

TOWN OF CONWAY, NEW HAMPSHIRE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

		<u>AGES</u>
	INDEPENDENT AUDITOR'S REPORT	1 - 3
	MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
	BASIC FINANCIAL STATEMENTS	
	Government-wide Financial Statements	
Α	Statement of Net Position	11
В	Statement of Activities	12
	Fund Financial Statements	
	Governmental Funds	
C-1	Balance Sheet	13
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	14 15
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances	15
C-4	Reconciliation of the Statement of Revenues, Expenditures, and	16
	Changes in Fund Balances - Governmental Funds to the Statement of Activities	10
D	Budgetary Comparison Information Statement of Revenues, Expenditures, and Changes in Fund Balance —	
ט	Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	17
	Fiduciary Funds	
E-1	Statement of Fiduciary Net Position	18
E-2	Statement of Changes in Fiduciary Net Position	19
	NOTES TO THE BASIC FINANCIAL STATEMENTS	20 - 43
	REQUIRED SUPPLEMENTARY INFORMATION	
F	Schedule of the Town's Proportionate Share of Net Pension Liability	44
G	Schedule of Town Contributions – Pensions	45
	NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION -	
	PENSION LIABILITY	46
Н	Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability	47
I	Schedule of Town Contributions – Other Postemployment Benefits	48
J	Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios	49
	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -	
	OTHER POSTEMPLOYMENT BENEFITS LIABILITY	50
	COLORS (AND YMENTAL AND GOLDENIA EC	
	COMBINING AND INDIVIDUAL FUND SCHEDULES	
	Governmental Funds	
	Major General Fund	~ .
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)	51
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	54 - 53
3	Schedule of Changes in Unassigned Fund Balance	34
4	Nonmajor Governmental Funds Combining Balance Sheet	55
4	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	
J	Fiduciary Funds	
	Custodial Funds	
6	Combining Schedule of Fiduciary Net Position	57
7	Combining Schedule of Changes in Fiduciary Net Position	58

TOWN OF CONWAY, NEW HAMPSHIRE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

	IABLE OF CONTENTS	
]	<u>PAGES</u>
	INDEPENDENT AUDITOR'S REPORTS AND	
	SINGLE AUDIT ACT SCHEDULES	
	REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING	
	AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN	
	AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE	
	WITH GOVERNMENT AUDITING STANDARDS	59
	REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL	
	PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED	
	BY THE UNIFORM GUIDANCE	60 - 61
	Schedule of Findings and Ouestioned Costs	62
ī	Schedule of Expenditures of Federal Awards	63
II	Schedule of Findings and Questioned Costs	64
	NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	65



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen and Town Manager Town of Conway Conway, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Conway as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Conway, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Conway 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

The Town of Conway's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 of Conway'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.

Town of Conway Independent Auditor's Report

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 Conway'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 Conway'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.

Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in fiscal year 2022 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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 Conway's basic financial statements. The accompanying combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards 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 and individual fund schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Town of Conway Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2023 on our consideration of the Town of Conway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Conway's internal control over financial reporting and compliance.

Shough A. Patt

October 30, 2023 Concord, New Hampshire PLODZIK & SANDERSON Professional Association

TOWN OF CONWAY'S MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The management discussion and analysis is intended to provide supplementary information in addition to the basic financial statements by the audit firm.

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 the Town's assets, liabilities, deferred outflows of resources and deferred inflows of resources with the difference between these 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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 fund 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.

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 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 governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund which includes the expendable trust funds. Data from the other governmental funds are combined into a single, aggregate

presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of Town, including the capital reserve accounts for the school and the seven precincts of Conway, as well as seven scholarship funds. Fiduciary funds and performance surety deposits held in escrow 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.

Current assets include cash, investments, taxes receivable and other receivables. Capital assets are buildings, building improvements, infrastructure and improvements, machinery, vehicles and equipment all net of depreciation. Land is included, yet not depreciated.

	2022	2021	Change	% Change
At cost:				
Not being depreciated:				
Land	\$ 7,524,933	\$ 7,524,933	\$ -	0.00%
Construction in progress	5,432,550	3,167,542	2,265,008	71.51%
Total capital assets not being depreciated	12,957,483	10,692,475	2,265,008	21.18%
Being depreciated:				
Buildings and building improvements	7,806,541	7,405,424	401,117	5.42%
Machinery, equipment, and vehicles	7,103,274	6,818,240	285,034	4.18%
Infrastructure	19,554,303	19,554,303		0.00%
Total capital assets being depreciated	34,464,118	33,777,967	686,151	2.03%
Total all capital assets	47,421,601	44,470,442	2,951,159	6.64%
Less accumulated depreciation:				
Buildings and building improvements	(2,497,267)	(2,335,948)	(161,319)	6.91%
Machinery, equipment, and vehicles	(3,578,941)	(3,114,636)	(464,305)	14.91%
Infrastructure	(6,686,367)	(6,103,605)	(582,762)	9.55%
Total accumulated depreciation	(12,762,575)	(11,554,189)	(1,208,386)	10.46%
Net book value, capital assets being depreciated	21,701,543	22,223,778	(522,235)	-2.35%
Net book value, all capital assets	\$ 34,659,026	\$ 32,916,253	\$ 1,742,773	5.29%

Long-term liabilities are bonds, notes and capital leases due in more than one year. The Town currently has no long-term debt. In addition to borrowing, long-term liabilities include compensated absences which are not expected to be paid within a year. Compensated absences are accumulated vacation and sick time which would be paid to employees on separation from the Town. The Town does not contribute to retirees' health insurance cost but, since active employees and retirees are rated together the rates for active employees are higher. This creates an implicit rate subsidy which is reported as OPEB (Other Post- Employment Benefits). Also included in long-term liabilities are the accrued landfill closure and post-closure care costs, as well as net pension liability.

Net investment in capital assets are capital assets less accumulated depreciation and the debt outstanding on these assets. The restricted net position are the trust funds for perpetual care of cemetery plots, public library, Hubbard Davis Public Forest Reserve, grant funds, capital projects and drug forfeiture funds.

	2022	2021	Change	% Change
Notes payable - direct borrowings	\$ 268,561	\$ 358,015	\$ (89,454)	-24.99%
Compensated absences	1,029,279	998,589	30,690	3.07%
Accrued landfill closure and postclosure care	2,415,370	2,393,660	21,710	0.91%
Net pension liability	10,178,882	8,291,053	1,887,829	22.77%
Net other postemployment benefits	1,194,703	861,726	332,977	38.64%
Total	\$ 15,086,795	\$ 12,903,043	\$ 2,183,752	16.92%

STATEMENT OF NET POSITION

	2022	2021	Change	% Change
Current and other assets	\$ 21,776,158	\$ 18,967,927	\$ 2,808,231	14.81%
Capital assets, net of depreciation	34,659,026	32,916,253	1,742,773	5.29%
Total assets	56,435,184	51,884,180	4,551,004	8.77%
Deferred outflows of resources	1,876,195	1,814,744	61,451	3.39%
Long-term liabilities outstanding	15,086,795	12,903,043	2,183,752	16.92%
Other liabilities	8,677,093	7,783,874	893,219	11.48%
Total Liabilities	23,763,888	20,686,917	3,076,971	14.87%
Deferred inflows of resources	1,509,748	2,989,437	(1,479,689)	-49.50%
Net investment in capital assets	34,390,465	32,558,238	1,832,227	5.63%
Restricted net position	1,078,986	1,760,923	(681,937)	-38.73%
Unrestricted net position	(2,431,708)	(4,296,591)	1,864,883	43.40%
Total net position	\$ 33,037,743	\$ 30,022,570	\$ 3,015,173	10.04%

Comparative Statement of Activities

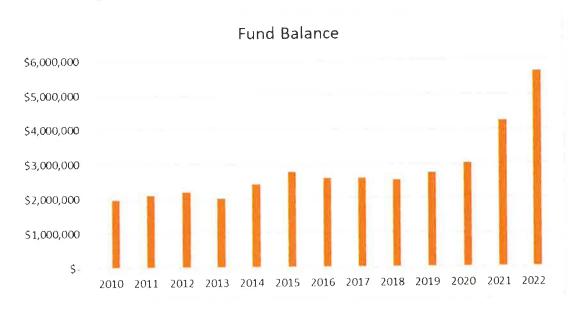
	2022	2021	Change	% Change
Expenses:				
General government	\$ 2,832,714	\$ 3,216,211	\$ (383,497)	-11.92%
Public safety	5,307,142	5,230,962	76,180	1.46%
Airport	18	10,000	(10,000)	0.00%
Highways and streets	4,021,025	2,798,014	1,223,011	43.71%
Sanitation	1,353,048	1,297,978	55,070	4.24%
Health	39,412	49,750	(10,338)	-20.78%
Welfare	255,839	215,499	40,340	18.72%
Culture and recreation	3,151,840	1,498,557	1,653,283	110.32%
Conservation	13,088	14,198	(1,110)	-7.82%
Interest on short-term debt	988	2,824	(1,836)	-65.01%
Total expenditures	16,975,096	14,333,993	2,641,103	18.43%
Program revenues:				
Charges for services	933,299	929,512	3,787	0.41%
Operating grants and contributions	533,390	500,402	32,988	6.59%
Capital grants and contributions	1,827,143	3,346,858	(1,519,715)	100.00%
General revenues:				
Property taxes and other taxes	10,500,143	9,994,190	505,953	5.06%
Motor vehicle permit fees	2,361,097	2,395,343	(34,246)	-1.43%
Licenses and other fees	807,886	483,044	324,842	67.25%
Grants and contributions not related				
to a specific program	2,919,963	1,232,719	1,687,244	136.87%
Unrestricted investment earnings	57,263	154,684	(97,421)	-62.98%
Miscellaneous	50,085	466,179	(416,094)	89.26%
Total revenues	19,990,269	19,502,931	\$ 487,338	2.50%
	-			
Beginning net position, as restated	30,022,570	24,853,632		
Ending net position	33,037,743	30,022,570		
Change in net position	\$ 3,015,173	\$ 5,168,938		

The first section of the Statement of Activities shows the relationship between expenses and offsetting revenues for various areas of Town government. The highway block grant is included in the operating budget's revenues. The fees charged by various departments for services are included in the charges for services. The lower section shows the categories of general revenues. Taxes and motor vehicle registrations are just that. The largest components of licenses and other fees are building permits and the cable television franchise fee.

