

LOWER BARTLETT WATER PRECINCT

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Lower Bartlett Water Precinct
Intervale, New Hampshire 03845

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lower Bartlett Water Precinct as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Precinct'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 and each major fund of the Lower Bartlett Water Precinct as of December 31, 2022, and the respective changes in financial position thereof and the budget to actual 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. 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 Precinct and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted accounting 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 Precinct'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 Precinct's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension schedules on pages 21-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic 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.

The Lower Bartlett Water Precinct has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Lower Bartlett Water Precinct. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

March 29, 2023

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
LOWER BARTLETT WATER PRECINCT
Statement of Net Position
December 31, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 349,198
Expendable trust funds held by Bartlett Trustees	907,074
Intergovernmental receivable	20,313
Other receivables, net of allowance for uncollectibles	818,651
Inventory	121,152
Prepaid items	8,765
Capital assets, not being depreciated:	
Land	486,816
Construction in progress	54,964
Capital assets, net of accumulated depreciation:	
New facility building	768,000
Distribution system	10,841,903
Meters	58,840
Pumping stations	1,635,550
Storage tanks	326,708
Wells	33,747
Machinery and equipment	75,443
Vehicles	39,476
Total assets	16,546,600
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	180,678
 LIABILITIES	
Accounts payable	32,154
Accrued payroll and benefits	6,888
Accrued interest payable	96,449
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	391,491
Unamortized bond premium	19,984
Due in more than one year:	
Bonds and notes payable	6,347,257
Unamortized bond premium	299,760
Net pension liability	211,191
Total liabilities	7,405,174
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	811
 NET POSITION	
Net investment in capital assets	7,262,955
Unrestricted	2,058,338
Total net position	\$ 9,321,293

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

EXHIBIT 2
LOWER BARTLETT WATER PRECINCT
Statement of Activities
For the Year Ended December 31, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 237,607	\$ -	\$ -	\$ (237,607)
Water system operations	886,037	909,375	79,509	102,847
Interest on long-term debt	240,818	-	-	(240,818)
Capital outlay	13,133	-	-	(13,133)
Total primary government	<u>\$ 1,377,595</u>	<u>\$ 909,375</u>	<u>\$ 79,509</u>	<u>(388,711)</u>
General revenues:				
Property taxes				237,238
Miscellaneous				100,493
Total general revenues				<u>337,731</u>
Change in net position				(50,980)
Net position, beginning, as restated, see Note III.C.				<u>9,372,273</u>
Net position, ending				<u>\$ 9,321,293</u>

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

EXHIBIT 3
LOWER BARTLETT WATER PRECINCT
Balance Sheet
Governmental Funds
December 31, 2022

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 313,184	\$ 36,014	\$ 349,198
Expendable trust funds in custody of Bartlett Trustees	907,074	-	907,074
Receivables, net of allowance for uncollectibles:			
Taxes	58,972	-	58,972
Accounts	344,927	-	344,927
Interfund receivable	-	10,000	10,000
Inventory	121,152	-	121,152
Prepaid items	8,765	-	8,765
Total assets	<u>\$ 1,754,074</u>	<u>\$ 46,014</u>	<u>\$ 1,800,088</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 25,982	\$ 6,172	\$ 32,154
Accrued salaries and benefits	6,888	-	6,888
Interfund payable	10,000	-	10,000
Total liabilities	<u>42,870</u>	<u>6,172</u>	<u>49,042</u>
Deferred inflows of resources:			
Unavailable revenue	<u>66,592</u>	<u>-</u>	<u>66,592</u>
Fund balances:			
Nonspendable	129,917	-	129,917
Committed	959,074	39,842	998,916
Unassigned	555,621	-	555,621
Total fund balances	<u>1,644,612</u>	<u>39,842</u>	<u>1,684,454</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,754,074</u>	<u>\$ 46,014</u>	<u>\$ 1,800,088</u>

