

**TOWN OF BROOKLINE,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

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

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**TABLE OF CONTENTS**

		<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....		1 - 3
 <b>BASIC FINANCIAL STATEMENTS</b> 		
<b>Government-wide Financial Statements</b>		
A	Statement of Net Position .....	4
B	Statement of Activities .....	5
<b>Fund Financial Statements</b>		
<i>Governmental Funds</i>		
C-1	Balance Sheet .....	6
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	9
<i>Budgetary Comparison Information</i>		
D	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	10
<i>Fiduciary Funds</i>		
E-1	Statement of Fiduciary Net Position .....	11
E-2	Statement of Changes in Fiduciary Net Position .....	12
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS</b> .....		13 - 34
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b> 		
F	Schedule of the Town's Proportionate Share of Net Pension Liability .....	35
G	Schedule of Town Contributions – Pensions .....	36
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION -</b> <b>PENSION LIABILITY</b> .....		37
H	Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability .....	38
I	Schedule of Town Contributions – Other Postemployment Benefits .....	39
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION -</b> <b>OTHER POSTEMPLOYMENT BENEFITS LIABILITY</b> .....		40
 <b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b> 		
<b>Governmental Funds</b>		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	41
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	42 - 43
3	Schedule of Changes in Unassigned Fund Balance.....	44
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet .....	45
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	46
<b>Fiduciary Funds</b>		
<i>Custodial Funds</i>		
6	Combining Schedule of Fiduciary Net Position .....	47
7	Combining Schedule of Changes in Fiduciary Net Position .....	48
<b>INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESS</b> .....		49



# 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  
Town of Brookline  
Brookline, New Hampshire

### **Report on the Financial Statements**

#### ***Adverse and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, the major funds, and aggregate remaining fund information of the Town of Brookline 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.

#### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

#### ***Adverse Opinion on Governmental Activities***

In our opinion, because of the significance of the matter described in the "Matters Giving Rise to Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities financial statements of the Town of Brookline, as of December 31, 2022, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions on the Major Funds and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds and aggregate remaining fund information of the Town of Brookline 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 Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Brookline 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.

#### ***Matters Giving Rise to Adverse Opinion on Governmental Activities***

As discussed in Note 13-B to the financial statements, management has not recorded the long-term costs of retirement healthcare costs and obligations for other postemployment benefits for the single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities, is not readily determinable.

***Town of Brookline  
Independent Auditor's Report***

***Responsibilities of Management for the Financial Statements***

The Town of Brookline'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 the Town of Brookline'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brookline'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 Brookline'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 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:

- 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, 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

*Town of Brookline  
Independent Auditor's Report*

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.

**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 the Town of Brookline's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

February 14, 2024  
Concord, New Hampshire

*Blodzik & Sanderson  
Professional Association*

***BASIC FINANCIAL STATEMENTS***

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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,844,049
Investments	239,931
Taxes receivables (net)	586,248
Account receivables	39,625
Capital assets:	
Land and construction in progress	9,568,383
Other capital assets, net of depreciation	5,389,435
Total assets	27,667,671
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	623,558
Amounts related to other postemployment benefits	15,691
Total deferred outflows of resources	639,249
<b>LIABILITIES</b>	
Accounts payable	3,850
Accrued salaries and benefits	26,595
Accrued interest payable	78,032
Intergovernmental payable	7,472,562
Escrow and performance deposits	4,000
Long-term liabilities:	
Due within one year	300,285
Due in more than one year	9,061,291
Total liabilities	16,946,615
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	5,806
Unavailable revenue - off-site improvements	9,750
Unavailable revenue - ARPA	424,882
Amounts related to pensions	33,079
Total deferred inflows of resources	473,517
<b>NET POSITION</b>	
Net investment in capital assets	9,432,447
Restricted	432,417
Unrestricted	1,021,924
Total net position	\$ 10,886,788

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,182,223	\$ 55,553	\$ 32,196	\$ -	\$ (2,094,474)
Public safety	2,027,136	102,157	250	-	(1,924,729)
Highways and streets	1,176,094	11,250	-	379,275	(785,569)
Sanitation	381,067	38,489	-	-	(342,578)
Health	25,550	-	-	-	(25,550)
Welfare	29,821	-	-	-	(29,821)
Culture and recreation	488,168	125,601	-	-	(362,567)
Conservation	104,148	-	88,825	-	(15,323)
Economic development	2,348	-	-	-	(2,348)
Interest on long-term debt	141,757	-	-	-	(141,757)
Total governmental activities	<u>\$ 6,558,312</u>	<u>\$ 333,050</u>	<u>\$ 121,271</u>	<u>\$ 379,275</u>	<u>(5,724,716)</u>
General revenues:					
Taxes:					
Property					3,631,697
Other					216,757
Motor vehicle permit fees					1,348,489
Licenses and other fees					20,900
Grants and contributions not restricted to specific programs					654,402
Unrestricted investment earnings					63,217
Miscellaneous					216,775
Total general revenues					<u>6,152,237</u>
Change in net position					427,521
Net position, beginning					10,459,267
Net position, ending					<u>\$ 10,886,788</u>

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

**EXHIBIT C-1**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,479,822	\$ 1,364,227	\$ 11,844,049
Investments	21,895	218,036	239,931
Receivables:			
Taxes	650,219	-	650,219
Accounts	39,625	-	39,625
Interfund receivable	-	342,627	342,627
Total assets	<u>\$ 11,191,561</u>	<u>\$ 1,924,890</u>	<u>\$ 13,116,451</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,850	\$ -	\$ 3,850
Accrued salaries and benefits	26,595	-	26,595
Intergovernmental payable	7,472,562	-	7,472,562
Interfund payable	342,627	-	342,627
Escrow and performance deposits	4,000	-	4,000
Total liabilities	<u>7,849,634</u>	<u>-</u>	<u>7,849,634</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	77,011	-	77,011
Unavailable revenue - off-site improvements	9,750	-	9,750
Unavailable revenue - ARPA	424,882	-	424,882
Total deferred inflows of resources	<u>511,643</u>	<u>-</u>	<u>511,643</u>
<b>FUND BALANCES</b>			
Nonspendable	-	163,837	163,837
Restricted	109,715	577,184	686,899
Committed	751,772	1,183,869	1,935,641
Assigned	84,680	-	84,680
Unassigned	1,884,117	-	1,884,117
Total fund balances	<u>2,830,284</u>	<u>1,924,890</u>	<u>4,755,174</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,191,561</u>	<u>\$ 1,924,890</u>	<u>\$ 13,116,451</u>