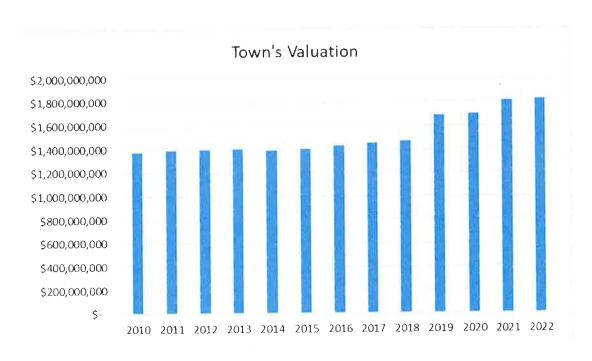
The year 2022 ended with an unassigned fund balance (non-GAAP budgetary basis) in the General Fund of \$5,673,959. The unassigned fund balance at the beginning of 2022 was \$4,106,419. For 2022, revenues exceeded estimates by \$1,287,141. Unexpended or unencumbered appropriations were \$933,935. For 2022, \$750,000 from fund balance was used to reduce taxes.

The Department of Revenue Administration and the Government Finance Officers Association recommend a retained fund balance of between 5% and 17% of the total of the town's appropriation, plus state and local education taxes, county taxes and precinct taxes. This total for 2022 was \$34,092,467. Therefore, the recommended amount to be retained is between \$1,704,623 and \$5,795,719. The Town's retained fund balance of \$5,673,959 is 16.6%.

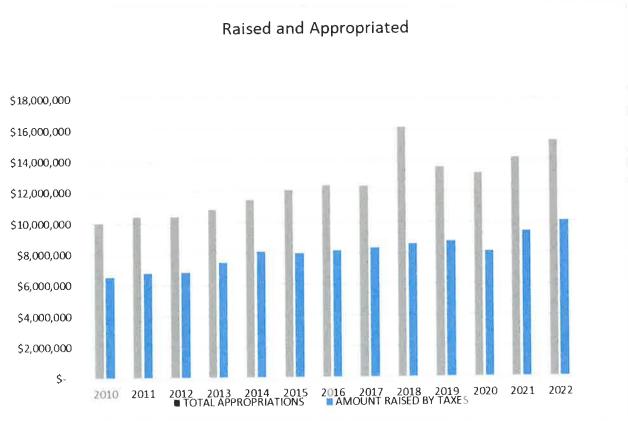
The following chart shows the change in unassigned fund balance over the past 13 years.



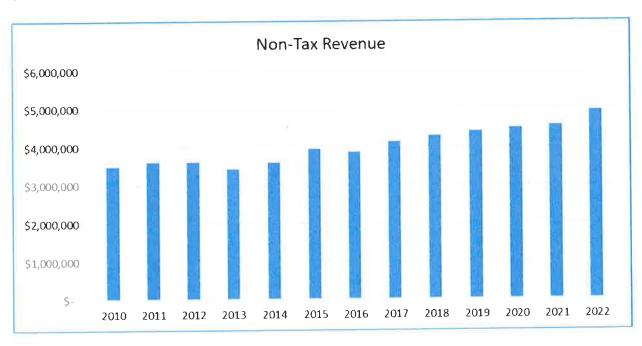
In the past 13 years the total net assessed value of the Town of Conway has increased 32.29% from \$1,374,926,765 to \$1,818,911,505. The increase in value of the Town has an impact on stabilizing the tax rate each year. The 13-year increase in value is shown in the chart below.



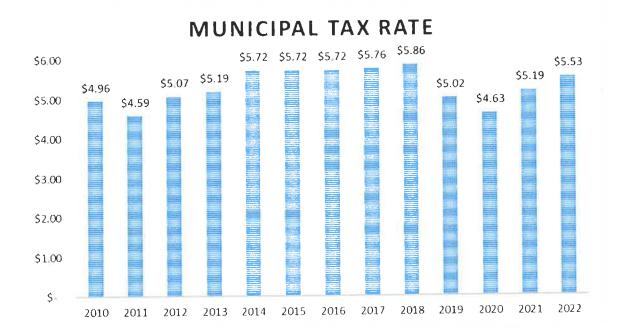
For the same period the relationship between total appropriations and the amount to be raised by taxes is shown in the chart below.



2013 saw a small reduction in non-tax revenue but since has continued to grow each year, and has now exceeded 41.45% over the level of a dozen years ago. The end result for 2022 was an 8.55% increase over 2021's non-tax revenues.



The following chart shows the Municipal tax rate for the same 13-year period.



Below is a five-year summary of Conway's budget experience.

11,078,998	11,467,504	11,753,889	12,092,080	12,754,538
4,287,367	1,888,001	1,168,209	1,846,500	2,264,040
215,636	219,055	216,860	227,452	220,910
15,582,001	13,574,560	13,138,958	14,166,032	15,239,488
8,599,517	8,746,025	8,097,105	9,328,914	10,051,989
394,407	550,000	0	275,000	750,000
7,076,035	4,402,987	4,485,431	4,562,118	4,952,071
5.86	5.02	4.63	5.19	5.53
55%	64%	62%	66%	66%
1.468,345,836	1,682,699,803	1,750,988,000	1,812,989,195	1,818,911,505
2,522,696	2,730,664	3,010,264	4,235.33	5,673,959
	4,287,367 215,636 15,582,001 8,599,517 394,407 7,076,035 5.86 55% 1,468,345,836	4,287,367 1,888,001 215,636 219,055 15,582,001 13,574,560 8,599,517 8,746,025 394,407 550,000 7,076,035 4,402,987 5.86 5.02 55% 64% 1,468,345,836 1,682,699,803	4,287,367 1,888,001 1,168,209 215,636 219,055 216,860 15,582,001 13,574,560 13,138,958 8,599,517 8,746,025 8,097,105 394,407 550,000 0 7,076,035 4,402,987 4,485,431 5.86 5.02 4.63 55% 64% 62% 1,468,345,836 1,682,699,803 1,750,988,000	4,287,367 1,888,001 1,168,209 1,846,500 215,636 219,055 216,860 227,452 15,582,001 13,574,560 13,138,958 14,166,032 8,599,517 8,746,025 8,097,105 9,328,914 394,407 550,000 0 275,000 7,076,035 4,402,987 4,485,431 4,562,118 5.86 5.02 4.63 5.19 55% 64% 62% 66% 1,468,345,836 1,682,699,803 1,750,988,000 1,812,989,195

For further information, please contact Kathleen Golding, Finance Director, at 447-3811 x 221.



EXHIBIT A TOWN OF CONWAY, NEW HAMPSHIRE

Statement of Net Position December 31, 2022

		overnmental Activities
ASSETS	4	
Cash and cash equivalents	\$	9,418,133
Investments		1,021,951
Taxes receivables (net)		9,810,795
Account receivables (net)		48,123
Intergovernmental receivable		1,330,886
Tax deeded property, subject to resale		146,270
Capital assets:		
Land and construction in progress		12,957,483
Other capital assets, net of depreciation	-	21,701,543
Total assets	28	56,435,184
DEFERRED OUTFLOWS OF RESOURCES		
Amounts related to pensions		1,840,036
Amounts related to other postemployment benefits		36,159
Total deferred outflows of resources		1,876,195
LIABILITIES		
Accounts payable		405,290
Accrued salaries and benefits payable		345,278
Contracts payable		17,616
Accrued interest payable		4,279
Intergovernmental payable		7,904,630
Long-term liabilities:		
Due within one year		200,648
Due in more than one year		14,886,147
Total liabilities	_	23,763,888
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes		23,325
Unavailable revenue - grants		991,169
Amounts related to pensions	_	495,254
Total deferred inflows of resources		1,509,748
NET POSITION		
Net investment in capital assets		34,390,465
Restricted		1,078,986
Unrestricted		(2,431,708)
Total net position	\$	33,037,743

EXHIBIT B TOWN OF CONWAY, NEW HAMPSHIRE

Statement of Activities For the Fiscal Year Ended December 31, 2022

		y	Program Revenue	es	Net (Expense)			
		Charges	Operating	Capital	Revenue and			
		for	Grants and	Grants and	Change In			
	Expenses	Services	Contributions	Contributions	Net Position			
General government	\$ 2,832,714	\$ 58,382	\$ -	\$ -	\$ (2,774,332)			
Public safety	5,307,142	80,388	<u>~</u>	2	(5,226,754)			
Highways and streets	4,021,025	29,020	374,166	105,835	(3,512,004)			
Sanitation	1,353,048	537,391	82,275	9	(733,382)			
Health	39,412		27	蓋	(39,412)			
Welfare	255,839	125	157	=	(255,714)			
Culture and recreation	3,151,840	227,993	76,949	1,721,308	(1,125,590)			
Conservation	13,088	\$ # ()	: = 0		(13,088)			
Interest on long-term debt	988				(988)			
Total governmental activities	\$ 16,975,096	\$ 933,299	\$ 533,390	\$ 1,827,143	(13,681,264)			
General reve	nues:							
Taxes:					10.001.077			
Property	,				10,081,866			
Other					418,277			
	icle permit fees				2,361,097			
2.1001.000	nd other fees		a.		807,886			
	contributions not re		fic programs		2,919,963 57,263			
	ed investment earnin	igs			,			
Miscellane					94,043 (43,958)			
Unrealized loss on investments								
Total general revenues								
Change in net position								
Net position,	-				\$ 33,037,743			
Net position,	, ending				ψ 33,037,743			

