

WEST OSSIPPEE FIRE PRECINCT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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TABLE OF CONTENTS

		<u>PAGES</u>
	INDEPENDENT AUDITOR'S REPORT	1 - 2
 BASIC FINANCIAL STATEMENTS 		
Government-wide Financial Statements		
A	Statement of Net Position	3
B	Statement of Activities	4
Fund Financial Statements		
<i>Governmental Fund</i>		
C-1	Balance Sheet	5
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	6
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	8
<i>Budgetary Comparison Information</i>		
D	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	9
	NOTES TO THE BASIC FINANCIAL STATEMENTS	10 - 16
 INDIVIDUAL FUND SCHEDULES 		
Governmental Fund		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	17
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	18
3	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis).....	19



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
West Ossipee Fire Precinct
West Ossipee, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the West Ossipee Fire 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 major fund of the West Ossipee Fire Precinct as of December 31, 2022, and the respective changes in financial position 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. 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 West Ossipee Fire 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

West Ossipee Fire Precinct'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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Ossipee Precinct'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.

**West Ossipee Fire Precinct
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 West Ossipee Fire 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 West Ossipee Fire 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, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

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

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Ossipee Fire Precinct's basic financial statements. The accompanying individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules 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.

June 6, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
WEST OSSIPPEE FIRE PRECINCT
Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 187,285
Intergovernmental receivable	181,476
Capital assets:	
Other capital assets, net of depreciation	<u>882,880</u>
Total assets	<u>1,251,641</u>
LIABILITIES	
Accounts payable	13,340
Accrued salaries and benefits	<u>3,303</u>
Total liabilities	<u>16,643</u>
NET POSITION	
Net investment in capital assets	882,880
Unrestricted	<u>352,118</u>
Total net position	<u>\$ 1,234,998</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
WEST OSSIPPEE FIRE PRECINCT
Statement of Activities
For the Fiscal Year Ended December 31, 2022

	Expenses	Net Expense and Change In Net Position
General government	\$ 87,951	\$ (87,951)
Public safety	322,554	(322,554)
Highways and streets	466	(466)
Interest on long-term debt	186	(186)
Total governmental activities	\$ 411,157	(411,157)
 General revenues:		
Taxes:		
Precinct taxes		461,562
Grants and contributions not restricted to specific programs		25,000
Unrestricted investment earnings		323
Miscellaneous		940
Total general revenues		487,825
Change in net position		76,668
Net position, beginning		1,158,330
Net position, ending		\$ 1,234,998

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
WEST OSSIPPEE FIRE PRECINCT
Governmental Fund
Balance Sheet
December 31, 2022

	General
ASSETS	
Cash and cash equivalents	\$ 187,285
Intergovernmental receivable	181,476
Total assets	\$ 368,761
LIABILITIES	
Accounts payable	\$ 13,340
Accrued salaries and benefits	3,303
Total liabilities	16,643
FUND BALANCES	
Committed	168,103
Assigned	13,555
Unassigned	170,460
Total fund balances	352,118
Total liabilities and fund balances	\$ 368,761

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
WEST OSSIPPEE FIRE PRECINCT
Reconciliation of the Balance Sheet - Governmental Fund 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 balance of the governmental fund (Exhibit C-1)		\$ 352,118
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost		\$ 2,009,152
Less accumulated depreciation		<u>(1,126,272)</u>
		<u>882,880</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 1,234,998</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
WEST OSSIPPEE FIRE PRECINCT
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2022

	General
REVENUES	
Taxes	\$ 461,562
Intergovernmental	25,000
Miscellaneous	1,263
Total revenues	487,825
EXPENDITURES	
Current:	
General government	87,951
Public safety	303,757
Highways and streets	466
Debt service:	
Principal	57,245
Interest	2,124
Capital outlay	58,274
Total expenditures	509,817
Net change in fund balances	(21,992)
Fund balances, beginning	374,110
Fund balances, ending	\$ 352,118

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
WEST OSS�PEE FIRE PRECINCT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Fund to the Statement of Activities
For the Fiscal Year Ended December 31, 2022

Net change in fund balance of the governmental fund (Exhibit C-3)		\$ (21,992)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental fund reports 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	\$ 93,038	
Depreciation expense	<u>(53,561)</u>	39,477
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 note payable		57,245
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>1,938</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 76,668</u>