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

**EXHIBIT C-2**  
**TOWN OF BROOKLINE, 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)	\$ 4,755,174	
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 17,728,972	
Less accumulated depreciation	<u>(2,771,154)</u>	14,957,818
Differences between expected and actual experiences, assumption changes and net 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 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	\$ 623,558	
Deferred inflows of resources related to pensions	(33,079)	
Deferred outflows of resources related to OPEB	<u>15,691</u>	606,170
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (342,627)	
Payables	<u>342,627</u>	-
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	\$ 71,205	
Allowance for uncollectible taxes	<u>(63,971)</u>	7,234
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(78,032)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 4,930,995	
Notes	55,053	
Unamortized bond premium	539,323	
Compensated absences	34,875	
Net pension liability	3,532,998	
Other postemployment benefits	<u>268,332</u>	(9,361,576)
Net position of governmental activities (Exhibit A)		<u>\$ 10,886,788</u>

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

**EXHIBIT C-3**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2022**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,682,967	\$ 167,300	\$ 3,850,267
Licenses and permits	1,368,816	-	1,368,816
Intergovernmental	726,536	459,196	1,185,732
Charges for services	131,737	201,313	333,050
Miscellaneous	188,696	61,085	249,781
Total revenues	<u>6,098,752</u>	<u>888,894</u>	<u>6,987,646</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,102,566	70,614	2,173,180
Public safety	2,084,530	15,119	2,099,649
Highways and streets	816,234	126,752	942,986
Sanitation	382,651	-	382,651
Health	25,550	-	25,550
Welfare	29,821	-	29,821
Culture and recreation	449,301	36,704	486,005
Conservation	17,999	86,149	104,148
Economic development	2,348	-	2,348
Debt service:			
Principal	200,000	-	200,000
Interest	150,128	-	150,128
Capital outlay	<u>1,515,063</u>	<u>502,700</u>	<u>2,017,763</u>
Total expenditures	<u>7,776,191</u>	<u>838,038</u>	<u>8,614,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,677,439)</u>	<u>50,856</u>	<u>(1,626,583)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	90,070	163,960	254,030
Transfers out	(163,960)	(90,070)	(254,030)
Note issuance	56,063	-	56,063
Bond proceeds	1,072,870	-	1,072,870
Premium on bond issued	114,630	-	114,630
Total other financing sources (uses)	<u>1,169,673</u>	<u>73,890</u>	<u>1,243,563</u>
Net change in fund balances	(507,766)	124,746	(383,020)
Fund balances, beginning	<u>3,338,050</u>	<u>1,800,144</u>	<u>5,138,194</u>
Fund balances, ending	<u>\$ 2,830,284</u>	<u>\$ 1,924,890</u>	<u>\$ 4,755,174</u>

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

**EXHIBIT C-4**  
**TOWN OF BROOKLINE, 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)		\$ (383,020)
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	\$ 1,897,076	
Depreciation expense	<u>(306,530)</u>	
		1,590,546
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (254,030)	
Transfers out	<u>254,030</u>	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Increase in deferred tax revenue	\$ 5,958	
Increase in allowance for uncollectable taxes	<u>(7,771)</u>	
		(1,813)
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. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Issuance of bond	\$ (1,072,870)	
Bond premium on new issuance	(114,640)	
Issuance of note payable	(56,063)	
Repayment of note principal	267,926	
Repayment of bond principal	200,000	
Amortization of bond premium	<u>24,507</u>	
		(751,140)
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	\$ (16,126)	
Increase in compensated absences	(17,666)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	1,699	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>5,041</u>	
		<u>(27,052)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 427,521</u></u>

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

**EXHIBIT D**  
**TOWN OF BROOKLINE, 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 Amounts		Actual	Variance Positive (Negative)
	Original	Budget		
<b>REVENUES</b>				
Taxes	\$ 3,780,028	\$ 3,780,028	\$ 3,681,154	\$ (98,874)
Licenses and permits	1,334,489	1,334,489	1,368,816	34,327
Intergovernmental	802,651	948,641	726,536	(222,105)
Charges for services	325,000	325,000	131,737	(193,263)
Miscellaneous	47,000	47,000	175,423	128,423
Total revenues	<u>6,289,168</u>	<u>6,435,158</u>	<u>6,083,666</u>	<u>(351,492)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,883,799	1,883,799	2,070,604	(186,805)
Public safety	2,082,443	2,082,443	1,921,290	161,153
Highways and streets	837,615	837,615	772,285	65,330
Sanitation	390,925	390,925	382,651	8,274
Health	26,000	26,000	25,550	450
Welfare	15,000	15,000	19,781	(4,781)
Culture and recreation	55,150	55,150	52,327	2,823
Conservation	43,940	43,940	17,999	25,941
Economic development	1,500	1,500	2,348	(848)
Debt service:				
Principal	200,000	200,000	200,000	-
Interest	150,128	150,128	150,128	-
Capital outlay	1,530,500	1,676,490	1,570,283	106,207
Total expenditures	<u>7,217,000</u>	<u>7,362,990</u>	<u>7,185,246</u>	<u>177,744</u>
Deficiency of revenues under expenditures	<u>(927,832)</u>	<u>(927,832)</u>	<u>(1,101,580)</u>	<u>(173,748)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	57,690	57,690	90,070	32,380
Transfers out	(612,976)	(612,976)	(521,914)	91,062
Bond proceeds	1,187,500	1,187,500	1,187,500	-
Total other financing sources (uses)	<u>632,214</u>	<u>632,214</u>	<u>755,656</u>	<u>123,442</u>
Net change in fund balances	<u>\$ (295,618)</u>	<u>\$ (295,618)</u>	(345,924)	<u>\$ (50,306)</u>
Decrease in committed fund balance			662,724	
Increase in assigned fund balance (non-encumbrance)			(9,426)	
Unassigned fund balance, beginning			1,583,977	
Unassigned fund balance, ending			<u>\$ 1,891,351</u>	