EXHIBIT C-1 TOWN OF CONWAY, NEW HAMPSHIRE

Governmental Funds Balance Sheet December 31, 2022

ACCIPIEC		General	. <u> </u>	Recreation Path	Go	Other overnmental Funds	G	Total overnmental Funds
ASSETS	dr.	9 747 610	ď		\$	670,514	\$	9,418,133
Cash and cash equivalents	\$	8,747,619	\$	3.5	Ф		Ф	1,021,951
Investments		389		((* -)		1,021,562		9,860,795
Taxes receivable		9,860,795		0.00		X 		48,123
Accounts receivable (net)		48,123		1.014.706		124 210		1,330,886
Intergovernmental receivable		181,861		1,014,706		134,319		
Interfund receivable		488,044		1049		28,702		516,746
Tax deeded property, subject to resale	_	146,270		/	_		_	146,270
Total assets	\$	19,473,101	<u>\$</u>	1,014,706	<u>\$</u>	1,855,097	<u>\$</u>	22,342,904
LIABILITIES								
Accounts payable	\$	179,268	\$	86,643	\$	139,379	\$	405,290
Accrued salaries and benefits payable		345,278		72		(G)		345,278
Contracts payable						17,616		17,616
Intergovernmental payable		7,904,630		s .				7,904,630
Interfund payable		28,702		451,351		36,693		516,746
Total liabilities		8,457,878	_	537,994	_	193,688		9,189,560
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes		312,623		7.5		1.5		312,623
Unavailable revenue - grants and donations		983,705				7,464	_	991,169
Total deferred inflows of resources		1,296,328			_	7,464	_	1,303,792
FUND BALANCES (DEFICIT)								
Nonspendable		146,270				75,209		221,479
Restricted		;≝;		476,712		527,065		1,003,777
Committed		4,137,964		38.		1,058,193		5,196,157
Unassigned (deficit)		5,434,661		н_		(6,522)		5,428,139
Total fund balances		9,718,895	_	476,712		1,653,945		11,849,552
Total liabilities, deferred inflows of resources, and fund balances	\$	19,473,101		1,014,706		1,855,097		22,342,904

EXHIBIT C-2

TOWN OF CONWAY, NEW HAMPSHIRE

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position December 31, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 11,849,552
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds. Cost Less accumulated depreciation Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the	\$ 47,421,601 (12,762,575)	34,659,026
post-retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. Deferred outflows of resources related to pensions Deferred inflows of resources related to pensions Deferred outflows of resources related to OPEB	\$ 1,840,036 (495,254) 36,159	1,380,941
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position. Receivables Payables	\$ (516,746) 516,746	1,300,941
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds. Deferred property taxes Allowance for uncollectible taxes	\$ 289,298 (50,000)	239,298
Interest on long-term debt is not accrued in governmental funds. Accrued interest payable		(4,279)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds. Capital leases Compensated absences Accrued landfill closure and postclosure care costs Net pension liability Other postemployment benefits	\$ 268,561 1,029,279 2,415,370 10,178,882 1,194,703	(15,086,795)
Net position of governmental activities (Exhibit A)		\$ 33,037,743

EXHIBIT C-3 TOWN OF CONWAY, NEW HAMPSHIRE

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended December 31, 2022

DEVENIUES	1	General	F	Lecreation Path	Gc	Other overnmental Funds	G	Total overnmental Funds
REVENUES	\$	10,536,019	\$		\$	89,835	\$	10,625,854
Taxes	Ф	3,168,983	Φ		Ψ	07,033	Ψ	3,168,983
Licenses and permits Intergovernmental		1,781,699		1,721,308		1,776,988		5,279,995
Charges for services		492,620		1,721,500		440,679		933,299
Miscellaneous		78,961		9		72,846		151,807
Unrealized loss on investments		70,201		-		(43,958)		(43,958)
Total revenues		16,058,282		1,721,308	_	2,336,390	_	20,115,980
EXPENDITURES								
Current:								
General government		2,779,688				7,440		2,787,128
Public safety		5,216,626		×		98,247		5,314,873
Highways and streets		3,486,909		9		<u>u</u>		3,486,909
Sanitation		1,068,473				163,006		1,231,479
Health		39,412				×		39,412
Welfare		247,019		2		7,272		254,291
Culture and recreation		1,306,479		5		1,757,726		3,064,205
Conservation		13,088				≒		13,088
Capital outlay		15,059	_	2,383,025	_	105,835		2,503,919
Total expenditures	7-	14,172,753	-	2,383,025		2,139,526	_	18,695,304
Excess (deficiency) of revenues		THE PERSONNEL WINT				100000		1 400 (5)
over (under) expenditures	_	1,885,529	-	(661,717)	:=	196,864	_	1,420,676
OTHER FINANCING SOURCES (USES)								
Transfers in		12,711		12		-		12,711
Transfers out	-		-		_	(12,711)	_	(12,711)
Total other financing sources (uses)	_	12,711	_	<u>-</u>		(12,711)	-	-
Net change in fund balances		1,898,240		(661,717)		184,153		1,420,676
Fund balances, beginning	_	7,820,655	_	1,138,429		1,469,792	_	10,428,876
Fund balances, ending		9,718,895	\$	476,712	\$	1,653,945	<u>\$</u>	11,849,552

EXHIBIT C-4

TOWN OF CONWAY, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended December 31, 2022

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 1,420,676
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows: Capitalized capital outlay Depreciation expense	\$ 2,951,159 (1,208,386)	1,742,773
Transfers in and out between governmental funds are eliminated on the Statement of Activities. Transfers in Transfers out	\$ (12,711) 12,711	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds. Decrease in deferred tax revenue		(125,711)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Repayment of notes		89,454
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. Increase in accrued interest expense Increase in compensated absences Increase in accrued landfill postclosure care costs Net change in net pension liability, and deferred outflows and inflows of resources related to pensions Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	\$ (988) (30,690) (21,710) 268,930 (327,561)	(112,019)
Change in net position of governmental activities (Exhibit B)		\$ 3,015,173

EXHIBIT D

TOWN OF CONWAY, NEW HAMPSHIRE

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

For the Fiscal Year Ended December 31, 2022

	Budgeted Original	Amounts Final	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 9,835,241	\$ 9,835,241	\$ 10,410,308	\$ 575,067
Licenses and permits	2,782,600	2,782,600	3,168,983	386,383
Intergovernmental	1,455,997	1,580,462	1,781,699	201,237
Charges for services	401,150	401,150	492,620	91,470
Miscellaneous	14,500	14,500	47,484	32,984
Total revenues	14,489,488	14,613,953	15,901,094	1,287,141
EXPENDITURES				
Current:				
General government	2,541,487	2,541,487	2,117,665	423,822
Public safety	5,334,261	5,458,726	5,141,418	317,308
Highways and streets	2,974,407	2,974,407	2,970,467	3,940
Sanitation	1,013,606	1,013,606	952,470	61,136
Health	39,750	39,750	39,412	338
Welfare	256,739	256,739	247,019	9,720
Culture and recreation	1,416,538	1,416,538	1,306,479	110,059
Conservation	18,700	18,700	13,088	5,612
Debt service:				
Interest	2,000	2,000	(6)	2,000
Total expenditures	13,597,488	13,721,953	12,788,018	933,935
Excess of revenues over expenditures	892,000	892,000	3,113,076	2,221,076
OTHER FINANCING SOURCES (USES)				
Transfers in	:. .	Ē	12,711	12,711
Transfers out	(1,642,000)	(1,642,000)	(1,642,000)	
Total other financing sources (uses)	(1,642,000)	(1,642,000)	(1,629,289)	12,711
Net change in fund balances	\$ (750,000)	\$ (750,000)	1,483,787	\$ 2,233,787
Increase in nonspendable fund balance		***************************************	(16,247)	
Decrease in committed fund balance			100,000	
Unassigned fund balance, beginning, as restated (see	Note 17)		4,106,419	
Unassigned fund balance, ending	·		\$ 5,673,959	
<u></u>				

EXHIBIT E-1 TOWN OF CONWAY, NEW HAMPSHIRE

Fiduciary Funds

Statement of Fiduciary Net Position December 31, 2022

	Private Purpose Trust Funds		All Custodial Funds			
ASSETS	8					
Cash and cash equivalents	\$	181,813	\$	9,293,230		
Investments		=		212,443		
Intergovernmental receivable				7,801,364		
Total assets		181,813	_	17,307,037		
LIABILITIES						
Accounts payable		*		97,692		
Intergovernmental payables:						
School		<u> </u>		7,801,364		
Total liabilities			Ξ	7,899,056		
NET POSITION						
Restricted	\$	181,813	_\$	9,407,981		

EXHIBIT E-2 TOWN OF CONWAY, NEW HAMPSHIRE

Fiduciary Funds

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2022

	P	rivate urpose st Funds	All Custodial Funds
ADDITIONS			
Contributions	\$	1,330	\$ 1,978,026
Investment earnings		1,403	56,528
Tax collections for other governments		.	23,632,032
State motor vehicle fees			783,081
Total additions		2,733	26,449,667
DEDUCTIONS			
Benefits paid		Ħ:	766,507
Scholarships		5,000	(2.0
Payments of taxes to other governments		*	23,632,032
Payments of motor vehicle fees to State		÷	783,081
Payments for escrow purposes		¥.,	504,149
Total deductions		5,000	25,685,769
Net change in fiduciary net position		(2,267)	763,898
Net position, beginning		184,080	8,644,083
Net position, ending	\$	181,813	\$ 9,407,981

