

**TOWN OF NEW LONDON,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London, as of June 30, 2021, and the respective changes in financial position and, the respective budgetary comparison for the general fund and sewer department fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,

Town of New London
Independent Auditor's Report

- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New London'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 3, 2022

Plodzik & Sanderson
Professional Association



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Management's Discussion & Analysis June 30, 2021

The Board of Selectmen and Town Administrator, as management of the Town of New London, offer readers of the Town's annual financial statements this narrative discussion and analysis of the financial activities of the Town of New London for the period ending June 30, 2021. The financial statements presented here include the 12-month period July 1, 2020 through June 30, 2021.

This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

FINANCIAL HIGHLIGHTS

The Town's total net position for the year ending June 30, 2021, was \$10,085,759 as compared to the restated amount of \$10,044,881, at the end of June 30, 2020. Net position increased by \$40,878, from June 30, 2020 to June 30, 2021.

As of June 30, 2021, the Town's total net position consisted of \$5,995,007 in net investment in capital assets, restricted net position of \$2,270,689, and unrestricted net position of 1,820,063. The Town's long-term obligations of \$12,717,946 consisted of \$5,770,770 in general obligation bonds/notes payable and related unamortized premium, \$228,536 in compensated absences payable, \$246,000 in accrued landfill post-closure care costs, \$5,358,433 in net pension liability, and \$1,114,218 in other postemployment benefits payable.

During the period, the Town's expenses of \$8,783,926 were \$40,878 less than revenues. Revenues consisted of charges for services (\$1,058,021), operating grants and contributions (\$198,972) and general revenues/special items (\$7,567,811) - primarily taxes, motor vehicle permit fees, state and federal grants and contributions, and miscellaneous revenue).

OVERVIEW OF FINANCIAL STATEMENTS

The following is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise four components: government-wide financial statements; fund financial statements; notes to financial statements; required supplementary information; including this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town based upon measurement focus and basis of accounting. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The governmental fund statements tell how the Town's services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial

relationships in which the Town acts solely as an agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation time).

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: Governmental Funds and Fiduciary Funds.

The General Fund, Sewer Department Fund and Permanent Fund are the major governmental funds, while four special revenue funds and three capital project funds are consolidated as Nonmajor Governmental funds. The Nonmajor funds are the Conservation Commission, Recreation, Recycling, Special Details, Miscellaneous Projects 2020, Asset Management 2020 and Library Sprinkler System respectively. General Fund and Sewer Department Fund revenues and expenditures are compared to budget in the Statement of Revenues, Expenditures and Changes in Fund Balances. Fiduciary funds are custodial funds and private purpose trust funds which are used to benefit outside parties and cannot be used to support any of the Town's own programs.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information required by the Government Accounting Standards Board. Additional combining statements and individual fund schedules are presented immediately following the Notes to Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Change in Net Position

The government-wide financial statements -- the Statement of Net Position (Exhibit A) and Statement of Activities (Exhibit B) -- provide a comprehensive summary of governmental activities. The Statement of Net Position may serve, over time, as a useful indicator of a government’s financial position. Net investment in capital assets is \$5,995,007. Restricted net position of \$2,270,689 are restricted by constraints imposed from outside the Town, such as cemetery, library trust funds and capital projects. As of June 30, 2021, unrestricted net position of the Town is 1,820,063.

The Town’s financial position is the product of several financial transactions including the net results of activities and payment of debt. A summary of long-term debt obligations can be found in the Notes to Financial Statements. Comparative Net Position for the periods ending June 30, 2021 and June 30, 2020 are shown below.