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

**EXHIBIT E-1**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2022**

	Private Purpose Trust Funds	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,926	\$ 391,080
Investments	52,204	-
Intergovernmental receivable	-	7,472,562
Total assets	57,130	7,863,642
<b>LIABILITIES</b>		
Intergovernmental payables:		
School	-	7,472,562
<b>NET POSITION</b>		
Restricted	\$ 57,130	\$ 391,080

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

**EXHIBIT E-2**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

	Private Purpose Trust Funds	All Custodial Funds
<b>ADDITIONS</b>		
Contributions	\$ -	\$ 144,067
Investment earnings	1,402	520
Tax collections for other governments	-	16,743,850
State motor vehicle fees	-	423,344
Total additions	1,402	17,311,781
<b>DEDUCTIONS</b>		
Benefits paid	922	70,574
Change in FMV	8,913	-
Payments of taxes to other governments	-	16,743,850
Payments of motor vehicle fees to State	-	423,344
Total deductions	9,835	17,237,768
Net increase in fiduciary net position	(8,433)	74,013
Net position, beginning	65,563	317,067
Net position, ending	\$ 57,130	\$ 391,080

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

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

	<u>NOTE</u>
<b>Summary of Significant Accounting Policies</b> .....	1
Reporting Entity .....	1-A
Basis of Accounting and Measurement Focus .....	1-B
Cash and Cash Equivalents .....	1-C
Investments .....	1-D
Receivables .....	1-E
Capital Assets .....	1-F
Interfund Activities .....	1-G
Property Taxes .....	1-H
Accounts Payable .....	1-I
Deferred Outflows/Inflows of Resources .....	1-J
Compensated Absences .....	1-K
Claims and Judgements .....	1-L
Long-term Obligations .....	1-M
Defined Benefit Pension Plan .....	1-N
Postemployment Benefits Other Than Pensions (OPEB) .....	1-O
Net Position/Fund Balances .....	1-P
Use of Estimates .....	1-Q
Material Change in Fund Classification .....	1-R
<b>Stewardship, Compliance, and Accountability</b> .....	2
Budgetary Information .....	2-A
Budgetary Reconciliation to GAAP Basis .....	2-B
Accounting Change .....	2-C

***DETAILED NOTES ON ALL FUNDS***

<b>Cash and Cash Equivalents</b> .....	3
<b>Investments</b> .....	4
<b>Taxes Receivable</b> .....	5
<b>Other Receivables</b> .....	6
<b>Capital Assets</b> .....	7
<b>Interfund Balances and Transfers</b> .....	8
<b>Intergovernmental Payables</b> .....	9
<b>Deferred Outflows/Inflows of Resources</b> .....	10
<b>Long-term Liabilities</b> .....	11
<b>Defined Benefit Pension Plan</b> .....	12
<b>Postemployment Benefits Other Than Pensions (OPEB)</b> .....	13
New Hampshire Retirement System (NHRS) .....	13-A
Town of Brookline Retiree Health Benefit Program .....	13-B
<b>Encumbrances</b> .....	14
<b>Governmental Activities and Fiduciary Funds Net Position</b> .....	15
<b>Governmental Fund Balances</b> .....	16
<b>Letter of Credit</b> .....	17
<b>Risk Management</b> .....	18
<b>COVID-19</b> .....	19
<b>Subsequent Events</b> .....	20

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**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 Town of Brookline, 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 Brookline 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. 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, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town’s single employer plan, which have been omitted because the liability and expense have not been determined. 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. As in the Statement of Net Position, the Town has not recorded the postemployment benefit expense of the Town’s single employer plan in this statement. 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 the major governmental fund 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 the only major fund 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 BROOKLINE, 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 fund:

**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 library and expendable trust funds are consolidated in the general fund.

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.

**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.

**Capital Project Fund** – the capital project fund accounts for the activity pertaining to the construction of a public works facility.

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 eleven 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. 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 belong to the primary government. 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.

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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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. 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, it 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.

***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 governmental activities 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 \$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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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

<b>Capital Asset Classes:</b>	<u>Years</u>
Land improvements	20-50
Buildings and building improvements	20-75
Vehicles	5-20
Equipment	5-20
Infrastructure	15-50

***1-G Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to 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 13, 2022 and November 10, 2022, and were due on July 1, 2022 and December 1, 2022, respectively. 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.

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, Brookline School District, Hollis-Brookline Cooperative School District, and Hillsborough 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:

For the New Hampshire education tax	\$ 685,058,366
For all other taxes	\$ 694,876,266

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

	<u>Per \$1,000 of Assessed Valuation</u>	<u>Property Taxes Assessed</u>
Municipal portion	\$ 5.61	\$ 3,894,717
School portion:		
State of New Hampshire	1.34	919,945
Local	21.66	15,052,616
County portion	1.11	771,289
Total	<u>\$ 29.72</u>	<u>\$ 20,638,567</u>

***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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**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 that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) 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 two types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions 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 revenue is recorded for property taxes, off-site improvements, and American Rescue Plan Act (ARPA) which have been collected by the Town but will not be recognized as revenue until a future 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 Claims and Judgments***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as an expense when the related liabilities are incurred.

***1-M Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 transactions:

**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.

**Direct Placements** – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

***1-N 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 the 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-O 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*** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***1-P 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 bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those 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 future 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 the nature and extent of the constraints placed on a government’s fund balances 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; 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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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.

When multiple net position/fund balance classifications are available for use, it is the Town’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.

***1-Q 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 and impairment of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits, 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-R Material Change in Fund Classification***

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the capital project fund did not qualify as a major fund for the current fiscal year. As such it was reclassified to the nonmajor governmental funds.