TOWN OF CONWAY, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

	NOTE
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting and Measurement Focus	1-B
Cash and Cash Equivalents	1-C 1-D
Investments	
Receivables	
Capital Assets	
Interfund Activities	1-H
Property Taxes	1-I
Deferred Outflows/Inflows of Resources	1-J
Compensated Absences	1-K
Long-term Obligations	1-L
Defined Benefit Pension Plan	1-M
Postemployment Benefits Other Than Pensions (OPEB)	1-N
Net Position/Fund Balances	1-O
Use of Estimates	1-P
Material Change in Fund Classification	1-Q
Stewardship, Compliance, and Accountability	2
Budgetary Information	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Deficit Fund Balance	2-C
Accounting Change	. 2-D
DETAILED NOTES ON ALL FUNDS	
	. 3
Cash and Cash Equivalents	
Investments	
Taxes Receivable	
Other Receivables	
Capital Assets	
Interfund Balances and Transfers	
Intergovernmental Payables	
Deferred Outflows/Inflows of Resources	, 10
Long-term Liabilities	. 11
Defined Benefit Pension Plan	, 12
Postemployment Benefits Other Than Pensions (OPEB)	. 13
New Hampshire Retirement System (NHRS)	. 13-A
Town of Conway Retiree Health Benefit Program	
Encumbrances	
Governmental Activities and Fiduciary Funds Net Position	
Governmental Fund Balances	
Prior Period Adjustments	. 17
Risk Management	. 18

TOWN OF CONWAY, NEW HAMPSHIRE NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Tax Abatements	19
COVID-19	20
Subsequent Events	21

DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Conway, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Conway is a municipal corporation governed by an elected 5-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements - The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Governmental Fund Financial Statements - Include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF CONWAY, NEW HAMPSHIRE NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund – is the Town's primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions guidance, the expendable trust funds are consolidated in the general fund.

Recreation Path Fund – the recreation path capital project fund accounts for the activity pertaining to the construction of multi-use recreational pathway partially funded by the NH DOT.

Additionally, the Town reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – are used to account for the financial resources and activities relating to specific construction projects.

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports ten nonmajor governmental funds.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town's fiduciary funds are private purpose trust and custodial funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending, or "economic resources" measurement focus and the accrual basis of accounting.

The Town reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Custodial Fund – are custodial in nature and do not involve the measurement of operating results. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and 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 to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

· Obligations of the United States government,

- The public deposit investment pool established pursuant to RSA 383:22,
- · Savings bank deposits,
- 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.

Any person who directly or indirectly receives any such funds or moneys 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.

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, Fair Value Measurement and Application, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs 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 are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency.

Level 3 – Inputs are significant unobservable inputs, using assumptions in determining the fair value of investments and derivative instruments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-E Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-F Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The Town has established a threshold of \$5,000 or more and an estimate useful life in excess of one year for capitalization of depreciable assets.

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	30-120
Machinery, equipment, and vehicles	15-20
Infrastructure	30-75

1-G Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-H Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 18, 2022 and December 6, 2022, and due on July 1, 2022 and January 19, 2023. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at December 31, 2022 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Conway School District, several local precincts and districts as listed out below, and Carroll County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2022 utilized in the setting of the tax rate was as follows:

Total assessment valuation with utilities \$ 1,818,911,505 Total assessment valuation without utilities \$ 1,756,757,705

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

	Per \$1,000	Property
	of Assessed	Taxes
	Valuation	Assessed
Municipal portion	\$5.53	\$ 10,051,989
School portion:		
State of New Hampshire	\$1.43	2,505,537
Local	\$8.90	16,195,827
County portion	\$1.22	2,224,776
Total municipal portion		30,978,129
Precinct portions:		
Center Conway Fire	\$1.16	314,878
Conway Village Fire	\$2.38	606,774
East Conway Fire	\$1.54	61,765
Fire Assessment	\$0.98	408,446
Kearsarge Lighting	\$0.42	48,603
North Conway Water	\$2.10	1,559,205
Redstone Fire	\$1.23	114,667
Total precinct portion		3,114,338
Total		\$ 34,092,467

1-I Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2022.

1-J Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Town has three types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenues from grants arises when the related eligible expenditures will not be made until the subsequent period.

1-K Compensated Absences

General leave for the Town includes vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

1-L Long-term Obligations

In the government-wide financial statement, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

In accordance with GASB Statement No. 88, Certain Disclosures Related to Debt, Including Director Borrowings and Direct Placements, the Town utilizes the following classifications to categorize the financial transaction:

Direct Borrowings – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

1-M Defined Benefit Pension Plan

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB Statement No. 82 Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73 requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-N Postemployment Benefits Other Than Pensions (OPEB)

The Town maintains two separate other postemployment benefit plans, as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the Town's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-O Net Position/Fund Balances

Government-wide Statements - Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

Unrestricted net position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory, or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

The Board will maintain an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (GFOA), which are as follows:

- A. 5% to 15% of regular general fund operating revenues, or
- B. 8% to 17% of regular general fund operating expenditures (including all payments to county, school, and precincts and districts).

1-P Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables, the useful lives of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill closure and postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

1-Q Material Change in Fund Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, local public agency project fund which accounts for the reconstruction of Route 16 and Route 113 did not qualify as a major fund for the current fiscal year and the recreation path fund did qualify as a major fund in the current year. As such they were reclassified to the proper classification of fund.

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2022, \$750,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources: Per Exhibit D (budgetary basis) Adjustments:	\$	15,913,805
Basis differences:		
GASB Statement No. 54:		31,477
To record miscellaneous income of the blended funds Change in deferred tax revenue relating to 60-day revenue recognition		31,177
recognized as revenue on the GAAP basis, but not on the budgetary basis		125,711
Per Exhibit C-3 (GAAP basis)	\$	16,070,993
Expenditures and other financing uses:		
Per Exhibit D (budgetary basis)	\$	14,430,018
Adjustments:		
Basis differences:		#10 ## 0
Encumbrances, beginning		510,770
Encumbrances, ending		(495,711)
GASB Statement No. 54:		
To record expenditures of the blended funds during the year		1,369,676
To eliminate transfers between general fund and blended expendable trust funds		(1,642,000)
Per Exhibit C-3 (GAAP basis)	<u>\$</u>	14,172,753

2-C Deficit Fund Balance

The grants special revenue fund had a deficit fund balance of \$6,522 at December 31, 2022. This deficit will be financed through future revenues from state and federal grants.

2-D Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of implementation of this Statement, prior year capital leases payable were reclassified as notes payable. However, there was no restatement to the beginning net position or fund balance.

DETAILED NOTES ON ALL FUNDS

NOTE 3 - CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$18,893,176 and the bank balances totaled \$19,569,705 Petty cash totaled \$842.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 9,418,133
Cash per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit E-1)	9,475,043
Total cash and cash equivalents	\$ 18,893,176

NOTE 4 – INVESTMENTS

Note 1-D describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

	Valuation								
	Measurement								
	Method	Fa	air Value	1-:	Years_	6-1	0 Years		Total
Investments type:	·								
Corporate bonds	Level 2	\$	11,938	\$	9,751	\$	2,187	\$	11,938
Equity exchange traded funds	Level 1		144,525		-		-		144,525
Fixed income exchange traded funds	Level 2		110,727				17.		110,727
Total fair value			267,190	\$	9,751	\$	2,187	_\$_	267,190
Investments carried at amortized cost:									
New Hampshire Public Deposit Investmen	t Pool		967,204						
1	otal investments	\$	1,234,394						

TOWN OF CONWAY, NEW HAMPSHIRE NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Interest Rate Risk — This 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. In the case of general or operating funds, maturities shall not exceed one year from date of purchase. In all other cases, maturities will be varied to ensure sufficient liquidity to meet demand of the Town or other entities without incurring penalties and to minimize market risk.

Credit Risk – The Town's formal investment policies do not directly address managing credit risk; however, state law limits investments as explained in Note 1-D.

Custodial Credit Risk — This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policies do not directly address custodial credit risk policies for investments.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. No individual investment in any one issuer exceeds 5% of the Town's total investment balance at December 31, 2022.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,021,951
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	212,443
Total investments	\$ 1,234,394

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represents the amount of current and prior year taxes which have not been collected as of December 31, 2022. The amount has been reduced by an allowance for an estimated uncollectible amount of \$50,000. Taxes receivable by year are as follows:

	As reported on:			
	Exhibit A			
Property:				
Levy of 2022	\$ 9,471,902	\$ 9,471,902		
Unredeemed (under tax lien):				
Levy of 2021	196,041	196,041		
Levy of 2020	124,320	124,320		
Levies of 2019 and prior	64,203	64,203		
Yield	4,329	4,329		
Less: allowance for estimated uncollectible taxes	(50,000) *			
Net taxes receivable	\$ 9,810,795	\$ 9,860,795		

^{*}The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2022, consisted of accounts (billings for police details and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

TOWN OF CONWAY, NEW HAMPSHIRE NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Receivables as of December 31, 2022 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

uciary
unds
27 L
801,364
801,364
21
801,364
F,1

Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Conway School District. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 9.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 7,524,933	\$	\$	\$ 7,524,933
Construction in progress	3,167,542	2,488,860	(223,852)	5,432,550
Total capital assets not being depreciated	10,692,475	2,488,860	(223,852)	12,957,483
Being depreciated:				
Buildings and building improvements	7,405,424	401,117	•	7,806,541
Machinery, equipment, and vehicles	6,818,240	285,034	3.50	7,103,274
Infrastructure	19,554,303			19,554,303
Total capital assets being depreciated	33,777,967	686,151	E-0.	34,464,118
Total all capital assets	44,470,442	3,175,011	(223,852)	47,421,601
Less accumulated depreciation:				
Buildings and building improvements	(2,335,948)	(161,319)	-	(2,497,267)
Machinery, equipment, and vehicles	(3,114,636)	(464,305)	840	(3,578,941)
Infrastructure	(6,103,605)	(582,762)		(6,686,367)
Total accumulated depreciation	(11,554,189)	(1,208,386)	¥.	(12,762,575)
Net book value, capital assets being depreciated	22,223,778	(522,235)		21,701,543
Net book value, all capital assets	\$ 32,916,253	\$ 1,966,625	\$ (223,852)	\$ 34,659,026