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

EXHIBIT 4
LOWER BARTLETT WATER PRECINCT
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2022

Total fund balances of governmental funds (Exhibit 3)		\$ 1,684,454
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 21,443,074	
Less accumulated depreciation	<u>(7,121,627)</u>	14,321,447
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (10,000)	
Payables	<u>10,000</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 58,972	
Unavailable water charges	7,620	
Long-term capacity fees and State aid receivable	<u>435,065</u>	501,657
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(96,449)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 6,738,748	
Unamortized bond premium	319,744	
Net pension liability	<u>211,191</u>	<u>(7,269,683)</u>
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 180,678	
Deferred inflows of resources related to pensions	<u>(811)</u>	<u>179,867</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 9,321,293</u></u>

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

EXHIBIT 5
LOWER BARTLETT WATER PRECINCT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Capital Projects	Total Governmental Funds
Revenues:			
Taxes	\$ 240,688	\$ -	\$ 240,688
Intergovernmental	84,023	-	84,023
Charges for services	968,579	-	968,579
Miscellaneous	94,188	4	94,192
Total revenues	<u>1,387,478</u>	<u>4</u>	<u>1,387,482</u>
Expenditures:			
Current:			
General government	255,985	-	255,985
Water system operations	434,237	-	434,237
Debt service:			
Principal	370,252	-	370,252
Interest	266,033	-	266,033
Capital outlay	21,105	11,028	32,133
Total expenditures	<u>1,347,612</u>	<u>11,028</u>	<u>1,358,640</u>
Net change in fund balances	39,866	(11,024)	28,842
Fund balances, beginning	1,604,746	50,866	1,655,612
Fund balances, ending	<u>\$ 1,644,612</u>	<u>\$ 39,842</u>	<u>\$ 1,684,454</u>

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

EXHIBIT 6
LOWER BARTLETT WATER PRECINCT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances of governmental funds (Exhibit 5)		\$ 28,842
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 73,963	
Depreciation expense	<u>(451,800)</u>	(377,837)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ (3,450)	
Change in unavailable water charges	(4,606)	
Change in long-term capacity fees and State aid receivable	<u>(59,112)</u>	(67,168)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond and note principal	\$ 376,554	
Amortization of bond premium	<u>19,984</u>	396,538
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense		<u>5,231</u>
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Precinct pension contributions	\$ 11,830	
Cost of benefits earned, net of employee contributions	<u>(48,416)</u>	(36,586)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (50,980)</u></u>

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

EXHIBIT 7
LOWER BARTLETT WATER PRECINCT
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 236,489	\$ 240,688	\$ 4,199
Intergovernmental	84,023	84,023	-
Charges for services	978,042	968,579	(9,463)
Miscellaneous	91,627	92,971	1,344
Total revenues	<u>1,390,181</u>	<u>1,386,261</u>	<u>(3,920)</u>
EXPENDITURES			
Current:			
General government	230,872	255,985	(25,113)
Water system operations	423,739	434,237	(10,498)
Debt service:			
Principal	366,348	370,252	(3,904)
Interest on long-term debt	270,722	266,033	4,689
Interest on tax anticipation note	500	-	500
Capital outlay	19,000	21,105	(2,105)
Total expenditures	<u>1,311,181</u>	<u>1,347,612</u>	<u>(36,431)</u>
Excess of revenues over expenditures	79,000	38,649	(40,351)
Other financing sources and uses:			
Transfers in	19,000	19,000	-
Transfers out	(109,796)	(109,796)	-
Total other financing sources and uses	<u>(90,796)</u>	<u>(90,796)</u>	<u>-</u>
Net change in fund balance	<u>\$ (11,796)</u>	(52,147)	<u>\$ (40,351)</u>
Decrease in nonspendable fund balance		676	
Unassigned fund balance, beginning		<u>607,092</u>	
Unassigned fund balance, ending		<u>\$ 555,621</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AN FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Lower Bartlett Water Precinct (the Precinct) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Precinct's financial activities for the year ended December 31, 2022.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

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

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

Government-Wide Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues consist of charges for services which primarily report charges for water services, and operating grants and contributions which account for grants and State aid for specific programs. The property taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AN FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

Fund Financial Statements

Fund financial statements are provided for the governmental funds. The Expendable Trust Funds are reported within the General Fund.