Comparative Net Position

	FY2020 (as restated)	FY2021	Amount Change	% Change
Total assets	\$ 24,228,179	\$ 31,508,334	\$ 7,280,155	30.0%
Deferred outflows of resources	653,613	1,555,031	901,418	137.9%
Long-term liabilities outstanding	11,616,928	12,717,946	1,101,018	9.5%
Other liabilities	399,828	7,387,446	6,987,618	1747.7%
Total liabilities	12,016,756	20,105,392	8,088,636	67.3%
Deferred inflows of resources:	2,820,155	2,872,214	52,059	1.8%
Net position:				
Net investment in capital assets	9,046,234	5,995,007	(3,051,227)	-33.7%
Restricted	1,989,496	2,270,689	281,193	14.1%
Unrestricted	(990,849)	1,820,063	2,810,912	283.7%
Total net position	\$ 10,044,881	\$ 10,085,759	\$ 40,878	0.4%

Statement of Activities

The Statement of Activities (Exhibit B) provides an important summary of overall expenditures and revenues for the fiscal year; it includes transactions from all funds. The Town’s total expenses were \$8,783,926; total revenues were \$8,824,804 resulting in an increase of net position of \$40,878. The largest share of revenue, \$5,372,099 (about 61% of total revenues), was from taxes. The Town’s expenditures were largely for public safety (29%), highways & streets (24%), sanitation (14%) and general government (19%).

Program expenses increased by \$94,070 or 1.1%, in FY2021 (the amounts are displayed in the table below).

The Town’s largest source of program revenues, other than wastewater user fees or grants from the state or federal government, is the charge for dispatch services to our neighboring communities. In fiscal year 2021, New London collected \$165,669 in dispatch fees.

During the period, the Town's expenses were \$40,878 less than revenues generated for charges for services, operating grants or contributions and general revenues/special items (including property taxes and local, state and federal grants and contributions not restricted to specific purposes).

Comparative Statement of Changes in Activities

	Fiscal Year Ending 6/30/2020	Fiscal Year Ending 6/30/2021	Amount of Change	% Change
Governmental activities:				
General government	\$ 1,564,158	\$ 1,701,402	\$ 137,244	8.8%
Public safety	2,539,195	2,569,233	30,038	1.2%
Highways and streets	2,124,514	2,066,521	(57,993)	-2.7%
Sanitation	1,147,998	1,263,493	115,495	10.1%
Health	229,333	238,967	9,634	4.2%
Welfare	21,167	31,861	10,694	50.5%
Culture and recreation	859,679	726,115	(133,564)	-15.5%
Conservation	47,837	41,446	(6,391)	-13.4%
Interest on long-term debt	155,975	144,888	(11,087)	-7.1%
Total governmental activities	8,689,856	8,783,926	94,070	1.1%
Program revenues:				
Charges for services	1,031,697	1,058,021	26,324	2.6%
Operating grants and contributions	1,418,599	198,972	(1,219,627)	-86.0%
General revenues:				
Property taxes and other taxes	5,226,201	5,372,099	145,898	2.8%
Motor vehicle permit fees	1,072,534	1,174,923	102,389	9.5%
Licenses and other fees	151,193	132,043	(19,150)	-12.7%
Grants and contributions not related to				
specific programs	285,987	327,206	41,219	14.4%
Miscellaneous	257,219	531,540	274,321	106.6%
Special items:				
Principal forgiveness on long-term debt	-	30,000	30,000	100.0%
Total revenues	9,443,430	8,824,804	(618,626)	-6.6%
Change in net position				
Net position, beginning as restated	9,291,307	10,044,881		
Net position, ending	10,044,881	10,085,759		
Change in net position	\$ 753,574	\$ 40,878		

FUND FINANCIAL STATEMENTS

General Fund

The Town of New London uses separate fund accounting for each of its funds to ensure compliance with finance-related legal requirements. Information from the fund accounting system is essential in managing budgets as the financial year progresses and is useful in assessing financial resource needs for future operation of the Town. The General Fund is what most people think of as "the budget" since it is the focal point of the Annual Town Meeting and largely supported by property taxes.

Schedules 1, 2, and 3 detail General Fund activity for FY2021. Budgeted revenues and other financing sources totaled \$7,859,852 and actual revenues equaled \$7,910,785, for a revenue surplus of \$50,933. Other than property taxes, the largest general revenue received by the Town of New London is from motor vehicles registrations. In fiscal year 2021, the Town recognized \$5,299,501 in property taxes and \$1,146,598 in motor vehicle fees. The Town also receives revenue shared by the State of New Hampshire in the form of meals & rooms tax (\$208,331 in 2021) and highway block grant (\$130,390 in 2021).

