (173,296)</u></u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Period	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	18 years beginning July 1, 2021
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	1.92% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$1,973,723	\$1,380,116	\$884,950

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

IV.C. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this valuation. Retirees under the age of 65 have a medical insurance plan with Health Trust. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees, hired prior to 7/1/11, may retire at age 60, or once their age plus years of service equals 70. Group I employees hired after 7/1/11 may retire at age 65. Group II employees vested prior to 1/1/12 may retire at age 60, or at age 45 with 20 years of service. Group II employees not vested prior to 1/1/12, but hired prior to 7/1/11, may retire at age 60, or upon attainment of minimum age and service requirements as follow:

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

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town’s medical coverage after the death of the retired employee as long as they pay the required premium. As of January 1, 2021, the actuarial valuation date, there is only one participant of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

Medical Insurance Subsidy

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, 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 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. This OPEB plan is closed to new entrants.

Total OPEB Liability

The Town's total OPEB liability of \$138,174 for the medical insurance subsidy was determined by an actuarial valuation as of June 30, 2020 with roll-forward procedures used to determine the liability as of June 30, 2021. The roll-forward of the total OPEB liability from June 30, 2020 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

Methods and Assumptions

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

Medical Insurance Subsidy	
Payroll growth	3.25%
Discount Rate	6.75%
Inflation	2.50%
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study
Healthcare Cost Trend Rates	N/A, given that the benefits are fixed stipends

TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022

Sensitivity of Total OPEB Liability

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town's total OPEB liability	<u>\$ 150,206</u>	<u>\$ 138,174</u>	<u>\$ 127,706</u>

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$4,190. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 50	\$ -
Net differences between projected and actual earnings on pension plan investments	-	1,726
Differences between expected and actual experience	-	29
Town contributions subsequent to the measurement date	<u>15,721</u>	<u>-</u>
	<u><u>\$ 15,771</u></u>	<u><u>\$ 1,755</u></u>

The Town reported \$15,721 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the following year.

**TOWN OF HOLDERNESS, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

Other amounts recognized as deferred inflows and outflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	
<u>2023</u>	\$ (374)
2024	(363)
2025	(407)
2026	<u>(561)</u>
	<u><u>\$ (1,705)</u></u>

IV.D. Contingent Liabilities

The Town has received grants for specific purposes that are subject to review and possible audit by the grantor or pass-through agency. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The Town does not feel the chance of disallowance is likely, and that if it should occur, the amount would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Town's proportion of net pension liability	0.0311%	0.0303%	0.0294%	0.0298%	0.0311%	0.0319%	0.0344%	0.0310%
Town's proportionate share of the net pension liability	\$1,380,116	\$1,935,553	\$ 1,413,837	\$1,435,147	\$1,532,882	\$1,696,354	\$ 1,361,960	\$ 1,390,339
Town's covered-employee payroll	\$ 814,925	\$ 733,387	\$ 685,823	\$ 669,812	\$ 669,119	\$ 669,376	\$ 652,344	\$ 628,603
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	169.35%	263.92%	206.15%	214.26%	229.09%	253.42%	208.78%	221.18%
Plan fiduciary position as a percentage of the total pension liability	72.22%	58.72%	65.59%	64.77%	62.66%	58.30%	65.47%	66.32%

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

EXHIBIT 11
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 188,699	\$ 143,067	\$ 134,433	\$ 127,863	\$ 124,862	\$ 116,781	\$ 115,340	\$ 100,439
Contribution in relation to the contractually required contribution	(188,699)	(143,067)	(134,433)	(127,863)	(124,862)	(116,781)	(115,340)	(100,439)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 814,925	\$ 771,564	\$ 733,387	\$ 685,823	\$ 669,812	\$ 669,119	\$ 669,376	\$ 652,344
Contributions as a percentage of covered-employee payroll	23.2%	18.5%	18.3%	18.6%	18.6%	17.5%	17.2%	15.4%

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

EXHIBIT 12
TOWN OF HOLDERNESS
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Total OPEB liability:				
Service cost	\$ 2,552	\$ 2,453	\$ 2,984	\$ 3,490
Interest	105,280	108,661	119,078	121,518
OPEB plan net investment income	(36,931)	(1,317)	(6,897)	(11,101)
OPEB plan administrative expenses	593	560	528	118
Changes of assumptions and differences between expected and actual experience	(34,202)	(75,153)	-	-
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	12	(1,295)	(462)	(151)
Benefit payments	(44,199)	(41,500)	(125,026)	(64,250)
Net change in total OPEB liability	(6,895)	(7,591)	(9,795)	49,624
Total OPEB liability, beginning	145,069	152,660	162,455	112,831
Total OPEB liability, ending	<u>\$ 138,174</u>	<u>\$ 145,069</u>	<u>\$ 152,660</u>	<u>\$ 162,455</u>
Covered-employee payroll	\$ 814,925	\$ 733,387	\$ 685,823	\$ 669,812
Total OPEB liability as a percentage of covered-employee payroll	16.96%	19.78%	22.26%	24.25%