***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, \$150,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$145,618 was voted from unassigned fund balance as a transfer to the capital reserve funds.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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 general fund. 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)	\$ 7,361,236
Adjustments:	
Basis differences:	
Proceeds from note issuance	56,063
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	13,273
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	1,813
Per Exhibit C-3 (GAAP basis)	<u>\$ 7,432,385</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 7,707,160
Adjustments:	
Basis differences:	
Issuance of note payable	56,063
Encumbrances, beginning	40,000
Encumbrances, ending	(55,220)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	550,102
To eliminate transfers between general fund and blended funds	(357,954)
Per Exhibit C-3 (GAAP basis)	<u>\$ 7,940,151</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 or fund balance.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits and certificates of deposit are entirely covered by the 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 \$12,240,055 and the bank balances totaled \$12,413,049.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 11,844,049
Cash per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit E-1)	<u>396,006</u>
Total cash and cash equivalents	<u><u>\$ 12,240,055</u></u>

**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:

Investments type:	Valuation Measurement		Less Than 1 Year
	Method	Fair Value	
Certificates of deposit	Level 1	\$ -	\$ 21,895
Equity mutual funds	Level 1	270,240	-
Total fair value		<u>\$ 270,240</u>	<u>\$ 21,895</u>

**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. The Trustees of Trust Funds investment policy allows investments to have average maturities up to ten years for investment purposes as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - The Trustees of Trust Funds investment policy limits investments to the top three grades of Moody's S&P or Fitch rating agencies. Current holdings are to be reviewed annually. The Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Certificates of deposit	\$ 21,895	\$ 21,895
Equity mutual funds	270,240	270,240
Total	<u>\$ 292,135</u>	<u>\$ 292,135</u>

**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. All the Town’s investments are held by third parties in the Town’s name. The Town does not have custodial credit risk policies for investments.

**Concentration of Credit Risk** – The Trustees of Trust Funds investment policy limits the amount it may invest in any one issuer to not more than 10% of the portfolio. The Town did not have more than 5% of its investments in a single issuer.  
Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 239,931
Investments per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit E-1)	<u>52,204</u>
Total investments	<u><u>\$ 292,135</u></u>

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent 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 \$63,971 in the governmental activities. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2022	\$ 471,085	\$ 471,085
Unredeemed (under tax lien):		
Levy of 2021	60,073	60,073
Levy of 2020	44,897	44,897
Levies of 2019 and prior	74,164	74,164
Less: allowance for estimated uncollectible taxes	(63,971) *	-
Net taxes receivable	\$ 586,248	\$ 650,219

\*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 (cable franchise fees). 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.

Receivables as of December 31, 2022 are as follows:

	Governmental Activities	Governmental Fund General	Fiduciary Funds Custodial
	Receivables:		
Accounts	\$ 39,625	\$ 39,625	\$ -
Intergovernmental	-	-	7,472,562 <sup>1</sup>
Total receivables	\$ 39,625	\$ 39,625	\$ 7,472,562

<sup>1</sup> Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Brookline School District and the Hollis-Brookline Cooperative 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	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 5,712,792	\$ 1,218,910	\$ 6,931,702
Construction in progress	2,133,981	502,700	2,636,681
Total capital assets not being depreciated	7,846,773	1,721,610	9,568,383

*(Continued)*

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Being depreciated:			
Land improvements	104,442	-	104,442
Buildings and building improvements	2,925,762	-	2,925,762
Vehicles	2,672,562	56,063	2,728,625
Machinery, equipment, and vehicles	870,145	119,403	989,548
Infrastructure	1,412,212	-	1,412,212
Total capital assets being depreciated	<u>7,985,123</u>	<u>175,466</u>	<u>8,160,589</u>
Total all capital assets	<u>15,831,896</u>	<u>1,897,076</u>	<u>17,728,972</u>
Less accumulated depreciation:			
Land improvements	(31,106)	(2,386)	(33,492)
Buildings and building improvements	(793,415)	(62,340)	(855,755)
Vehicles	(1,163,258)	(149,440)	(1,312,698)
Machinery, equipment, and vehicles	(295,176)	(55,231)	(350,407)
Infrastructure	(181,669)	(37,133)	(218,802)
Total accumulated depreciation	<u>(2,464,624)</u>	<u>(306,530)</u>	<u>(2,771,154)</u>
Net book value, capital assets being depreciated	<u>5,520,499</u>	<u>(131,064)</u>	<u>5,389,435</u>
Net book value, all capital assets	<u>\$ 13,367,272</u>	<u>\$ 1,590,546</u>	<u>\$ 14,957,818</u>

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	\$ 14,886
Public safety	234,747
Highways and streets	54,595
Culture and recreation	2,302
Total depreciation expense	<u>\$ 306,530</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

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

Receivable Fund	Payable Fund	Amount
Nonmajor	General	<u>\$ 342,627</u>

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:

	Transfers Out:		
	General Fund	Nonmajor Fund	Total
Transfers In:			
General fund	\$ -	\$ 90,070	\$ 90,070
Nonmajor funds	163,960	-	163,960
Total	<u>\$ 163,960</u>	<u>\$ 90,070</u>	<u>\$ 254,030</u>

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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

	Governmental Fund <u>General</u>	Fiduciary Funds
Property taxes due to the custodial funds	\$ 7,472,562 <sup>2</sup>	\$ -
Property taxes due to school districts	-	7,472,562 <sup>3</sup>
Total intergovernmental payables due	<u>\$ 7,472,562</u>	<u>\$ 7,472,562</u>

<sup>2</sup> Property taxes due to the custodial fund represent amounts collected by the Town on behalf of the Brookline School District and the Hollis-Brookline Cooperative School District and are reported as a component of general fund cash at year-end.

<sup>3</sup> Property taxes due to the Brookline School District and Hollis-Brookline Cooperative School District represent amounts collected by the Town that will be paid to the School Districts in incremental payments based upon an agreed schedule in the next calendar year.

**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at December 31, 2022, consist of amounts related to pensions totaling \$623,558 and amounts related to OPEB totaling \$15,691. For further discussion on these amounts, see Notes 12 and 13, respectively.

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Tax overpayments to be applied to future billings	\$ 5,806	\$ 5,806
Deferred property taxes not collected within 60 days of fiscal year-end	-	71,205
Off-site improvements	9,750	9,750
ARPA revenue received in advance of eligible expenditures	424,882	424,882
Amounts related to pensions (see Note 12)	33,079	-
Total deferred inflows of resources	<u>\$ 473,517</u>	<u>\$ 511,643</u>

**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	Additions	Reductions	Balance December 31, 2022	Due Within One Year	Due In More Than One Year
Bonds payable - direct placements	\$ 4,058,125	\$ 1,072,870	\$ (200,000)	\$ 4,930,995	\$ 233,670	\$ 4,697,325
Premium	449,190	114,640	(24,507)	539,323	30,239	509,084
Notes payable - direct borrowings	266,916	56,063	(267,926)	55,053	36,376	18,677
Total bonds and notes payable	<u>4,774,231</u>	<u>1,243,573</u>	<u>(492,433)</u>	<u>5,525,371</u>	<u>300,285</u>	<u>5,225,086</u>
Compensated absences	17,209	19,249	(1,583)	34,875	-	34,875
Net pension liability	2,731,465	801,533	-	3,532,998	-	3,532,998
Net other postemployment benefits	271,040	-	(2,708)	268,332	-	268,332
Total long-term liabilities	<u>\$ 7,793,945</u>	<u>\$ 2,064,355</u>	<u>\$ (496,724)</u>	<u>\$ 9,361,576</u>	<u>\$ 300,285</u>	<u>\$ 9,061,291</u>