EXHIBIT D
WEST OSS�PEE FIRE PRECINCT
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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 459,745	\$ 459,745	\$ 461,562	\$ 1,817
Intergovernmental	-	25,000	25,000	-
Miscellaneous	930	830	961	131
Total revenues	<u>460,675</u>	<u>485,575</u>	<u>487,523</u>	<u>1,948</u>
EXPENDITURES				
Current:				
General government	92,426	92,426	75,951	16,475
Public safety	288,280	313,180	282,548	30,632
Highways and streets	600	600	466	134
Debt service:				
Principal	57,245	57,245	57,245	-
Interest	2,124	2,124	2,124	-
Capital outlay	-	58,274	58,274	-
Total expenditures	<u>440,675</u>	<u>523,849</u>	<u>476,608</u>	<u>47,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,000</u>	<u>(38,274)</u>	<u>10,915</u>	<u>49,189</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	58,274	58,274	-
Transfers out	(120,000)	(120,000)	(120,000)	-
Total other financing sources (uses)	<u>(120,000)</u>	<u>(61,726)</u>	<u>(61,726)</u>	<u>-</u>
Net change in fund balances	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	(50,811)	<u>\$ 49,189</u>
Unassigned fund balance, beginning			221,271	
Unassigned fund balance, ending			<u>\$ 170,460</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

WEST OSSIPPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting and Measurement Focus.....	1-B
Cash and Cash Equivalents.....	1-C
Intergovernmental Receivables	1-D
Capital Assets	1-E
Interfund Transfers	1-F
Accounts Payable	1-G
Long-term Obligations	1-H
Net Position/Fund Balances.....	1-I
Use of Estimates	1-J
 Stewardship, Compliance, and Accountability	 2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Accounting Change	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Intergovernmental Receivables	4
Capital Assets	5
Long-term Liabilities	6
Encumbrances	7
Governmental Activities Net Position	8
Governmental Fund Balances	9
COVID-19	10
Subsequent Events.....	11

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Ossipee Fire Precinct, New Hampshire (the Precinct), 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 Precinct’s accounting policies are described below.

1-A Reporting Entity

The West Ossipee Fire Precinct is a municipal corporation governed by an elected 3-member Board of Commissioners. In evaluating how to define the Precinct 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 Precinct has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

The accounts of the Precinct 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 Precinct’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 Precinct accompanied by a total column. Fiduciary activities of the Precinct 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 Precinct’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.

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.

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 Precinct 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. Precinct assessments, 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.

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.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

The Precinct reports the following major governmental fund:

General Fund – is the Precinct’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 the precinct assessment. The primary expenditures are for general government, public safety, debt service, and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the expendable trust funds are consolidated in the general fund.

1-C Cash and Cash Equivalents

The Precinct 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.

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 Intergovernmental Receivables

Receivables recorded in the financial statements represent amounts due to the Precinct at December 31. They are aggregated into a single intergovernmental receivable line. They consist of precinct assessments due from the Town of Ossipee as well as the expendable trust funds held by the Town of Ossipee Trustees of Trust Funds.

1-E Capital Assets

Capital assets are reported 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 Precinct has established a threshold of \$10,000 or more and an estimate useful life in excess of one year for capitalization of depreciable assets.

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 Precinct are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes:	<u>Years</u>
Land improvements	25
Buildings and building improvements	50
Machinery, equipment, and vehicles	5-45
Infrastructure	25

1-F 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-G 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.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

1-H Long-term Obligations

In the government-wide financial statements, 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 Precinct utilizes the following classifications to categorize the financial transaction:

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

1-I Net Position/Fund Balances

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation.

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

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Precinct 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 Precinct's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners through the budgetary process.

Unassigned – Amounts that are available for any purpose.

When multiple net position/fund balance classifications are available for use, it is the government's practice 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.

1-J 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 the useful lives and impairment of tangible and intangible capital assets, 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.

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 Precinct's operations. At its annual meeting, the Precinct 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.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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, none of the beginning general fund unassigned fund balance was applied for this purpose and \$100,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

While the Precinct 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:	
Per Exhibit D (budgetary basis)	\$ 545,797
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended expendable trust funds	302
To eliminate transfers between blended expendable trust fund and the general fund	<u>(58,274)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 487,825</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 596,608
Adjustments:	
Basis differences:	
Encumbrances, beginning	46,764
Encumbrances, ending	(13,555)
GASB Statement No. 54:	
To eliminate transfer between general fund and blended expendable trust funds	<u>(120,000)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 509,817</u>

2-C 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. The Precinct has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

WEST OSS�PEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Precinct's deposits and certificates of deposit are entirely covered by Federal Depository Insurance Corporation (FDIC). The FDIC currently insures the first \$250,000 of the Precinct's deposits at each financial institution, per case custodian. As of year-end, the carrying amount of the Precinct's deposits was \$187,285 and the bank balances totaled \$208,339.