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

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Precinct considers revenues to be available if they are collected within sixty days of the end of the year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt payments which are recorded in the year due.

Major revenues susceptible to accrual are the property taxes, State aid, water charges and investment income. In general, other revenues are recognized when cash is received.

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

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Precinct reports the following two major governmental funds:

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

Capital Projects Fund – This fund is used to report the activity associated with the capital projects of the Precinct.

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AN FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

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

I.C.1. Cash and Cash Equivalents

The Precinct’s cash and cash equivalents consist of amounts in negotiable order of withdrawal (NOW) accounts. The laws of the State of New Hampshire require that the Precinct’s treasurer have custody of all monies belonging to the Precinct and pay out the same only upon orders of the Board of Commissioners.

I.C.2. Inventory

Inventory consists of parts and supplies to be used for future repairs and maintenance of the water system. Inventory is valued using an average cost method.

I.C.3. Capital Assets and Depreciation

The Precinct’s capital assets with useful lives of more than one year are stated at historical cost and reported in the Governmental Activities. Donated assets are stated at acquisition value on the date received. The Precinct capitalizes assets with cost of \$5,000 or more and estimated useful life of one year or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
New facility building	50
Distribution system	40-50
Meters	30
Pumping stations	10-40
Storage tanks	50
Wells	20
Machinery and equipment	5-20
Vehicles	7-10

I.C.4. Long-Term Liabilities

In the government-wide financial statements, outstanding debt is reported as liabilities. The Precinct reports the outstanding balances of bonds and notes payable, and unamortized bond premiums in Governmental Activities.

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
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I.C.5. *Equity*

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

- Net investment in capital assets, which consists of the balance of capital assets net of accumulated depreciation, reduced by outstanding debt used to acquire those assets.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the amount of inventory and prepaid items, whose resources are not in a spendable form.
- Committed, which represents the balance of the Expendable Trust Funds, which were established by Precinct Meeting, and can only be dissolved by the same body; encumbrances in the General Fund; and the balance of the Capital Projects Fund.
- Unassigned, which consists of the remaining balance of the General Fund.

I.C.6. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. *Stewardship, Compliance and Accountability*

II.A. *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Precinct is allowed to use beginning fund balance to balance the budget. In the year 2022, none of the fund balance from 2021 was so used, but \$11,796 was appropriated from fund balance.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, water system operations, debt service and capital outlay.

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AN FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

II.B. Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 1,405,261
Adjustments:	
Perspective difference:	
Interest earned by Expendable Trust Funds	1,217
Transfer from Expendable Trust Funds	(19,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 1,387,478</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 1,457,408
Adjustments:	
Basis difference:	
Encumbrances, beginning	52,000
Encumbrances, ending	(52,000)
Perspective difference:	
Transfer to Expendable Trust Funds	(109,796)
Per Exhibit 5 (GAAP basis)	<u>\$ 1,347,612</u>

II.C. Overdraft of Appropriations

The overdraft of appropriations in the General Fund of \$36,431 was due to engineering fees incurred in relation to a warrant article approved by Precinct Meeting in 2022, but subsequently disallowed by the Department of Revenue Administration for improper wording. These fees were related to a wastewater project also approved by Precinct Meeting. The Precinct did not obtain permission to overexpend appropriations from the Department of Revenue Administration.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables

Significant receivables of the General Fund consist of taxes of \$58,972 due from the Town of Bartlett, and water charges and fees of \$354,927 due from individuals and businesses. The water charges are reported net of an allowance for uncollected amounts of \$10,000.