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 25,123
Public safety	123,071
Highways and streets	828,425
Sanitation	145,937
Culture and recreation	85,830
Total depreciation expense	\$ 1,208,386

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2022 is as follows:

Receivable Fund		
General	Recreation	\$ 451,351
General	Nonmajor	28,702
Nonmajor	General	36,693
,		\$ 516,746

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2022 is as follows:

	Tra	nsfers In:
	1	General
	2	Fund
Transfers out:	_	
Nonmajor fund	\$	12,711

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 9 - INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2022 consist of the following:

	Go	overnmental		
		Activities		
		General	I	Fiduciary
		Fund		Funds
Miscellaneous town clerk and other fees due to the state	\$	7,184	\$	
User charges due to the North Conway Water Precinct		53,398		·
Property taxes due to the custodial funds	2	7,801,364		ial"
Property taxes due to the Conway School District	3	-		7,801,364
Property daxes due to the non-precinct fire		42,684		3 = 8
Escrow funds owed to general fund				97,692
Total intergovernmental payables due	\$	7,904,630	\$	7,899,056

² Property taxes due to the custodial fund represent amounts collected by the Town on behalf of the Conway School District and are reported as a component of general fund cash at year-end.

NOTE 10 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2022 consist of amounts related to pensions totaling \$1,840,036 and amounts related to OPEB totaling \$36,159. For further discussion on these amounts, see Note 12 and 13, respectively.

Property taxes due to the Conway School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

Deferred inflows of resources are as follows:

		 ernmental		General Fund	Gove	onmajor ernmental Funds
Tax overpayments to be applied to Deferred property taxes not collected Grant revenue received in advance Amounts related to pensions (see N	d within 60 days of fiscal year-end feligible expenditures of telephone (14)	\$ 23,325 991,169 495,254	\$	23,325 289,298 983,705 - 1,296,328	\$	7,464 - 7,464
Total deferred inflows of resource		\$ 1,509,748	_\$_	1,29	6,328	6,328 \$

NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2022:

	Balance January 1, 2022	A	Additions	R	eductions_	D	Balance ecember 31,	 ne Within	-	ue In More an One Year
Notes payable - direct borrowings	\$ 358,015	\$	95.014	\$	(89,454) (55,224)	\$	268,561 1,029,279	\$ 92,229 108,419	\$	176,332 920,860
Compensated absences Accrued landfill closure and postclosure care	998,589 2,393,660		85,914 21,710		(33,224)		2,415,370	**		2,415,370
Net pension liability	8,291,053		1,887,829 403,099		(70,122)		10,178,882	-		10,178,882
Net other postemployment benefits Total long-term liabilities	\$ 861,726 12,903,043	\$	2,398,552	\$	(214,800)	\$	15,086,795	\$ 200,648	\$	14,886,147

The annual requirements to amortize all general obligation bonds/notes outstanding as of December 31, 2022, including interest payments, are as follows:

Fiscal Year Ending	Notes Pay	able - Direct B	Borrowings				
December 31,	Principal	Interest	Total				
2023	\$ 92,229	\$ 8,189	\$ 100,418				
2024	95,090	5,327	100,417				
2025	81,242	2,375	83,617				
Totals	\$ 268,561	\$ 15,891	\$ 284,452				

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Accrued Landfill Closure and Postclosure Care Costs — Federal and State 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 after closure. A liability is being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$2,415,370 as of December 31, 2022, which is based on 47% usage (filled) of the landfill. It is estimated that an additional \$2,171,000 will be recognized as closure and postclosure care costs between the date of the Balance Sheet and the date the landfill is expected to be filled to capacity (2068). The estimated total current cost of the landfill closure and postclosure 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 as of December 31, 2022. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The State of New Hampshire Department of Environmental Services requires that all entities which received licensing for landfills since 1991 meet general financial assurance requirements. The Town has established a capital reserve fund for landfill closure and postclosure care costs.

NOTE 12 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

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 benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (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 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
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%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$1,037,434, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2022 the Town reported a liability of \$10,178,882 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 an actuarial valuation as of that date. 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 towns and school districts, actuarially determined. At June 30, 2022, the Town's proportion was 0.17745203% which was an increase of 0.00962388% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$872,525. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	I	Deferred	Γ	Deferred	
	O	utflows of	Ir	iflows of	
	R	esources	Resources		
Changes in proportion	\$	192,325	\$	456,179	
Changes in assumptions		541,435		7 2 /1	
Net difference between projected and actual investment					
earnings on pension plan investments		385,767		•	
Differences between expected and actual experience		191,039		39,075	
Contributions subsequent to the measurement date		529,470		2,50	
Total	\$	1,840,036	\$	495,254	
	-				

The \$529,470 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	
December 31,	
2023	\$ 289,407
2024	310,821
2025	(229,821)
2026	444,905
Thereafter	<u> </u>
Totals	\$ 815,312

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2022 measurements:

Inflation: 2.0%

Salary increases: 5.4% average, including inflation Wage inflation: 2.75% (2.25% for teachers)

Investment rate of return: 6.75% net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Health 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.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial		Cu	rrent Single		
Valuation	1% Decrease	Rate	e Assumption	1	% Increase
Date	5.75%		6.75%		7.75%
June 30, 2022	\$ 13,657,493	\$	10,178,882	\$	7,286,738

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

13-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

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 four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. 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,

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lessor of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$67,159, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2022, the Town reported a liability of \$609,507 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 an actuarial valuation as of June 30, 2021. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the Town's proportion was 0.16129326% which was a decrease of 0.00842020% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$12,239. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

_		Defe	
Ou	tflows of	Inflo	ws of
Resources		Resources	
\$	1,666 34,493	\$	
\$	36,159	\$	•
	Ou R	\$ 1,666 34,493	Outflows of Resources Resources \$ 1,666 \$ 34,493

The \$34,493 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,		
2023	\$	277
2024		72
2025		(655)
2026		1,972
Thereafter	-	<u>+_</u>
Totals	\$	1,666

AS OF AND FOR THE FISCAL YEAR ENDED **DECEMBER 31, 2022**

Actuarial Assumptions - The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:

2.0% per year

Wage inflation:

2.75% (2.25% for teachers)

Salary increases:

5.4% average, including inflation

Investment rate of return: 6.75% net of OPEB plan investment expense, including inflation

Health care trend rate:

Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Health 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.

Long-term Rates of Return - The long-term expected rate of return on OPEB plan investment 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 rate 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 long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

Discount Rate - The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the longterm 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 OPEB Liability to Changes in the Discount Rate - The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial		Current Single			
Valuation	1% Decrease	Rate Assumption	1% Increase		
Date	5.75%	6.75%	7.75%		
June 30, 2022	\$ 661,724	\$ 609,507	\$ 564,031		

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

13-B Town of Conway Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a payas-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees.

Employees Covered by Benefit Terms - At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Active employees	71
Total participants covered by OPEB plan	91

Total OPEB Liability – The Town's total OPEB liability of \$585,196 was measured as of December 31, 2022, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$585,196 in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.66%
Healthcare Cost Trend Rates:	
Current Year Trend	9.00%
Second Year Trend	4.80%
Decrement	0.10%
Ultimate Trend	4.20%
Year Ultimate Trend is Reached	2033
Salary Increases:	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2022.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	December 31,				
	2020	2021			
OPEB liability beginning of year	\$ 164,865	\$ 182,097			
Changes for the year:					
Service cost	498	498			
Interest	7,623	4,108			
Assumption changes	41,382	(161,789)			
Difference between actual and expected experience	(32,271)	560,282			
OPEB liability end of year	\$ 182,097	\$ 585,196			

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The December 31, 2022 actuarial valuation was prepared using a discount rate of 3.66%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$694,121 or by 18.61%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$498,802 or by 14.76%.

	Discount Rate						
	1% Decrease		Baseline 3.66%		1% Increase		
Total OPEB Liability	\$	694,121	\$	585,196	\$	498,802	

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The December 31, 2022 actuarial valuation was prepared using an initial trend rate of 9%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$751,192 or by 28.37%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$460,363 or by 21.33%.

	Healthcare Cost Trend Rates							
	1% Decrease		Baseline 9.00%		1% Increase			
Total OPEB Liability	\$	460,363	\$	585,196	\$	751,192		

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2022, the Town recognized OPEB expense of \$403,099. As the Town elected to use the Alternative Measurement Method, no deferred inflows or outflows of resources are recognized.