NOTE 4 – OTHER RECEIVABLES

Receivables of \$181,476 at December 31, 2022, consisted of Precinct assessment owed to the Precinct from the Town of Ossipee and expendable trust funds held by the Town of Ossipee Trustees of Trust Funds. 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 the supporting documentation, but also by a reasonable, systemic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – CAPITAL ASSETS

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

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Construction in progress	\$ 17,384	\$ -	\$ (17,384) *	\$ -
Being depreciated:				
Land improvements	14,966	-	-	14,966
Buildings and building improvements	661,938	17,384 *	-	679,322
Machinery, equipment, and vehicles	1,185,354	93,038	-	1,278,392
Infrastructure	36,472	-	-	36,472
Total capital assets being depreciated	<u>1,898,730</u>	<u>110,422</u>	<u>-</u>	<u>2,009,152</u>
Total all capital assets	<u>1,916,114</u>	<u>110,422</u>	<u>(17,384)</u>	<u>2,009,152</u>
Less accumulated depreciation:				
Land improvements	(4,839)	(599)	-	(5,438)
Buildings and building improvements	(209,528)	(14,975)	-	(224,503)
Machinery, equipment, and vehicles	(848,861)	(36,528)	-	(885,389)
Infrastructure	(9,483)	(1,459)	-	(10,942)
Total accumulated depreciation	<u>(1,072,711)</u>	<u>(53,561)</u>	<u>-</u>	<u>(1,126,272)</u>
Net book value, capital assets being depreciated	<u>826,019</u>	<u>56,861</u>	<u>-</u>	<u>882,880</u>
Net book value, all capital assets	<u>\$ 843,403</u>	<u>\$ 56,861</u>	<u>\$ (17,384)</u>	<u>\$ 882,880</u>

*A reclassification of \$17,384 was made from construction in progress to building and building improvements.

Depreciation expense of \$53,561 was charged to the public safety function of the Precinct based on their usage of the related assets.

NOTE 6 – LONG-TERM LIABILITIES

The final payment on the note payable due in 2022 consists of \$57,245 principal and \$2,124 interest, for a total of \$59,369.

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

WEST OSSIPEE FIRE PRECINCT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

NOTE 7 – ENCUMBRANCES

The outstanding encumbrances in the general fund are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed as of December 31, 2022. The entire encumbrance amount of \$13,555 has been charged to public safety.

NOTE 8 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the Statement of Net Position at December 31, 2022 include the following:

Net investment in capital assets:	
Net book value, all capital assets	\$ 882,880
Unrestricted	352,118
Total net position	\$ 1,234,998

None of the net position is restricted by enabling legislation.

NOTE 9 – GOVERNMENTAL FUND BALANCES

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

	General Fund
Committed:	
Expendable trust	\$ 168,103
Assigned:	
Encumbrances	13,555
Unassigned	170,460
Total governmental fund balances	\$ 352,118

NOTE 10 – COVID-19

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Precinct received no such funding from this grant, however, the Precinct did receive \$25,000 from the State of New Hampshire for a COVID-19 Response Grant.

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

NOTE 11 – 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 June 6, 2023, the date the December 31, 2022 financial statements were available to be issued, and noted no events that would require recognition or disclosure.

INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
WEST OSS�PEE FIRE PRECINCT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Precinct assessment	\$ 459,745	\$ 461,562	\$ 1,817
Intergovernmental:			
State:			
Other	25,000	25,000	-
Miscellaneous:			
Interest on investments	30	21	(9)
Other	800	940	140
Total from miscellaneous	830	961	131
Other financing sources:			
Transfers in	58,274	58,274	-
Total revenues and other financing sources	543,849	<u>\$ 545,797</u>	<u>\$ 1,948</u>
Voted from fund balance	100,000		
Total revenues, other financing sources, and amounts voted from fund balance	<u>\$ 643,849</u>		

SCHEDULE 2
WEST OSSIPEE FIRE PRECINCT
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	\$ -	\$ 11,450	\$ 12,612	\$ -	\$ (1,162)
Financial administration	-	6,100	6,200	-	(100)
Legal	-	1,000	-	-	1,000
General government buildings	12,000	48,376	37,875	-	22,501
Insurance, not otherwise allocated	-	25,500	31,264	-	(5,764)
Total general government	<u>12,000</u>	<u>92,426</u>	<u>87,951</u>	<u>-</u>	<u>16,475</u>
Public safety:					
Fire	<u>34,764</u>	<u>313,180</u>	<u>303,757</u>	<u>13,555</u>	<u>30,632</u>
Highways and streets:					
Street lighting	<u>-</u>	<u>600</u>	<u>466</u>	<u>-</u>	<u>134</u>
Debt service:					
Principal of long-term debt	-	57,245	57,245	-	-
Interest on long-term debt	<u>-</u>	<u>2,124</u>	<u>2,124</u>	<u>-</u>	<u>-</u>
Total debt service	<u>-</u>	<u>59,369</u>	<u>59,369</u>	<u>-</u>	<u>-</u>
Capital outlay	<u>-</u>	<u>58,274</u>	<u>58,274</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>-</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 46,764</u>	<u>\$ 643,849</u>	<u>\$ 629,817</u>	<u>\$ 13,555</u>	<u>\$ 47,241</u>

SCHEDULE 3
WEST OSSIPEE FIRE PRECINCT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

Unassigned fund balance, beginning		\$ 221,271
Changes:		
Amounts voted from fund balance		(100,000)
2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,948	
Unexpended balance of appropriations (Schedule 2)	<u>47,241</u>	
2022 Budget surplus		<u>49,189</u>
Unassigned fund balance, ending		<u><u>\$ 170,460</u></u>