The Governmental Activities report long-term receivables of \$414,752 for capacity fees that are due beyond the current year, and \$20,313 of State aid that is being collected at the rate of \$4,514 per year through 2026. These long-term receivables are not recorded and the related revenue is not recognized in Governmental Funds until the year that they are due.

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AN FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

Receivables are recorded on the Precinct'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.

Deferred revenue in the General Fund consists of \$58,972 of property taxes and \$7,620 of water charges not collected within sixty days of year-end and, therefore, not meeting the criteria for revenue recognition.

III.A.2. Capital Assets

The following provides a summary of changes in capital assets during the year:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 486,816	\$ -	\$ 486,816
Construction in progress	-	54,964	54,964
Total capital assets not being depreciated	<u>486,816</u>	<u>54,964</u>	<u>541,780</u>
Being depreciated:			
New facility building	800,000	-	800,000
Distribution system	16,135,532	-	16,135,532
Meters	216,883	-	216,883
Pumping stations	2,540,134	19,000	2,559,134
Storage tanks	757,174	-	757,174
Wells	45,255	-	45,255
Machinery and equipment	260,899	(1)	260,898
Vehicles	126,418	-	126,418
Total capital assets being depreciated	<u>20,882,295</u>	<u>18,999</u>	<u>20,901,294</u>
Total all capital assets	<u>21,369,111</u>	<u>73,963</u>	<u>21,443,074</u>
Less accumulated depreciation:			
New facility building	(16,000)	(16,000)	(32,000)
Distribution system	(4,969,504)	(324,125)	(5,293,629)
Meters	(154,034)	(4,009)	(158,043)
Pumping stations	(864,236)	(59,348)	(923,584)
Storage tanks	(420,041)	(10,425)	(430,466)
Wells	(7,672)	(3,836)	(11,508)
Machinery and equipment	(165,799)	(19,656)	(185,455)
Vehicles	(72,541)	(14,401)	(86,942)
Total accumulated depreciation	<u>(6,669,827)</u>	<u>(451,800)</u>	<u>(7,121,627)</u>
Net book value, capital assets being depreciated	<u>14,212,468</u>	<u>(432,801)</u>	<u>13,779,667</u>
Net book value, all capital assets	<u>\$ 14,699,284</u>	<u>\$ (377,837)</u>	<u>\$ 14,321,447</u>

Depreciation expense of \$451,800 was charged to water system operations in the governmental activities.

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AN FOR THE FISCAL YEAR ENDED
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III.B. Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2022	Current Portion
General obligation bonds/notes payable:						
Water system improvements/Rt. 16A	\$625,000	2007	2025	3.90	\$ 164,652	\$ 38,408
Water system improvements/Rt. 302	\$500,000	2001	2030	3.25	186,691	20,818
Refunding bonds	\$4,819,455	2012	2038	2.0-5.0	3,373,200	171,000
Cow Hill SRF note	\$598,768	2012	2032	2.72	348,157	30,511
Rural Development note	\$2,120,000	2016	2044	1.59	1,750,002	62,378
Truck note	\$48,000	2019	2024	3.00	20,083	9,893
Land for new facility	\$275,000	2019	2029	3.25	192,500	27,500
Building note	\$800,000	2019	2039	3.50	703,463	30,983
					<u>6,738,748</u>	<u>391,491</u>
Unamortized bond premium					319,744	19,984
Net pension liability					211,191	-
					<u>\$ 7,269,683</u>	<u>\$ 411,475</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Net Pension Liability	Total
Balance, beginning	\$ 7,115,302	\$ 339,728	\$ 19,544	\$ 7,474,574
Additions	-	-	191,647	191,647
Reductions	(376,554)	(19,984)	-	(396,538)
Balance, ending	<u>\$ 6,738,748</u>	<u>\$ 319,744</u>	<u>\$ 211,191</u>	<u>\$ 7,269,683</u>