NOTE 14 - ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2022 are as follows:

General fund:
Capital outlay \$ 495,711

NOTE 15 - GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Governmental activities and fiduciary fund net position reported on the Statements of Net Position at December 31, 2022 include the following:

		Fiduciary Funds	
Net investment in capital assets:			
Net book value, all capital assets	\$ 34,659,026	\$ 8	
Less:			
Notes payable	(268,561)	 	
Total net investment in capital assets	34,390,465	 	
Restricted net position:			
Library	372,777	34	
Perpetual care - nonexpendable	75,209	4	
Perpetual care - expendable	128,491	<u> </u>	
Hubbard and Davis Public Forest Reserve	15,310		
Drug forfeiture	10,487	3.4	
Recreation path	476,712	77.0	
Private purpose trust funds	9€	181,813	
Agency trust funds	:(₩:	7,060,055	
Escrows	(+:	2,347,926	
Total restricted net position	1,078,986	9,589,794	
Unrestricted	(2,431,708)		
Total net position	\$ 33,037,743	\$ 9,589,794	

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

NOTE 16 - GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Recreation Path	Nonmajor Funds	Total Governmental Funds	
Nonspendable:	e 146.270	\$ -	\$	\$ 146,270	
Tax deeded property	\$ 146,270	3	75,209	75,209	
Permanent fund - principal balance	146 270		75,209	221,479	
Total nonspendable fund balance	146,270			221,477	
Restricted:			100 401	128,491	
Permanent - income balance	8	•	128,491	·	
Public Library	=.		372,777	372,777	
Hubbard and Davis Public Forest Reserve	*	: :: 5	15,310	15,310	
Drug forfeiture		S ≡ 3	10,487	10,487	
Recreation path	<u> </u>	476,712		476,712	
Total restricted fund balance	<u> </u>	476,712	527,065	1,003,777	
Committed:					
Expendable trust	3,642,253	F=0	19 4 1	3,642,253	
Non-lapsing appropriations	495,711	:=:	9₩	495,711	
Conservation commission	Ę.	-	747,756	747,756	
Police commercial detail			54,791	54,791	
Recycling special waste		-	59,960	59,960	
Recreation			195,686	195,686	
Total committed fund balance	4,137,964		1,058,193	5,196,157	
Unassigned (deficit):					
Unassigned	5,434,661	0#3	-	5,434,661	
Deficit	180		(6,522)	(6,522)	
Total unassigned fund balance (deficit)	5,434,661	:0	(6,522)	5,428,139	
Total governmental fund balances	\$ 9,718,895	\$ 476,712	\$ 1,653,945	\$ 11,849,552	

NOTE 17 - PRIOR PERIOD ADJUSTMENTS

Fund balance at January 1, 2022 was restated to give retroactive effect to the following prior period adjustments:

	N	on-GAAP
	I	Budgetary
		Basis
	· ·	General
		Fund
To restate prior year interfund that will not be reimbursed	\$	(128,908)
Net position, as previously reported	-	4,235,327
Net position, as restated	\$	4,106,419

NOTE 18 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2022, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2022 to December 31, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022 the Town paid \$142,935 and \$105,202 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 19 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town of Conway did not have any such tax abatements for the year ended December 31, 2022.

NOTE 20 - COVID-19

As a result of the spread of the COVID- 19 Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Town was allotted a total of \$1,073,278 in federal funding from the American Rescue Plan Act (ARPA), which was received in two equal payments. The first payment of \$536,639 was received in 2021, and the second payment of \$536,639 was received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue, and necessary water, sewer, and broadband investment. For the year ended December 31, 2022, the Town spent \$306,400. The remaining unspent balance of \$766,878 is included as a deferred inflow of resources and will be recognized at a future date as eligible expenditures are incurred

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through October 30, 2023, the date the December 31, 2022 financial statements were available to be issued, and the no events occurred that require recognition or disclosure.

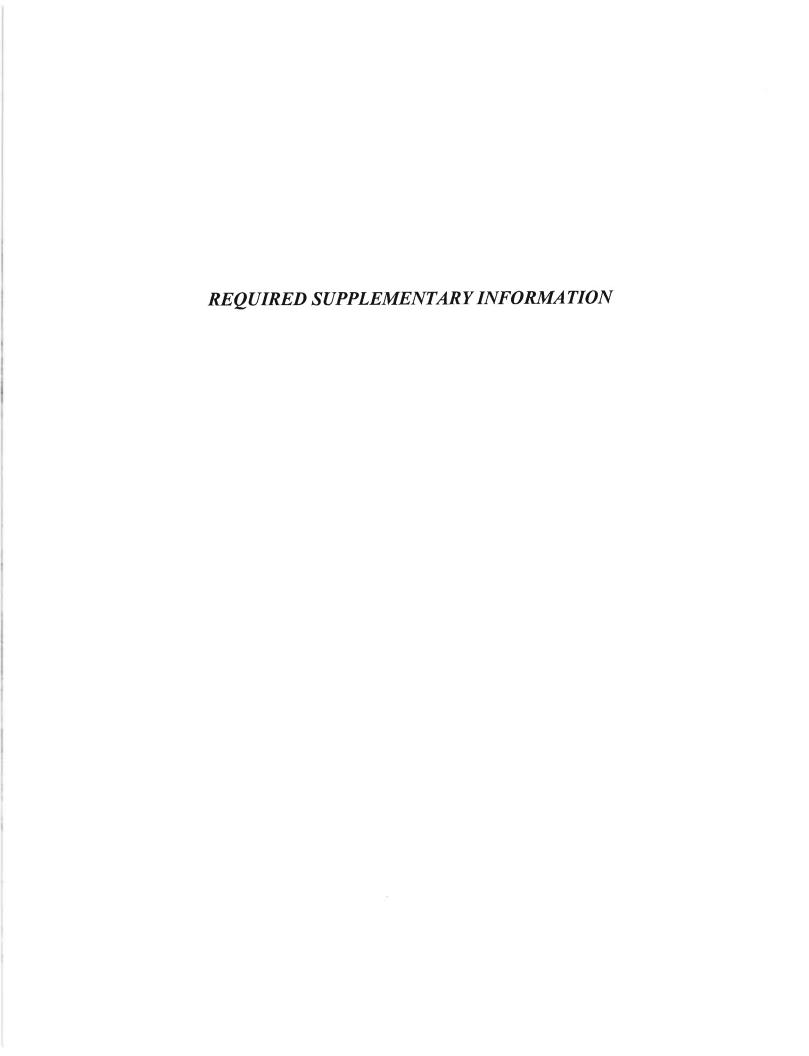


EXHIBIT F TOWN OF CONWAY, NEW HAMPSHIRE

Schedule of the Town's Proportionate Share of Net Pension Liability

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended December 31, 2022

Unaudited

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30,	June 30, 2018	June 30, 2019	June 30,	June 30, 2021	June 30,
Town's proportion of the net pension liability	0.18902336%	0.19109216%	0.18348652%	0.18859997%	0.19406030%	0.18896261%	0.18058001%	0.18130860%	0.18707591%	0.17745203%
Town's proportionate share of the net pension liability	\$ 8,135,158	\$ 7,172,808	\$ 7,268,868	\$10,028,983	\$ 9,543,872	\$ 9,098,932	\$ 8,688,886	\$11,596,772	\$ 8,291,053	\$10,178,882
Town's covered payroll (as of measurement date)	\$ 4,052,959	\$ 4,104,417	\$ 4,196,038	\$ 4,542,885	\$ 4,877,667	\$ 4,939,121	\$ 4,872,510	\$ 5,092,052	\$ 5,244,305	\$ 5,914,526
Town's proportionate share of the net pension liability as a percentage of its covered payrol	1 200.72%	174.76%	173.23%	220.76%	195.66%	184.22%	178.32%	227.74%	158.10%	172.10%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

EXHIBIT G TOWN OF CONWAY, NEW HAMPSHIRE

Schedule of Town Contributions - Pensions

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan For the Fiscal Year Ended December 31, 2022

Unaudited

Fiscal year-end	Dec	cember 31, 2013	Dec	cember 31, 2014	De	cember 31, 2015	Dec	cember 31, 2016	Dec	2017	Dec	2018	Dec	ember 31, 2019	De	cember 31, 2020	Dec	2021	Dec	2022
Measurement date	J	une 30, 2013	J	une 30, 2014	J	June 30, 2015		une 30, 2016	J 	une 30, 2017	J	une 30, 2018	J	une 30, 2019	J	June 30, 2020	J	une 30, 2021	J	une 30, 2022
Contractually required contribution	\$	470,013	\$	619,947	\$	615,576	\$	675,337	\$	710,927	\$	798,665	\$	785,851	\$	805,449	\$	914,062	\$	1,037,434
Contributions in relation to the contractually required contributions		(470,013)		(619,947)		(615,576)		(675,337)		(710,927)		(798,665)		(785,851)	_	(805,449)	_	(914,062)	(1,037,434)
Contribution deficiency (excess)	\$:• :	\$	(5)	\$		\$	-	\$		\$	<u> </u>	\$	<u> </u>	\$	7/25	<u>\$</u>	<u>ş</u>	<u>\$</u>	
Town's covered payroll (as of fiscal year)	\$	4,052,959	\$	4,104,417	\$	4,196,038	\$	4,542,885	<u>\$</u>	4,877,667	\$	4,939,121	\$	4,872,510	\$	5,092,052		5,164,767	\$	6,006,504
Contributions as a percentage of covered payroll		11.60%		15.10%		14,67%		14.87%		14.58%		16.17%		16.13%		15.82%		17.70%		17.27%

TOWN OF CONWAY, NEW HAMPSHIRE NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Schedule of the Town's Proportionate Share of Net Pension Liability and Schedule of Town Contributions - Pensions

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions - Salary increases changed to 5.4% from 5.6% in the current period.