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

EXHIBIT 13
TOWN OF HOLDERNESS
Schedule of the Town's OPEB Contributions

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Actuarially determined contribution	\$ 16,581	\$ 15,384	\$ 15,891	\$ 15,515
Contributions in relation to the actuarially determined contribution	(16,581)	(15,384)	(15,891)	(15,515)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$771,564	\$733,387	\$685,823	\$669,812
Contributions as a percentage of covered-employee payroll	2.15%	2.10%	2.32%	2.32%

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

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

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the seventh year that the Town has presented the pension schedules, and the third year for the OPEB information under the current measurement standard, only eight years and four years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 14
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds				Total
	Recreation	Public Safety	Conservation Commission	Permanent Fund	
ASSETS					
Cash and cash equivalents	\$ 34,871	\$ 6,954	\$ 28,797	\$ -	\$ 70,622
Investments	-	-	-	14,962	14,962
Total assets	<u>\$ 34,871</u>	<u>\$ 6,954</u>	<u>\$ 28,797</u>	<u>\$ 14,962</u>	<u>\$ 85,584</u>
FUND BALANCES					
Nonspendable	\$ -	\$ -	\$ -	\$ 4,750	\$ 4,750
Restricted	-	-	-	10,212	10,212
Committed	34,871	6,954	28,797	-	70,622
Total fund balances	<u>\$ 34,871</u>	<u>\$ 6,954</u>	<u>\$ 28,797</u>	<u>\$ 14,962</u>	<u>\$ 85,584</u>

EXHIBIT 15
TOWN OF HOLDERNESS, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	Special Revenue Funds				Total
	Recreation	Public Safety	Conservation Commission	Permanent Fund	
REVENUES					
Charges for services	\$ 23,223	\$ 16,558	\$ -	\$ -	\$ 39,781
Miscellaneous	-	-	3	29	32
Total revenues	<u>23,223</u>	<u>16,558</u>	<u>3</u>	<u>29</u>	<u>39,813</u>
EXPENDITURES					
Current:					
Public safety	-	12,405	-	-	12,405
Culture and recreation	27,429	-	-	-	27,429
Conservation	-	-	4,000	-	4,000
Total expenditures	<u>27,429</u>	<u>12,405</u>	<u>4,000</u>	<u>-</u>	<u>43,834</u>
Excess (deficiency) of revenues over (under) expenditures	(4,206)	4,153	(3,997)	29	(4,021)
Other financing uses:					
Transfers out	-	(10,000)	-	-	(10,000)
Net change in fund balances	(4,206)	(5,847)	(3,997)	29	(14,021)
Fund balances, beginning	39,077	12,801	32,794	14,933	99,605
Fund balances, ending	<u>\$ 34,871</u>	<u>\$ 6,954</u>	<u>\$ 28,797</u>	<u>\$ 14,962</u>	<u>\$ 85,584</u>

EXHIBIT 16
TOWN OF HOLDERNESS, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,646,561	\$ 1,692,546	\$ 45,985
Land use change	5,000	103,900	98,900
Timber	15,000	20,020	5,020
Excavation	100	4	(96)
Interest and penalties on delinquent taxes	31,000	17,978	(13,022)
Total taxes	<u>1,697,661</u>	<u>1,834,448</u>	<u>136,787</u>
Licenses, permits and fees:			
Business licenses and permits	14,100	13,410	(690)
Motor vehicle permits	530,000	585,936	55,936
Building permits	11,100	14,727	3,627
Other	14,035	14,097	62
Total licenses, permits and fees	<u>569,235</u>	<u>628,170</u>	<u>58,935</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	157,101	157,101	-
Highway block grant	70,755	70,475	(280)
State and federal forest land	10	10	-
Emergency management	-	4,000	4,000
Federal sources:			
FEMA	71,714	34,762	(36,952)
Total intergovernmental	<u>299,580</u>	<u>266,348</u>	<u>(33,232)</u>
Charges for services:			
Income from departments	<u>258,775</u>	<u>259,909</u>	<u>1,134</u>
Miscellaneous:			
Special assessments	-	200	200
Sale of property	15,275	15,688	413
Insurance dividends and reimbursements	-	12,257	12,257
Other	-	22,780	22,780
Total miscellaneous	<u>15,275</u>	<u>50,925</u>	<u>35,650</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	254,150	230,676	(23,474)
Nonmajor funds	10,000	10,000	-
Total other financing sources	<u>264,150</u>	<u>240,676</u>	<u>(23,474)</u>
Total revenues and other financing sources	3,104,676	<u>\$ 3,280,476</u>	<u>\$ 175,800</u>
Use of fund balance	348,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 3,452,676</u>		