Budgeted appropriations and encumbrances from prior year totaled \$8,319,852 while actual expenditures plus encumbered to subsequent year were \$7,786,065 leaving an unexpended balance of appropriations of \$533,787. This amount along with the revenue surplus make up the 2021 Budget surplus of \$584,720.

The following significant budgetary items are noted:

General Government: The General Government budget represents 17.0% of the total Town budget.

Public Safety: The Public Safety budget makes up 28.4% of the total budget.

Highways & Streets: The Public Works Department comprises 17.0% of the total budget.

Recreation: The Recreation Department budget consists primarily of the Part-time Recreation Director’s salary and related expenses, the cost of operating the two public beaches and special events. The majority of recreation programs are paid by user fees and do not affect the tax rate.

The Budgetary unassigned fund balance of the General Fund at the end of fiscal year 2021 was \$2,026,817 which is an increase of \$199,238 over fiscal year 2020. Key factors in the unassigned fund balance are:

Unassigned fund balance, June 30, 2020	\$ 1,827,579
FY2021 revenue surplus	50,933
FY2021 unexpended balance of appropriations	533,787
Use of fund balance	(457,000)
Decrease in non-spendable fund balance for prepaid items	25,000
Decrease in restricted fund balance for debt service	39,518
Decrease in committed fund balance for non lapsing articles	7,000
Unassigned fund balance, June 30, 2021	<u>\$ 2,026,817</u>
Difference FY2020 to FY2021	\$ 199,238

Sewer Department

The Sewer Department is operated as a Town department but is funded solely through sewer user fees. New London pumps their effluent to the Sunapee Wastewater Treatment Facility. New London’s portion of the Sunapee Plant’s operating expenses are based on flow and during FY2021 the New London Sewer Department paid 71.3% of the Sunapee Wastewater Treatment Facility expenses. The apportionment rate is reviewed every year.

Nonmajor Governmental Funds

Special Revenue Funds: The Town has four special revenue funds: a fund for donations made to the Conservation Commission; and three revolving funds, one for Recreation Department programs and activities, one for Recycling and one for Police Special Details. The Recycling Revolving Fund returns all but \$5,000 of revenue to the General Fund at the end of every fiscal year.

Capital Project Funds: The Town has three Capital Project funds: Misc Projects 2020, Asset Management 2020 fund and Library Sprinkler System.

Activity for the Nonmajor Governmental Funds are shown on Schedules 4 and 5. The Special Revenue Funds ended the year with the following fund balances:

	<u>FY2020</u>	<u>FY2021</u>	Change	% Change
Conservation Commission	\$20,343	\$26,347	\$6,004	29.51%
Recreation	\$52,395	\$10,683	(\$41,712)	-79.61%
Recycling	\$5,000	\$5,000	0	0.00%
Special Details	\$ 8,697	\$ 11,819	\$3,112	35.90%

The Capital Project Funds ended the year with the following balances:

	<u>FY2020</u>	<u>FY2021</u>	Change	% Change
Miscellaneous Projects 2020	\$340,670	\$63,832	\$340,670	-81.26%
Asset Management 2020	\$0	0	0	0%
Library Sprinkler System	\$0	(\$50,202)	(253,563)	

CAPITAL ASSETS

Total Capital Assets decreased 1.5% during FY2021.

Capital Assets

	<u>FY2020</u>	<u>FY2021</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 4,358,449	\$ 4,358,449	\$ -	0.0%
Construction in progress	-	50,202	50,202	100.0%
Building and building improvements	3,263,995	3,105,982	(158,013)	-4.8%
Machinery, equipment, and vehicles	1,666,873	1,557,818	(109,055)	-6.5%
Infrastructure	2,655,340	2,693,326	37,986	1.4%
Total	<u>\$ 11,944,657</u>	<u>\$ 11,765,777</u>	<u>\$ (178,880)</u>	<u>-1.5%</u>