Methods and Assumptions Used to Determine Contribution Rates — A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H TOWN OF CONWAY, NEW HAMPSHIRE

Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan For the Fiscal Year Ended December 31, 2022

Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2016	June 30, 2017			June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net OPEB liability	0.11888939%	0.12242095%	0.18390126%	0.17556992%	0.16255395%	0.16971346%	0.16129326%
Toen's proportionate share of the net OPEB liability (asset)	\$ 575,550	\$ 559,750	\$ 841,984	\$ 769,718	\$ 711,513	\$ 679,629	\$ 609,507
Town's covered payroll (as of measurement date)	\$ 4,542,885	\$ 4,877,667	\$ 4,939,121	\$ 4,872,510	\$ 5,092,052	\$ 5,244,305	\$ 5,914,526
Town proportionate share of the net OPEB liability (asset) as a percentag of its covered payroll	ge 12.67%	11.48%	17.05%	15.80%	13.97%	12.96%	10.31%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

47

EXHIBIT I TOWN OF CONWAY, NEW HAMPSHIRE

Schedule of Town Contributions - Other Postemployment Benefits New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan For the Fiscal Year Ended December 31, 2022

Unaudited

Fiscal year-end	December 31, 2016	· · · · · · · · · · · · · · · · · · ·		December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 69,082	\$ 72,559	\$ 81,345	\$ 80,123	\$ 75,453	\$ 71,392	\$ 67,159
Contributions in relation to the contractually required contribution	(69,082)	(72,559)	(81,345)	(80,123)	(75,453)	(71,392)	(67,159)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$	\$ -	\$ -
Town's covered payroll (as of fiscal year)	\$ 4,542,885	\$ 4,877,667	\$ 4,939,121	\$ 4,872,510	\$ 5,092,052	\$ 5,164,767	\$ 6,006,504
Contributions as a percentage of covered payroll	1.52%	1.49%	1.65%	1.64%	1.48%	1.38%	1.12%

48

EXHIBIT J

TOWN OF CONWAY, NEW HAMPSHIRE

Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios Retiree Health Benefit Program

For the Fiscal Year Ended December 31, 2022

Unaudited

			De	cember 31,				
	2018	 2019		2020		2021		2022
OPEB liability, beginning of year	\$ 276,244	\$ 253,836	\$	175,027	\$	164,865	\$	182,097
Changes for the year:								
Service cost	498	498		498		498		498
Interest	10,461	9,181		6,336		7,623		4,108
Assumption changes and difference								
between actualand expected experience	(33,367)	(88,488)		(16,996)	·	9,111	_	398,493
OPEB liability, end of year	\$ 253,836	\$ 175,027	\$	164,865		182,097	\$	585,196
Covered payroll	\$ 4,902,196	\$ 5,373,559	\$	5,616,172	\$	5,331,079	\$	5,620,928
Total OPEB liability as a percentage of covered payroll	5.18%	3.26%		2.94%		3.42%		10.41%

49

TOWN OF CONWAY, NEW HAMPSHIRE

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFIT LIABILITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of Town Contributions – Other Postemployment Benefits

Changes in Benefit Terms - There were no changes in benefit terms for the current period.

Changes in Assumptions - Salary increases changed to 5.4% from 5.6% in the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Schedule of Changes in Town's Total Other Postemployment Benefits Liability and Related Ratios

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.



SCHEDULE 1 TOWN OF CONWAY, NEW HAMPSHIRE

Major General Fund

Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) For the Fiscal Year Ended December 31, 2022

	E	Estimated		Actual]	/ariance Positive Vegative)
Taxes:						
Property	\$	9,537,417	\$	10,081,866	\$	544,449
Land use change		80,000		89,835		9,835
Yield		70,000		78,273		8,273
Excavation		2,500		2,586		86
Payment in lieu of taxes		20,324		24,312		3,988
Interest and penalties on taxes		125,000		133,436	-	8,436
Total from taxes		9,835,241		10,410,308		575,067
Licenses, permits, and fees:						
Business licenses, permits, and fees		26,500		19,992		(6,508)
Motor vehicle permit fees		2,047,200		2,369,116		321,916
Building permits		525,000		587,858		62,858
Other		183,900	_	192,017		8,117
Total from licenses, permits, and fees	_	2,782,600	_	3,168,983	_	386,383
Intergovernmental: State:						
Meals and rooms distribution		870,269		870,269		-
Highway block grant		254,037		253,051		(986)
Other		11,182		53,110		41,928
Federal:		,		,		
Other		124,465		174,465		50,000
Other governments		320,509		430,804		110,295
Total from intergovernmental		1,580,462		1,781,699		201,237
Charges for services:						
Income from departments		382,150		489,458		107,308
Other charges		19,000	_	3,162		(15,838)
Total from charges for services		401,150	,	492,620		91,470
Miscellaneous:				= 000		2.000
Interest on investments		5,000		7,808		2,808
Other		9,500_	_	39,676		30,176
Total from miscellaneous		14,500	_	47,484	_	32,984
Other financing sources:						
Transfers in	_	<u>*</u>	_	12,711		12,711
Total revenues and other financing sources		14,613,953		15,913,805	\$	1,299,852
Unassigned fund balance used to reduce tax rate		750,000				
Total revenues, other financing sources, and use of fund balance		15,363,953				

SCHEDULE 2 TOWN OF CONWAY, NEW HAMPSHIRE

Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 589,884	\$ 576,673	\$ 02	\$ 13,211
Election and registration		428,404	411,524		16,880
Financial administration	Ħ	323,814	327,641		(3,827)
Revaluation of property	H	227,210	226,917	0.82	293
Legal	¥	70,000	74,052		(4,052)
Planning and zoning	3	237,349	246,051	6.50	(8,702)
General government buildings	2	550,994	172,169	(t =)	378,825
Insurance, not otherwise allocated		113,832	82,638		31,194
Total general government		2,541,487	2,117,665		423,822
Public safety:					210.552
Police	*	4,383,172	4,063,599	1 📆	319,573
Ambulance	8	308,816	309,115		(299)
Fire	#	531,686	530,186		1,500
Building inspection	=	229,347	232,813	3€	(3,466)
Emergency management		5,705	5,705		
Total public safety		5,458,726	5,141,418		317,308
Highways and streets:					
Administration	*	96,916	99,755	=	(2,839)
Highways and streets	×	2,420,742	2,396,465	₹:	24,277
Street lighting	2	44,000	35,602		8,398
Other	24	412,749	438,645		(25,896)
Total highways and streets		2,974,407	2,970,467	·	3,940
Sanitation:					
Administration	÷	96,916	99,077		(2,161)
Solid waste disposal		916,690	853,393		63,297
Total sanitation	<u> </u>	1,013,606	952,470		61,136
Health:					
Administration		2,750	2,750	-	1 (4)
Health agencies		37,000	36,662		338
Total health		39,750	39,412	¥	338
Welfare:					
Administration and direct assistance	2	136,429	126,709		9,720
Vendor payments and other		120,310	120,310		
Total welfare		256,739	247,019		9,720
Culture and recreation:					
Parks and recreation		743,475	659,686		83,789
Library	×	575,263	552,872		22,391
Patriotic purposes	*	32,800	28,921		3,879
Other	<u> </u>	65,000	65,000		
Total culture and recreation		1,416,538	1,306,479		110,059
Conservation		18,700	13,088		5,612
					(continued)

SCHEDULE 2 (CONTINUED) TOWN OF CONWAY, NEW HAMPSHIRE

Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service: Interest on tax anticipation notes	<u>a</u>	2,000			2,000
Capital outlay	510,770		15,059	495,711	121
Other financing uses: Transfers out	<u> </u>	1,642,000	1,642,000		
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 510,770	\$ 15,363,953	\$ 14,445,077	\$ 495,711	\$ 933,935

SCHEDULE 3 TOWN OF CONWAY, NEW HAMPSHIRE

Major General Fund

Schedule of Changes in Unassigned Fund Balance For the Fiscal Year Ended December 31, 2022

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 17)	\$ 4,106,419
Changes: Unassigned fund balance used to reduce 2022 tax rate	(750,000)
2022 Budget summary: Revenue surplus (Schedule 1) Unexpended balance of appropriations (Schedule 2) 2022 Budget surplus \$ 1,299,85	
Increase in nonspendable fund balance Decrease in committed fund balance	(16,247) 100,000
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	5,673,959
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis	
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis	(289,298)
Elimination of the allowance for uncollectible taxes	50,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)	\$ 5,434,661

SCHEDULE 4 TOWN OF CONWAY, NEW HAMPSHIRE

Nonmajor Governmental Funds Combining Balance Sheet December 31, 2022

				Sp	ecial	Revenue Fur	nds			
	-		Huł	bard and						
			Dav	is Public						Police
		Public]	Forest	Co	nservation				mmercial
		Library	R	Reserve	Co	mmission		Grants		Detail
ASSETS										
Cash and cash equivalents	\$	105,587	\$	27.1	\$	€	\$	22,870	\$	54,791
Investments		267,190		15,310		739,062		-		*
Due from other governments		*		<u>₹</u> 7				116,703		•
Interfund receivable			_			8,694	_			
Total assets	\$	372,777	\$	15,310	\$	747,756	\$	139,573	\$	54,791
LIABILITIES										
Accounts payable	\$	*	\$	\$ ⊕ 3	\$		\$	137,428	\$	-
Contract payable		¥				*		57:		•
Interfund payable								1,203		
Total liabilities			_		_		_	138,631	_	
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - grants and donations	-		-			<u>-</u>		7,464	-	
FUND BALANCES (DEFICIT)										
Nonspendable				(*)		*				-
Restricted		372,777		15,310		i s				54.501
Committed		2		320		747,756		if.		54,791
Unassigned (deficit)	_				_	-	_	(6,522)	-	54.501
Total fund balances (deficit)		372,777		15,310		747,756	_	(6,522)	-	54,791
Total liabilities, deferred inflows	Ф	252 555	¢.	15 210	¢.	717 756	•	139,573	•	54,791
of resources, and fund balances	- \$	372,777	\$_	15,310	<u> </u>	747,756		137,373	<u> </u>	54,771

_		_		_							
							Capital roject				
	Spec	ial R	Revenue Fu	nds			Fund				
	Spec	iai i	cevenue i u	ilus			Local				
R	ecycling						Public				
	Special				Drug		gency	P	ermanent		
	Waste	R	ecreation		rfeiture		roject		Fund		Total
-		-				_					
\$	39,952	\$	233,127	\$	10,487	\$	o'#3	\$	203,700	\$	670,514
•	· ·		520		14		(;•:		-		1,021,562
	-		-		2		17,616		-		134,319
	20,008				2						28,702
\$	59,960	\$	233,127	\$	10,487	\$	17,616	\$	203,700	\$	1,855,097
\$		\$	1,951	\$	127	\$	-	\$	-	\$	139,379
•			•		-		17,616		-		17,616
	**		35,490		-				-		36,693
		_	37,441				17,616	_	2		193,688
	-		L.				<u> </u>		E		7,464
				_							
	170		(E)						75,209		75,209
					10,487		2		128,491		527,065
	59,960		195,686				22		-		1,058,193
	J. 7 0		3.5		-		2				(6,522)
	59,960		195,686		10,487			_	203,700	_	1,653,945
\$	59,960	\$	233,127	\$	10,487	\$	17,616	\$	203,700	\$	1,855,097