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2022	Current Portion
Bonds payable - direct placements						
Ambulance facility/land	\$ 1,915,000	2003	2023	4.0-6.0	\$ 60,000	\$ 60,000
Conservation land purchase	\$ 492,842	2006	2026	4.56	90,000	25,000
Conservation land purchase	\$ 291,900	2007	2027	4.05	70,000	15,000
Police station	\$ 1,326,400	2012	2032	2.0-5.0	805,000	70,000
Conservation land purchase	\$ 714,600	2017	2037	2.67	525,000	35,000
BPW Facility	\$ 2,308,125	2021	2041	1.84	2,308,125	-
Conservation land purchase	\$ 1,072,870	2022	2042	3.49	1,072,870	28,670
Total direct placements					<u>4,930,995</u>	<u>233,670</u>
Notes payable - direct borrowings:						
Police cruiser (2021)	\$ 55,348	2021	2023	3.70	18,441	18,441
Police cruiser (2022)	\$ 56,063	2022	2024	4.14	36,612	17,935
Total direct borrowings					<u>55,053</u>	<u>36,376</u>
Bond premiums					539,323	30,239
Total					<u>\$ 5,525,371</u>	<u>\$ 300,285</u>

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

Fiscal Year Ending December 31,	Bonds - Direct Placements			Notes - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 233,670	\$ 198,628	\$ 432,298	\$ 36,376	\$ 2,199	\$ 38,575
2024	267,525	183,880	451,405	18,677	773	19,450
2025	271,200	171,662	442,862	-	-	-
2026	278,000	160,533	438,533	-	-	-
2027	264,900	147,215	412,115	-	-	-
2028-2032	1,416,300	557,539	1,973,839	-	-	-
2033-2037	1,185,100	275,251	1,460,351	-	-	-
2038-2042	1,014,300	80,841	1,095,141	-	-	-
Totals	<u>\$ 4,930,995</u>	<u>\$ 1,775,549</u>	<u>\$ 6,706,544</u>	<u>\$ 55,053</u>	<u>\$ 2,972</u>	<u>\$ 58,025</u>

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.

**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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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 January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of January 1, 2012	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 \$363,025, 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 \$3,532,998 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 participants, actuarially determined. At June 30, 2022, the Town’s proportion was 0.08%, which was an increase of 0.02% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$364,773. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 53,287	\$ 19,517
Changes in assumptions	187,928	-
Net difference between projected and actual investment earnings on pension plan investments	133,897	-
Differences between expected and actual experience	66,308	13,562
Contributions subsequent to the measurement date	182,138	-
Total	<u>\$ 623,558</u>	<u>\$ 33,079</u>

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

The \$182,138 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	\$ 153,903
2024	133,196
2025	(62,792)
2026	184,034
Thereafter	-
Totals	<u>\$ 408,341</u>

**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 was 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. 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

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

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 Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	<u>\$ 4,740,392</u>	<u>\$ 3,532,998</u>	<u>\$ 2,529,161</u>

**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](http://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, 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 lesser 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 \$29,675, which was paid in full.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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 \$268,332 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 participants, actuarially determined. At June 30, 2022, the Town’s proportion was 0.07%, which was the same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$23,033. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 733	\$ -
Contributions subsequent to the measurement date	14,958	-
Total	\$ 15,691	\$ -

The \$14,958 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	\$ 122
2024	31
2025	(288)
2026	868
Thereafter	-
Totals	\$ 733

**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.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**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	<u>50.00%</u>	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	<u>20.00%</u>	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	<u>100.00%</u>	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 long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town’s Proportionate Share of the 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 Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	<u>\$ 291,321</u>	<u>\$ 268,332</u>	<u>\$ 248,311</u>

**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 Brookline Retiree Health Benefit Program**

The Town provides postemployment benefit options for healthcare to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town’s contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2022, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town. The amounts that should be recorded as the net OPEB liability and the OPEB expense are unknown.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**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	<u>\$ 55,220</u>

**NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

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

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 14,957,818	\$ -
Less:		
Bonds payable - direct placement	(4,930,995)	-
Unamortized bond premiums	(539,323)	-
Notes payable - direct borrowings	(55,053)	-
Total net investment in capital assets	9,432,447	-
Restricted net position:		
Library	109,715	-
Perpetual care - nonexpendable	163,837	-
Perpetual care - expendable	124,366	-
Capital project - public works	34,499	-
School trust funds	-	346,739
School impact fees	-	44,341
Private purpose trust funds	-	57,130
Total restricted net position	432,417	448,210
Unrestricted	1,021,924	-
Total net position	\$ 10,886,788	\$ 448,210

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

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

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Permanent fund - principal balance	\$ -	\$ 163,837	\$ 163,837
<b>Restricted:</b>			
Library	109,715	-	109,715
Permanent fund - income balance	-	124,366	124,366
Capital project - public works	-	34,499	34,499
Public works revolving	-	418,319	418,319
Total restricted fund balance	109,715	577,184	686,899
<b>Committed:</b>			
Expendable trust	469,554	-	469,554
Voted appropriations - March 2022	3,525	-	3,525
Nonlapsing appropriations	278,693	-	278,693
Special revenue funds	-	1,183,869	1,183,869
Total committed fund balance	751,772	1,183,869	1,935,641

*(Continued)*

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

*Governmental fund balances continued:*

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assigned:</b>			
Cable franchise fees	29,460	-	29,460
Encumbrances	55,220	-	55,220
Total assigned fund balance	<u>84,680</u>	<u>-</u>	<u>84,680</u>
<b>Unassigned</b>	<u>1,884,117</u>	<u>-</u>	<u>1,884,117</u>
Total governmental fund balances	<u>\$ 2,830,284</u>	<u>\$ 1,924,890</u>	<u>\$ 4,755,174</u>

**NOTE 17 – LETTER OF CREDIT**

The Town has accepted an irrevocable letter of credit agreement with Salem Five Bank in the amount of \$110,700 as a performance guarantee for the completion of Wright Road. If all improvements guaranteed by the letter are not completed by December 31, 2024, the letter shall be automatically considered to have been called and a check will be issued to the Town. As of December 31, 2022, \$110,700 was unused and available.