DEBT ADMINISTRATION

Long-Term Debt

	<i>Long Term Liabilities</i>			
	FY2020 (as restated)	FY2021	Change	% Change
General obligation bonds/notes payable	\$ 6,230,871	\$ 5,770,770	\$ (460,101)	-7.4%
Capital lease	8,315	-	(8,315)	-100.0%
Compensated absences	214,214	228,536	14,322	6.7%
Accrued landfill post-closure care costs	174,000	246,000	72,000	41.4%
Net pension liability	3,917,518	5,358,422	1,440,904	36.8%
Other postemployment benefits payable	1,072,010	1,114,218	42,208	3.9%
Total	\$ 11,616,928	\$ 12,717,946	\$1,101,018	9.5%

The Town has seven general obligation bond/notes payable issues outstanding. Three existing bonds were refinanced into one issuance from the NH Bond Bank for an overall reduction in principal. A schedule of these issuances can be found in the notes to the financial statements.

As of the close of fiscal year 2021, the Town has a \$5,770,770 liability for long-term bonds/notes that reduces overall net position. Total debt decreased by \$460,101. Total loan reduction was \$2,368,290 of which \$30,000 was principal forgiveness on the asset Management State Revolving Loan Fund. \$1,867,209 was for current refund balances owed on three previous issuances. The remaining reduction of \$471,081 represents regularly scheduled payments on bonds/notes payable.

This does not mean that the Town has this entire payment requirement for next year; rather, \$468,532 of these obligations are due to be paid during the fiscal year ending June 30, 2021 (as shown on Exhibit A).

FUTURE BUDGETARY IMPLICATIONS

2021 Town Meeting approved the fiscal year operating budget from July 1, 2021-June 30, 2022. This budget is a 5.7% increase in appropriations over FY2021, not including Sewer, capital deposits or capital expenditures.

As of June 30, 2021, all Town departments have been working throughout the pandemic and buildings are open to the public. Tax collections and motor vehicle fees have been consistent with prior years. The financial impact of the pandemic has been minimal for the Town operations.

MANAGEMENT CONTACT

This financial report is designed to provide a general overview of the Town's finances for those with an interest in that subject. Questions concerning any of the information provided in this report, or requests for additional financial information, should be directed to: Town Administrator, Town of New London, 375 Main Street, New London, NH 03257 (phone: 603-526-1240/fax: 603-526-9494/e-mail: townadmin@newlondon.nh.gov).

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF NEW LONDON, NEW HAMPSHIRE
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,537,651
Investments	2,848,343
Taxes receivables (net)	5,511,133
Account receivables	374,097
Intergovernmental receivable	1,375,639
Accrued interest receivable	12
Restricted assets:	
Investments	95,682
Capital assets:	
Land and construction in progress	4,408,651
Other capital assets, net of depreciation	7,357,126
Total assets	31,508,334
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,515,133
Amounts related to other postemployment benefits	39,898
Total deferred outflows of resources	1,555,031
LIABILITIES	
Accounts payable	215,238
Retainage payable	2,510
Contracts payable	44,296
Accrued interest payable	54,575
Intergovernmental payable	7,070,827
Long-term liabilities:	
Due within one year	512,848
Due in more than one year	12,205,098
Total liabilities	20,105,392
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	2,739,026
Unavailable revenue - donations	100
Amounts related to pensions	130,371
Amounts related to other postemployment benefits	2,717
Total deferred inflows of resources	2,872,214
NET POSITION	
Net investment in capital assets	5,995,007
Restricted	2,270,689
Unrestricted	1,820,063
Total net position	\$ 10,085,759

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

EXHIBIT B
TOWN OF NEW LONDON, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 1,701,402	\$ 20,168	\$ -	\$ (1,681,234)
Public safety	2,569,233	176,015	41,709	(2,351,509)
Highways and streets	2,066,521	-	130,390	(1,936,131)
Sanitation	1,263,493	832,235	26,873	(404,385)
Health	238,967	3,100	-	(235,867)
Welfare	31,861	-	-	(31,861)
Culture and recreation	726,115	26,503	-	(699,612)
Conservation	41,446	-	-	(41,446)
Interest on long-term debt	144,888	-	-	(144,888)
Total governmental activities	<u>\$ 8,783,926</u>	<u>\$ 1,058,021</u>	<u>\$ 198,972</u>	<u>(7,526,933)</u>
General revenues:				
Taxes:				
Property				5,299,501
Other				72,598
Motor vehicle permit fees				1,174,923
Licenses and other fees				132,043
Grants and contributions not restricted to specific programs				327,206
Unrestricted investment earnings				390,864
Miscellaneous				140,676
Total general revenues				<u>7,537,811</u>
Special item:				
Principal forgiveness on long-term debt				30,000
Total general revenues and special item				<u>7,567,811</u>
Change in net position				40,878
Net position, beginning, as restated (see Note 21)				10,044,881
Net position, ending				<u>\$ 10,085,759</u>