EXHIBIT 17
TOWN OF HOLDERNESS, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 147,387	\$ 149,952	\$ -	\$ (2,565)
Election and registration	-	93,358	86,573	-	6,785
Financial administration	-	68,635	68,120	-	515
Revaluation of property	38,949	54,004	69,854	-	23,099
Legal	-	35,000	17,320	-	17,680
Personnel administration	-	472,103	449,071	-	23,032
Planning and zoning	-	26,125	8,659	-	17,466
General government buildings	-	17,600	15,015	-	2,585
Cemeteries	-	3,525	2,873	-	652
Insurance, not otherwise allocated	-	40,474	39,474	-	1,000
Total general government	<u>38,949</u>	<u>958,211</u>	<u>906,911</u>	<u>-</u>	<u>90,249</u>
Public safety:					
Police	-	505,694	513,103	-	(7,409)
Ambulance	-	52,167	61,306	-	(9,139)
Fire	-	207,165	203,055	-	4,110
Emergency management	-	1,000	500	-	500
Total public safety	<u>-</u>	<u>766,026</u>	<u>777,964</u>	<u>-</u>	<u>(11,938)</u>
Highways and streets:					
Highways and streets	-	346,503	360,022	-	(13,519)
Street lighting	-	5,750	5,781	-	(31)
Total highways and streets	<u>-</u>	<u>352,253</u>	<u>365,803</u>	<u>-</u>	<u>(13,550)</u>
Sanitation:					
Solid waste disposal	34,417	300,279	254,467	30,000	50,229
Sewage collection and disposal	-	1,000	-	-	1,000
Total sanitation	<u>34,417</u>	<u>301,279</u>	<u>254,467</u>	<u>30,000</u>	<u>51,229</u>
Health:					
Administration	-	14,812	5,357	-	9,455
Pest control	-	1,500	1,500	-	-
Health agencies and hospitals	-	44,035	35,799	-	8,236
Total health	<u>-</u>	<u>60,347</u>	<u>42,656</u>	<u>-</u>	<u>17,691</u>
Welfare:					
Direct assistance	-	10,000	3,785	-	6,215

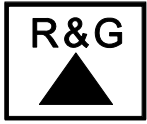
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EXHIBIT 17 (continued)
TOWN OF HOLDERNESS, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	73,996	74,571	-	(575)
Public library	-	165,636	160,922	-	4,714
Patriotic purposes	-	1,500	633	-	867
Other	-	9,450	7,781	-	1,669
Total culture and recreation	-	250,582	243,907	-	6,675
Conservation:					
Administration	-	3,614	1,488	-	2,126
Capital outlay:					
Machinery, vehicles and equipment	-	167,714	149,897	-	17,817
Improvements other than buildings	10,600	179,150	174,833	-	14,917
Total capital outlay	10,600	346,864	324,730	-	32,734
Other financing uses:					
Transfers out:					
Expendable trust fund	-	403,500	403,500	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 83,966	\$ 3,452,676	\$ 3,325,211	\$ 30,000	\$ 181,431

EXHIBIT 18
TOWN OF HOLDERNESS, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2022

Unassigned fund balance, beginning		\$ 2,014,614
Changes:		
Unassigned fund balance used to reduce tax rate		(300,000)
Unassigned fund balance appropriated		(48,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 175,800	
Unexpended balance of appropriations (Exhibit 17)	<u>181,431</u>	
Budget surplus		<u>357,231</u>
Increase in nonspendable fund balance		(11,444)
Increase in committed fund balance		<u>(62,000)</u>
Unassigned fund balance, ending		<u><u>\$ 1,950,401</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the Board of Selectmen
Town of Holderness
Holderness, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Holderness as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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

December 28, 2022

Roberts & Greene, PLLC