**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 (Primex<sup>3</sup>) Workers' Compensation and Property/Liability programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) 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 Primex<sup>3</sup>, 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 Primex<sup>3</sup>. 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 Primex<sup>3</sup> 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 \$50,019 and \$50,025 to Primex<sup>3</sup> for Workers' Compensation and Property/Liability, respectively. At this time, Primex<sup>3</sup> 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 – 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 \$570,872 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$285,436, or 50%, of the funding was received in 2021 and the remaining amount 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 \$145,990 of the funds received. The remaining \$424,882 is included in deferred inflows of resources until eligible expenditures have been made.

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

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2022**

**NOTE 20 – 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 February 14, 2024, the date the December 31, 2022 financial statements were available to be issued, and the following event occurred that requires recognition or disclosure:

At the March 29, 2023 annual meeting, the Town approved Warrant Article No. 10, which authorized \$3,525 to be deposited into the Ambulance Service Expendable Trust Fund, with said funds to come from unassigned fund balance.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF BROOKLINE, 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	2014	2015	2016	2017	2018	2019	2020	2021	
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's:										
Proportion of the net pension liability	0.05%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%	0.08%
Proportionate share of the net pension liability	\$ 2,319,547	\$ 1,898,477	\$ 1,933,677	\$ 2,891,821	\$ 2,996,936	\$ 2,860,188	\$ 2,889,746	\$ 3,936,889	\$ 2,731,465	\$ 3,532,998
Covered payroll	\$ 1,003,548	\$ 929,115	\$ 932,312	\$ 1,049,063	\$ 1,194,548	\$ 1,310,685	\$ 1,358,150	\$ 1,426,298	\$ 1,338,689	\$ 1,458,146
Proportionate share of the net pension liability as a percentage of its covered payroll	231.13%	204.33%	207.41%	275.66%	250.88%	218.22%	212.77%	276.02%	204.04%	242.29%
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%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**EXHIBIT G**  
**TOWN OF BROOKLINE, 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	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		
	June 30, 2013	December 31, 2013	June 30, 2014	December 31, 2014	June 30, 2015	December 31, 2015	June 30, 2016	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018	December 31, 2018	June 30, 2019	December 31, 2019	June 30, 2020	December 31, 2020	June 30, 2021	December 31, 2021	June 30, 2022	December 31, 2022	
Measurement date																					
Contractually required contribution	\$ 134,013	\$ 164,086	\$ 163,757	\$ 194,731	\$ 163,757	\$ 213,888	\$ 194,731	\$ 213,888	\$ 251,055	\$ 213,888	\$ 251,055	\$ 261,358	\$ 273,435	\$ 261,358	\$ 273,435	\$ 322,612	\$ 322,612	\$ 363,025	\$ 363,025		
Contributions in relation to the contractually required contributions	(134,013)	(164,086)	(163,757)	(194,731)	(163,757)	(213,888)	(194,731)	(213,888)	(251,055)	(213,888)	(251,055)	(261,358)	(273,435)	(261,358)	(273,435)	(322,612)	(322,612)	(363,025)	(363,025)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,003,548	\$ 929,115	\$ 932,312	\$ 1,049,063	\$ 932,312	\$ 1,194,548	\$ 1,049,063	\$ 1,194,548	\$ 1,310,685	\$ 1,194,548	\$ 1,310,685	\$ 1,358,150	\$ 1,426,298	\$ 1,358,150	\$ 1,426,298	\$ 1,438,316	\$ 1,438,316	\$ 1,537,195	\$ 1,537,195		
Contributions as a percentage of covered payroll	13.35%	17.66%	17.56%	18.56%	17.56%	17.91%	18.56%	17.91%	19.15%	17.91%	19.15%	19.24%	19.17%	19.24%	19.17%	22.43%	22.43%	23.62%	23.62%		

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**TOWN OF BROOKLINE, 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](http://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.

**EXHIBIT H**  
**TOWN OF BROOKLINE, 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*

Fiscal year-end	December 31, 2016		December 31, 2017		December 31, 2018		December 31, 2019		December 31, 2020		December 31, 2021		December 31, 2022	
	June 30, 2016	0.04%	June 30, 2017	0.05%	June 30, 2018	0.07%	June 30, 2019	0.07%	June 30, 2020	0.07%	June 30, 2021	0.07%	June 30, 2022	0.07%
Measurement date														
Town's proportion of the net OPEB liability														
Town's proportionate share of the net OPEB liability (asset)	\$ 212,459		\$ 224,173		\$ 333,026		\$ 315,081		\$ 294,627		\$ 271,040		\$ 268,352	
Town's covered payroll	\$ 1,049,063		\$ 1,194,548		\$ 1,310,685		\$ 1,358,150		\$ 1,426,298		\$ 1,338,689		\$ 1,458,146	
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	20.25%		18.77%		25.41%		23.20%		20.66%		20.25%		18.40%	
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%	