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

EXHIBIT C-1
TOWN OF NEW LONDON, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2021

	General	Sewer Department	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,957,057	\$ 305,448	\$ 138,022	\$ 137,124	\$ 9,537,651
Investments	1,002,554	2,653	1,843,136	-	2,848,343
Taxes receivable	5,551,133	-	-	-	5,551,133
Accounts receivable	-	374,097	-	-	374,097
Intergovernmental receivable	201,773	-	-	21,455	223,228
Interfund receivable	73,310	52,375	8,700	-	134,385
Accrued interest receivable	-	-	12	-	12
Restricted assets:					
Investments	95,682	-	-	-	95,682
Total assets	\$ 15,881,509	\$ 734,573	\$ 1,989,870	\$ 158,579	\$ 18,764,531
LIABILITIES					
Accounts payable	\$ 212,206	\$ 3,032	\$ -	\$ -	\$ 215,238
Retainage payable	-	-	-	2,510	2,510
Contracts payable	-	-	-	44,296	44,296
Intergovernmental payable	6,941,475	129,352	-	-	7,070,827
Interfund payable	61,075	28,290	-	45,020	134,385
Total liabilities	7,214,756	160,674	-	91,826	7,467,256
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	2,753,265	-	-	-	2,753,265
Unavailable revenue - Donations	100	-	-	-	100
Total deferred inflows of resources	2,753,365	-	-	-	2,753,365
FUND BALANCES					
Nonspendable	95,682	-	1,914,157	-	2,009,839
Restricted	185,137	573,899	75,713	90,179	924,928
Committed	3,569,991	-	-	26,776	3,596,767
Assigned	10,000	-	-	-	10,000
Unassigned (deficit)	2,052,578	-	-	(50,202)	2,002,376
Total fund balances	5,913,388	573,899	1,989,870	66,753	8,543,910
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,881,509	\$ 734,573	\$ 1,989,870	\$ 158,579	\$ 18,764,531

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

EXHIBIT C-2
TOWN OF NEW LONDON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds (Exhibit C-1)		\$	8,543,910
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.			
Cost	\$	20,230,111	
Less accumulated depreciation		<u>(8,464,334)</u>	
			11,765,777
Other long-term assets that are not available to pay for current period expenditures therefore, are not reported in the governmental funds.			1,152,411
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:			
Deferred outflows of resources related to pensions	\$	1,515,133	
Deferred inflows of resources related to pensions		(130,371)	
Deferred outflows of resources related to OPEB		39,898	
Deferred inflows of resources related to OPEB		<u>(2,717)</u>	
			1,421,943
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.			
Receivables	\$	(134,385)	
Payables		<u>134,385</u>	
			-
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.			
Deferred inflows of resources - property taxes	\$	14,239	
Allowance for uncollectible property taxes		<u>(40,000)</u>	
			(25,761)
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(54,575)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.			
Bond/notes	\$	5,506,036	
Unamortized bond premium		264,734	
Compensated absences		228,536	
Accrued landfill postclosure care costs		246,000	
Net pension liability		5,358,422	
Other postemployment benefits		<u>1,114,218</u>	
			(12,717,946)
Net position of governmental activities (Exhibit A)			<u>\$ 10,085,759</u>