**LOWER BARTLETT WATER PRECINCT
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Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds and notes payable as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 391,491	\$ 252,928	\$ 644,419
2024	409,778	237,969	647,747
2025	408,326	222,289	630,615
2026	424,916	206,571	631,487
2027	404,794	190,939	595,733
2028-2032	2,056,393	724,719	2,781,112
2033-2037	1,808,246	328,298	2,136,544
2038-2042	680,733	60,680	741,413
2043-2044	154,071	3,868	157,939
Totals	<u>\$ 6,738,748</u>	<u>\$ 2,228,261</u>	<u>\$ 8,967,009</u>

Authorized and Unissued Debt

The 2022 Precinct Meeting authorized \$41,950,000 for a four-phase installation wastewater project, which has not yet been borrowed. The 2017 Precinct Meeting authorized \$5,171,182 for improvements to the waterworks system, which also has not yet been borrowed.

III.C. Restatement of Beginning Equity

The beginning equity was restated as follows:

	Governmental Activities
To correct capital assets and accumulated depreciation	\$ (22,680)
Net position, as previously reported	9,394,953
Net position, as restated	<u>\$ 9,372,273</u>

IV. Other Information

IV.A. Risk Management

The Precinct's risk management activities are reported with governmental activities and recorded in the General Fund. During 2022, the Precinct was a member of the NH Public Risk Management Exchange (Primex), which is a pooled risk management program under RSA 5-B and RSA 281-A. As a member of Primex, the Precinct shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. Coverage limits vary for property/liability and cover the statutory requirements for workers'

**LOWER BARTLETT WATER PRECINCT
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compensation. Contributions for the year totaled \$13,263 for property/liability coverage, and \$3,826 for workers' compensation insurance. The member agreement permits Primex to make additional assessments should there be a deficiency in assets to meet its liabilities. At this time, Precinct does not expect any additional assessments for past years.

IV.B. Retirement Pensions

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

Both the members and the Precinct make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution for employees was 7.0% of gross wages. The rate of contribution from the Precinct was 14.06%. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Precinct during the years 2021 and 2022 were \$11,475 and \$23,682, respectively. The amounts were paid on a monthly basis as due.

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

At December 31, 2022, the Precinct reported a liability of \$211,191 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 June 30, 2021 rolled forward. The Precinct's proportion of the net pension liability was based on a projection of the Precinct's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2022, the Precinct's proportion was 0.0037%, which was an increase of 0.0033% from its proportion reported for 2021..

**LOWER BARTLETT WATER PRECINCT
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For the year 2022, the Precinct recognized pension expense of \$48,416. At year-end, the Precinct reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 145,646	\$ -
Net differences between projected and actual earnings on pension plan investments	8,004	-
Changes of assumptions	11,234	-
Differences between expected and actual experience	3,964	811
Precinct contributions subsequent to the measurement date	11,830	-
	<u>\$ 180,678</u>	<u>\$ 811</u>

The Precinct reported \$11,830 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year 2023.

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

<u>Year Ending December 31,</u>	
2023	\$ 47,085
2024	46,205
2025	34,653
2026	40,094
	<u>\$ 168,037</u>

**LOWER BARTLETT WATER PRECINCT
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial Assumptions

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

Inflation	2.0% per year
Salary increases	5.4% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Mortality	Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each member classification and projected fully generational mortality improvements using Scale MP-2019.

Sensitivity of the Precinct's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Precinct's proportionate share of net pension liability	<u>\$283,365</u>	<u>\$211,191</u>	<u>\$151,185</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 8
LOWER BARTLETT WATER PRECINCT
Schedule of the Precinct's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2022	2021
Precinct's proportion of net pension liability	0.0037%	0.0004%
Precinct's proportionate share of the net pension liability	\$211,191	\$19,544
Precinct's covered-employee payroll	\$168,437	\$87,337
Precinct's proportionate share of the net pension liability as a percentage of covered-employee payroll	125.38%	22.38%
Plan fiduciary net position as a percentage of the total pension liability	65.12%	72.22%