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT I**  
**TOWN OF BROOKLINE, 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, 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, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 25,501	\$ 29,059	\$ 32,174	\$ 32,798	\$ 31,244	\$ 32,772	\$ 29,675
Contributions in relation to the contractually required contribution	<u>(25,501)</u>	<u>(29,059)</u>	<u>(32,174)</u>	<u>(32,798)</u>	<u>(31,244)</u>	<u>(32,772)</u>	<u>(29,675)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Town's covered payroll	<u>\$ 1,049,063</u>	<u>\$ 1,194,548</u>	<u>\$ 1,310,685</u>	<u>\$ 1,358,150</u>	<u>\$ 1,426,298</u>	<u>\$ 1,438,316</u>	<u>\$ 1,537,195</u>
Contributions as a percentage of covered payroll	2.43%	2.43%	2.45%	2.41%	2.19%	2.28%	1.93%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**NOTE 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](http://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.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**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:			
Property	\$ 3,604,728	\$ 3,631,697	\$ 26,969
Land use change	120,800	-	(120,800)
Yield	3,500	2,721	(779)
Excavation	-	538	538
Interest and penalties on taxes	51,000	46,198	(4,802)
Total from taxes	<u>3,780,028</u>	<u>3,681,154</u>	<u>(98,874)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	9	9	-
Motor vehicle permit fees	1,326,250	1,347,916	21,666
Other	8,230	20,891	12,661
Total from licenses, permits, and fees	<u>1,334,489</u>	<u>1,368,816</u>	<u>34,327</u>
Intergovernmental:			
State:			
Meals and rooms distribution	508,412	508,412	-
Other	19,839	31,842	12,003
Federal:			
Other	420,390	186,282	(234,108)
Total from intergovernmental	<u>948,641</u>	<u>726,536</u>	<u>(222,105)</u>
Charges for services:			
Income from departments	325,000	131,737	(193,263)
Miscellaneous:			
Sale of municipal property	-	7,700	7,700
Interest on investments	5,000	22,823	17,823
Other	42,000	144,900	102,900
Total from miscellaneous	<u>47,000</u>	<u>175,423</u>	<u>128,423</u>
Other financing sources:			
Transfers in	57,690	90,070	32,380
Bond proceeds	1,187,500	1,187,500	-
Total other financing sources	<u>1,245,190</u>	<u>1,277,570</u>	<u>32,380</u>
Total revenues and other financing sources	7,680,348	<u>\$ 7,361,236</u>	<u>\$ (319,112)</u>
Unassigned fund balance used to reduce tax rate	150,000		
Amounts voted from fund balance	145,618		
Total revenues, other financing sources, and use of fund balance	<u>\$ 7,975,966</u>		

**SCHEDULE 2**  
**TOWN OF BROOKLINE, 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	\$ -	\$ 264,575	\$ 300,053	\$ -	\$ (35,478)
Election and registration	-	9,285	7,543	-	1,742
Financial administration	-	219,201	204,296	-	14,905
Revaluation of property	-	32,147	35,449	-	(3,302)
Legal	-	185,000	441,864	-	(256,864)
Personnel administration	-	727,449	697,046	-	30,403
Planning and zoning	-	83,951	53,865	-	30,086
General government buildings	-	266,614	238,325	-	28,289
Insurance, not otherwise allocated	-	75,728	75,721	-	7
Advertising and regional associations	-	3,989	3,989	-	-
Other	-	15,860	12,453	-	3,407
Total general government	-	1,883,799	2,070,604	-	(186,805)
Public safety:					
Police	-	1,022,701	952,025	-	70,676
Ambulance	-	318,147	263,864	-	54,283
Fire	-	528,214	514,881	-	13,333
Building inspection	-	62,865	48,475	-	14,390
Emergency management	-	21,500	14,854	-	6,646
Other	-	129,016	127,191	-	1,825
Total public safety	-	2,082,443	1,921,290	-	161,153
Highways and streets	40,000	837,615	812,285	-	65,330
Sanitation:					
Solid waste disposal	-	-	143,010	-	(143,010)
Solid waste collection	-	-	230,000	-	(230,000)
Solid waste disposal	-	390,925	9,641	-	381,284
Total sanitation	-	390,925	382,651	-	8,274
Health:					
Pest control	-	200	-	-	200
Health agencies	-	25,800	25,550	-	250
Total health	-	26,000	25,550	-	450
Welfare:					
Administration and direct assistance	-	15,000	19,781	-	(4,781)
Culture and recreation:					
Parks and recreation	-	43,750	40,741	-	3,009
Patriotic purposes	-	11,400	11,586	-	(186)
Total culture and recreation	-	55,150	52,327	-	2,823
Conservation	-	43,940	17,999	-	25,941
Economic development	-	1,500	2,348	-	(848)
Debt service:					
Principal of long-term debt	-	200,000	200,000	-	-
Interest on long-term debt	-	150,128	150,128	-	-
Total debt service	-	350,128	350,128	-	-

*(continued)*

See Independent Auditor's Report.

**SCHEDULE 2 (Continued)**  
**TOWN OF BROOKLINE, 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)
Capital outlay	-	1,676,490	1,515,063	55,220	106,207
Other financing uses:					
Transfers out	-	612,976	521,914	-	91,062
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 40,000	\$ 7,975,966	\$ 7,691,940	\$ 55,220	\$ 268,806

See Independent Auditor's Report.

**SCHEDULE 3**  
**TOWN OF BROOKLINE, 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)		\$ 1,583,977
Changes:		
Unassigned fund balance used to reduce 2022 tax rate		(150,000)
Amounts voted from fund balance		(145,618)
2022 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (319,112)	
Unexpended balance of appropriations (Schedule 2)	<u>268,806</u>	
2022 Budget deficit		(50,306)
Decrease in committed fund balance		662,724
Increase in assigned fund balance (non-encumbrance)		<u>(9,426)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,891,351
<b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(71,205)
Elimination of the allowance for uncollectible taxes		<u>63,971</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,884,117</u></u>

**SCHEDULE 4**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2022**

	Special Revenue Funds				
	Ambulance Impact Fees	Max Cohen Memorial Grove	250th Anniversary	Melendy Pond Revolving	Recreation Revolving
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,129	\$ 32,476	\$ 36,236	\$ 129,270	\$ 5,714
Investments	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 3,129</u>	<u>\$ 32,476</u>	<u>\$ 36,236</u>	<u>\$ 129,270</u>	<u>\$ 5,714</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	3,129	32,476	36,236	129,270	5,714
Total fund balances	<u>\$ 3,129</u>	<u>\$ 32,476</u>	<u>\$ 36,236</u>	<u>\$ 129,270</u>	<u>\$ 5,714</u>

Special Revenue Funds				Capital Project Fund	Permanent Fund	Total
Police Special Detail	Ambulance Revolving	Conservation Commission	Public Works Revolving	Public Works		
\$ 63,358	\$ 124,971	\$ 788,715	\$ 75,692	\$ 34,499	\$ 70,167	\$ 1,364,227
-	-	-	-	-	218,036	218,036
-	-	-	342,627	-	-	342,627
<u>\$ 63,358</u>	<u>\$ 124,971</u>	<u>\$ 788,715</u>	<u>\$ 418,319</u>	<u>\$ 34,499</u>	<u>\$ 288,203</u>	<u>\$ 1,924,890</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,837	\$ 163,837
-	-	-	418,319	34,499	124,366	577,184
63,358	124,971	788,715	-	-	-	1,183,869
<u>\$ 63,358</u>	<u>\$ 124,971</u>	<u>\$ 788,715</u>	<u>\$ 418,319</u>	<u>\$ 34,499</u>	<u>\$ 288,203</u>	<u>\$ 1,924,890</u>

See Independent Auditor's Report.