SCHEDULE 5 TOWN OF CONWAY, NEW HAMPSHIRE

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended December 31, 2022

	Public Library Forest Reserve Conservation Commission Grants Commod Detection \$ - \$ 89,835 \$ - \$ 1,634,938 \$ - \$ 32,052 \$ 32,0						
		Hubbard and					
		Davis Public			Police		
	Public	Forest	Conservation		Commercial		
	Library	Reserve	Commission	Grants	Detail		
REVENUES							
Taxes	\$	\$	\$ 89,835		\$ -		
Intergovernmental	36,215		-	1,634,938	=		
Charges for services	iff	-		-	32,800		
Miscellaneous	49,222	251	19,706	2,052	5		
Unrealized loss on investments	(43,958)						
Total revenues	41,479	251	109,541	1,636,990	32,805		
EXPENDITURES							
Current:							
General government	2	5.43		4,600			
Public safety	-	16 2 3	₩)	68,018	30,229		
Sanitation	2	8≆8	· · ·	*	#		
Welfare	30	12	:#C	7,272	*		
Culture and recreation	44,618	•		1,566,982			
Capital outlay							
Total expenditures	44,618		<u>*</u>	1,646,872	30,229		
Excess (deficiency) of revenues							
over (under) expenditures	(3,139)	251	109,541	(9,882)	2,576		
OTHER FINANCING USES							
Transfers out	(12,711)						
Net change in fund balances	(15,850)	251	109,541	(9,882)	2,576		
Fund balances, beginning	388,627	15,059	638,215	3,360	52,215		
Fund balances, ending	\$ 372,777	\$ 15,310	\$ 747,756	\$ (6,522)	\$ 54,791		

Sp	Recycling Special Waste Recreation		cial Drug				Po	ermanent Fund		Total
\$	_	\$	\$	-	\$	2	\$	<u>=</u>	\$	89,835
Ψ	-	•	Ψ	:=::	*	105,835	-	2		1,776,988
1	79,886	227,993		3.00						440,679
	3	28		1		:		1,578		72,846
	-	: * :		: * 0:		: * =				(43,958)
$\overline{}$	79,889	228,021		1		105,835		1,578		2,336,390
	2	1945 1941		(#)		*		2,840		7,440 98,247
1	63,006					125				163,006
1	05,000	(72				_		-		7,272
	===	146,126		(-)				327		1,757,726
	-					105,835				105,835
1	63,006	146,126	_	*		105,835	_	2,840	_	2,139,526
<u>. </u>	16,883	81,895		1				(1,262)		196,864
	2	(#E		•					_	(12,711)
	16,883	81,895		ì				(1,262)		184,153
	43,077	113,791	1	0,486		:≅:		204,962		1,469,792
	59,960	\$ 195,686		0,487	\$	- 1	\$	203,700	\$	1,653,945

SCHEDULE 6 TOWN OF CONWAY, NEW HAMPSHIRE

Custodial Funds

Combining Schedule of Custodial Funds Fiduciary Net Position

December 31, 2022

	Custodial Funds									
		Trust				State of NH Motor Vehicle		Total		
Taxes		Funds		Escrows						
ASSETS										
Cash and cash equivalents	\$	•	\$ 7,06	0,055	\$	2,233,175	\$	*	\$	9,293,230
Investments		3.52		-		212,443		2		212,443
Intergovernmental receivables	7.8	01,364		-		353		3		7,801,364
Total assets		01,364	7,06	0,055	<u> </u>	2,445,618	_		_	17,307,037
LIABILITIES										07.600
Accounts payable		·		=		97,692		~		97,692
Intergovernmental payables:										
School	7,8	01,364		9				340		7,801,364
Total liabilities	7,8	01,364		ਜ	_	97,692		E (_	7,899,056
NET POSITION										
Restricted	\$	•	\$ 7,06	0,055	\$_	2,347,926	\$		<u>\$</u>	9,407,981

SCHEDULE 7 TOWN OF CONWAY, NEW HAMPSHIRE

Custodial Funds

Combining Schedule of Custodial Funds Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2022

		Trust		State of NH	
	Taxes	Funds	Escrows	Motor Vehicle	Total
ADDITIONS					
Contributions	\$ -	\$ 1,450,503	\$ 527,523	\$	\$ 1,978,026
Investment earnings	E	52,051	4,477	=	56,528
Tax collections for other governments	23,632,032	<u>u</u> :	¥	3.00	23,632,032
State motor vehicle fees		=	<u> </u>	783,081	783,081
Total additions	23,632,032	1,502,554	532,000	783,081	26,449,667
DEDUCTIONS					
Benefits paid		766,507	2	(=)	766,507
Payments of taxes to other governments	23,632,032	*		-	23,632,032
Payments of motor vehicle fees to State	2	×		783,081	783,081
Payments for escrow purposes	÷	9	504,149	D€	504,149
Total deductions	23,632,032	766,507	504,149	783,081	25,685,769
Change in net position	ä	736,047	27,851	1.5	763,898
Net position, beginning	9	6,324,008	2,320,075		8,644,083
Net position, ending	\$ -	\$ 7,060,055	\$ 2,347,926	\$ -	\$ 9,407,981

INDEPENDENT AUDITOR'S REPORTS AND SINGLE AUDIT ACT SCHEDULES



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Members of the Board of Selectmen and Town Manager Town of Conway Conway, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Conway, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Conway's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Conway'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 of Conway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Conway'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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Conway's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 30, 2023 Concord, New Hampshire PLODZIK & SANDERSON Professional Association



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Members of the Board of Selectmen and Town Manager Town of Conway Conway, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Conway's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Town of Conway's major federal programs for the year ended December 31, 2022. The Town of Conway's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Conway complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Conway and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Conway's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Conway's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Conway's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is

Town of Conway Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Conway's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Conway's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Conway's internal control over compliance relevant to the audit in order to
 design audit procedures that are appropriate in the circumstances and to test and report on internal control over
 compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the
 effectiveness of the Town of Conway's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

October 30, 2023 Concord, New Hampshire PLODZIK & SANDERSON Professional Association

SCHEDULE I TOWN OF CONWAY, NEW HAMPSHIRE Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial s								
Unmodified opinions on governmental activities, each major fund, and aggregate remaining fund information.								
Internal control over financial reporting:								
Material weakness(es) identified?	yesX_ no							
• Significant deficiency(ies) identified?	yesX none reported							
Noncompliance material to financial statements noted?	yes _X_ no							
Federal Awards								
Internal control over major programs:								
Material weakness(es) identified?	yes <u>X</u> no							
• Significant deficiency(ies) identified?	yesX_ none reported							
Type of auditor's report issued on compliance for major fee	deral programs:Unmodified							
Any audit findings disclosed that are required to be reported accordance with 2 CFR 200.516(a)?	d in yesX_ no							
Identification of major federal programs:								
Assistance Listing Number	Name of Federal Program or Cluster							
14.228	Community Development Block Grant/State's Program							
Dollar threshold used to distinguish between type A and type B programs:	\$750,000							
Auditee qualified as low-risk auditee?	yes <u>X</u> no							

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II TOWN OF CONWAY, NEW HAMPSHIRE Schedule of Expenditures of Federal Awards For the Fiscal Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Provided to Subrecipients	Federal Expenditures	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed Through the New Hampshire Community Development Finance Authority					
Community Development Block Grant/State's Program	14.228	20-016-CDHS	\$ 870,810	\$ 887,490	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV		6,000	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV1	6,970	6,970	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV2	7,191	7,191	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV4	93,259	93,259	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV5	46,797	46,797	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV6	20,049	20,049	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV7	5,070	5,070	
COVID - 19 - Community Development Block Grant/State's Program	14.228	20-016-CDPS-CV8	14,000	14,000	
Community Development Block Grant/State's Program	14.228	22-016-CDHS	1,534,146	480,156 1,566,982	
PROGRAM TOTAL			1,334,140	1,500,762	
U.S. DEPARTMENT OF TRANSPORTATION					
Passed Through the State of New Hampshire Department of Transportation					
Highway Planning and Construction	20.205	41755		1,700,247	
Highway Planning and Construction	20.205	40638		114,442	
Highway Planning and Construction PROGRAM TOTAL	20.205	40018		21,838 1,836,527	
Passed Through the New Hampshire Department of Safety					
National Priority Safety Programs	20.616	22-03-06		3,000	
U.S. DEPARTMENT OF TREASURY					
Passed Through the State of New Hampshire Governor's Office for Emergency Relief and Recovery (GOFERR)					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		50,000	
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
Passed Through the State of New Hampshire State Library					
COVID-19 - Grants to States	45.310	N/A	-	15,981	
DIRECT FUNDING					
U.S. DEPARTMENT OF JUSTICE					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	:= A	60,000	
U.S. DEPARTMENT OF TREASURY					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	348	124,465	
COVID-17 - Colonavirus State and Local Piscat Recovery Lunes	21.021	- 1/4 -			
Total Expenditures of Federal Awards			\$ 1,534,146	\$ 3,656,955	

SCHEDULE III TOWN OF CONWAY, NEW HAMPSHIRE Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2022

FINANCIAL STATEMENT FINDINGS

2021-001 Balance Sheet Reconciliation (Material Weakness)

Status: Resolved.

TOWN OF CONWAY, NEW HAMPSHIRE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Conway under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Conway, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Conway.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Town of Conway has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.