EXHIBIT 9
LOWER BARTLETT WATER PRECINCT
Schedule of the Precinct's Pension Contributions
New Hampshire Retirement System

	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 23,682	\$ 11,475
Contribution in relation to the contractually required contribution	<u>(23,682)</u>	<u>(11,475)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Precinct's covered-employee payroll	\$168,437	\$87,337
Contribution as a percentage of covered-employee payroll	14.06%	13.14%

**LOWER BARTLETT WATER PRECINCT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AN FOR THE YEAR ENDED
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The pensions schedules are meant to present related information for ten years. Because this is the second year that the Precinct has participated in the NH Retirement System, only two years of information are presented. An additional year's information will be presented each year until there are ten years shown.

INDIVIDUAL FUND SCHEDULES

EXHIBIT 10
LOWER BARTLETT WATER PRECINCT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	\$ 236,489	\$ 240,688	\$ 4,199
Intergovernmental:			
State grants	84,023	84,023	-
Charges for services:			
Income from departments	978,042	968,579	(9,463)
Miscellaneous:			
Interest on investments	15	32	17
Cell tower lease	90,567	91,551	984
Other	1,045	1,388	343
Total miscellaneous	<u>91,627</u>	<u>92,971</u>	<u>1,344</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	19,000	19,000	-
Total revenues and other financing sources	1,409,181	<u>\$ 1,405,261</u>	<u>\$ (3,920)</u>
Fund balance appropriated	11,796		
Total revenues, other financing sources, and use of fund balance	<u>\$ 1,420,977</u>		

EXHIBIT 11
LOWER BARTLETT WATER PRECINCT
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Financial administration	-	\$ 157,610	\$ 139,641	-	\$ 17,969
Legal	-	54,500	100,802	-	(46,302)
General government buildings	-	2,000	590	-	1,410
Insurance, not otherwise allocated	-	11,962	11,453	-	509
Other	-	4,800	3,499	-	1,301
Total general government	-	<u>230,872</u>	<u>255,985</u>	-	<u>(25,113)</u>
Water system operations	-	<u>423,739</u>	<u>434,237</u>	-	<u>(10,498)</u>
Debt service:					
Principal	-	366,348	370,252	-	(3,904)
Interest on long-term debt	-	270,722	266,033	-	4,689
Interest on tax anticipation note	-	500	-	-	500
Total debt service	-	<u>637,570</u>	<u>636,285</u>	-	<u>1,285</u>
Capital outlay:					
Machinery, vehicles and equipment	<u>52,000</u>	-	-	<u>52,000</u>	-
Other financing uses:					
Transfers out:					
Expendable trust fund	-	<u>109,796</u>	<u>109,796</u>	-	-
Total expenditures, financing uses, and encumbrances	<u>\$ 52,000</u>	<u>\$ 1,420,977</u>	<u>\$ 1,457,408</u>	<u>\$ 52,000</u>	<u>\$ (36,431)</u>

EXHIBIT 12
LOWER BARTLETT WATER PRECINCT
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2022

Unassigned fund balance, beginning		\$ 607,092
Changes:		
Unassigned fund balance appropriated		(11,796)
Budget summary:		
Revenue shortfall (Exhibit 10)	\$ (3,920)	
Overdraft of appropriations (Exhibit 11)	<u>(36,431)</u>	
Budget deficit		(40,351)
Decrease in nonspendable fund balance		<u>676</u>
Unassigned fund balance, ending		<u><u>\$ 555,621</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the Board of Commissioners
Lower Bartlett Water Precinct
Intervale, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Lower Bartlett Water Precinct, as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Precinct's internal control over financial reporting (internal control) as a basis for designing our audit procedures 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 Precinct's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lower Bartlett Water Precinct'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 over financial reporting was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Commissioners and others within the Lower Bartlett Water Precinct, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 29, 2023

Roberts & Greene, PLLC