**SCHEDULE 5**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2022**

	Special Revenue Funds				
	Ambulance Impact Fees	Max Cohen Memorial Grove	250th Anniversary	Melendy Pond Revolving	Recreation Revolving
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	39,116	-	65,175	4,430
Miscellaneous	3,129	3,022	558	797	31
Total revenues	<u>3,129</u>	<u>42,138</u>	<u>558</u>	<u>65,972</u>	<u>4,461</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	32,490	-
Culture and recreation	-	34,108	-	-	2,596
Conservation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>34,108</u>	<u>-</u>	<u>32,490</u>	<u>2,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,129</u>	<u>8,030</u>	<u>558</u>	<u>33,482</u>	<u>1,865</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,129	8,030	558	33,482	1,865
Fund balances, beginning	-	24,446	35,678	95,788	3,849
Fund balances, ending	<u>\$ 3,129</u>	<u>\$ 32,476</u>	<u>\$ 36,236</u>	<u>\$ 129,270</u>	<u>\$ 5,714</u>

Special Revenue Funds				Capital Project	Permanent	Total
Police	Ambulance	Conservation	Public Works	Fund	Fund	
Special	Revolving	Commission	Revolving	Public Works		
Detail						
\$ -	\$ -	\$ 167,300	\$ -	\$ -	\$ -	\$ 167,300
-	-	88,825	370,371	-	-	459,196
17,513	75,079	-	-	-	-	201,313
-	843	34,620	592	471	17,022	61,085
<u>17,513</u>	<u>75,922</u>	<u>290,745</u>	<u>370,963</u>	<u>471</u>	<u>17,022</u>	<u>888,894</u>
-	-	-	-	-	70,614	70,614
15,119	-	-	-	-	-	15,119
-	-	-	94,262	-	-	126,752
-	-	-	-	-	-	36,704
-	-	86,149	-	-	-	86,149
-	-	-	-	502,700	-	502,700
<u>15,119</u>	<u>-</u>	<u>86,149</u>	<u>94,262</u>	<u>502,700</u>	<u>70,614</u>	<u>838,038</u>
<u>2,394</u>	<u>75,922</u>	<u>204,596</u>	<u>276,701</u>	<u>(502,229)</u>	<u>(53,592)</u>	<u>50,856</u>
-	-	2,342	141,618	-	20,000	163,960
-	-	(90,070)	-	-	-	(90,070)
-	-	(87,728)	141,618	-	20,000	73,890
2,394	75,922	116,868	418,319	(502,229)	(33,592)	124,746
60,964	49,049	671,847	-	536,728	321,795	1,800,144
<u>\$ 63,358</u>	<u>\$ 124,971</u>	<u>\$ 788,715</u>	<u>\$ 418,319</u>	<u>\$ 34,499</u>	<u>\$ 288,203</u>	<u>\$ 1,924,890</u>

See Independent Auditor's Report.

**SCHEDULE 6**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Custodial Funds Fiduciary Net Position**  
**December 31, 2022**

	Custodial Funds				Total
	Taxes	School Trust Funds	School Impact Fees	State of NH Motor Vehicle	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 346,739	\$ 44,341	\$ -	\$ 391,080
Intergovernmental receivables	7,472,562	-	-	-	7,472,562
Total assets	<u>7,472,562</u>	<u>346,739</u>	<u>44,341</u>	<u>-</u>	<u>7,863,642</u>
<b>LIABILITIES</b>					
Intergovernmental payables:					
School	<u>7,472,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,472,562</u>
<b>NET POSITION</b>					
Restricted	<u>\$ -</u>	<u>\$ 346,739</u>	<u>\$ 44,341</u>	<u>\$ -</u>	<u>\$ 391,080</u>

See Independent Auditor's Report.

**SCHEDULE 7**  
**TOWN OF BROOKLINE, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Custodial Funds Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2022**

	Custodial Funds				Total
	Taxes	School Trust Funds	School Impact Fees	State of NH Motor Vehicle	
<b>ADDITIONS</b>					
Contributions	\$ -	\$ 100,000	\$ 44,067	-	\$ 144,067
Investment earnings	-	245	275	-	520
Tax collections for other governments	16,743,850	-	-	-	16,743,850
State motor vehicle fees	-	-	-	423,344	423,344
Total additions	<u>16,743,850</u>	<u>100,245</u>	<u>44,342</u>	<u>423,344</u>	<u>17,311,781</u>
<b>DEDUCTIONS</b>					
Benefits paid	-	23,651	46,923	-	70,574
Payments of taxes to other governments	16,743,850	-	-	-	16,743,850
Payments of motor vehicle fees to State	-	-	-	423,344	423,344
Total deductions	<u>16,743,850</u>	<u>23,651</u>	<u>46,923</u>	<u>423,344</u>	<u>17,237,768</u>
Change in net position	-	76,594	(2,581)	-	74,013
Net position, beginning	-	270,145	46,922	-	317,067
Net position, ending	<u>\$ -</u>	<u>\$ 346,739</u>	<u>\$ 44,341</u>	<u>\$ -</u>	<u>\$ 391,080</u>



## 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 COMMUNICATION OF MATERIAL WEAKNESS***

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

In planning and performing our audit of the basic financial statements of the Town of Brookline 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 Town of Brookline'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brookline's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

We consider the following deficiency in the Town of Brookline's internal control to be a material weakness:

#### **Activity Not Recorded in General Ledger**

Review of the activity related to the Town's bond issuance and land purchase identified over one million dollars of revenue and over one million dollars of expenditure activity was not recorded in the Town's general ledger. All activity should be recorded in the Town's general ledger and be processed through their internal controls in order to ensure consistency and completeness of the information contained therein. The Town's general ledger was materially misstated and did not contain all of the appropriate information for the year under audit. There is a significant increase in the risk of misstatement if there are lacking controls over the completeness of the general ledger. We recommend that the Town ensure that all activity is processed consistently and through their internal control procedures and that regular review of the general ledger take place to ensure activity is not omitted.

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

February 14, 2024  
Concord, New Hampshire

*Plodzik & Sanderson*  
*Professional Association*