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

EXHIBIT C-3
TOWN OF NEW LONDON, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General	Sewer Department	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,409,935	\$ -	\$ -	\$ -	\$ 5,409,935
Licenses and permits	1,306,966	-	-	-	1,306,966
Intergovernmental	525,453	52,297	-	-	577,750
Charges for services	194,770	790,705	-	72,546	1,058,021
Miscellaneous	241,708	497	282,862	6,473	531,540
Total revenues	<u>7,678,832</u>	<u>843,499</u>	<u>282,862</u>	<u>79,019</u>	<u>8,884,212</u>
EXPENDITURES					
Current:					
General government	1,463,042	55,482	300	-	1,518,824
Public safety	2,108,897	-	-	7,154	2,116,051
Highways and streets	1,392,018	-	-	-	1,392,018
Sanitation	419,916	666,631	-	22,089	1,108,636
Health	238,967	-	-	-	238,967
Welfare	31,861	-	-	-	31,861
Culture and recreation	605,215	-	9,216	63,645	678,076
Conservation	41,446	-	-	-	41,446
Debt service:					
Principal	345,896	125,185	-	-	471,081
Interest	98,197	49,138	-	-	147,335
Capital outlay	427,500	-	-	348,495	775,995
Total expenditures	<u>7,172,955</u>	<u>896,436</u>	<u>9,516</u>	<u>441,383</u>	<u>8,520,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>505,877</u>	<u>(52,937)</u>	<u>273,346</u>	<u>(362,364)</u>	<u>363,922</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	34,043	-	-	-	34,043
Transfers out	-	-	(14,600)	(19,443)	(34,043)
Debt proceeds	-	-	-	21,455	21,455
Proceeds from refunded bonds	1,622,000	-	-	-	1,622,000
Premium from refunded bonds	264,734	-	-	-	264,734
Payments to currently refund bonds	(1,867,209)	-	-	-	(1,867,209)
Debt issuance costs	(19,525)	-	-	-	(19,525)
Total other financing sources (uses)	<u>34,043</u>	<u>-</u>	<u>(14,600)</u>	<u>2,012</u>	<u>21,455</u>
Net change in fund balances	539,920	(52,937)	258,746	(360,352)	385,377
Fund balances, beginning	5,373,468	626,836	1,731,124	427,105	8,158,533
Fund balances, ending	<u>\$ 5,913,388</u>	<u>\$ 573,899</u>	<u>\$ 1,989,870</u>	<u>\$ 66,753</u>	<u>\$ 8,543,910</u>

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

EXHIBIT C-4
TOWN OF NEW LONDON, 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 June 30, 2021

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 385,377
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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 472,525	
Depreciation expense	<u>(645,486)</u>	(172,961)
The net effect of various miscellaneous transactions involving capital assets disposals is to decrease net position,		(5,919)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (34,043)	
Transfers out	<u>34,043</u>	-
The receipt of long-term state aid provides current financial resources to governmental funds, but has no effect on net position.		
Decrease in intergovernmental receivable		(51,572)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows - property taxes		(37,836)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds of debt	\$ (1,643,455)	
Bond premium on new issuance	(264,734)	
Repayment of bond/note principal	2,368,290	
Repayment of capital lease	<u>8,315</u>	468,416
Some expenses reported in the Statement of Activities do not require the governmental funds.		
Decrease in accrued interest expense	\$ 21,972	
Increase in compensated absences payable	(14,322)	
Increase in accrued landfill postclosure care costs	(72,000)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(442,383)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(37,894)</u>	(544,627)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 40,878</u>

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

EXHIBIT D-1
TOWN OF NEW LONDON, 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 June 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,336,343	\$ 5,336,343	\$ 5,372,099	\$ 35,756
Licenses and permits	1,193,400	1,193,400	1,278,641	85,241
Intergovernmental	383,400	483,777	525,453	41,676
Charges for services	187,122	187,122	189,733	2,611
Miscellaneous	173,370	74,210	121,788	47,578
Total revenues	<u>7,273,635</u>	<u>7,274,852</u>	<u>7,487,714</u>	<u>212,862</u>
EXPENDITURES				
Current:				
General government	1,422,540	1,417,380	1,457,582	(40,202)
Public safety	2,258,450	2,358,827	2,107,748	251,079
Highways and streets	1,460,803	1,415,803	1,392,018	23,785
Sanitation	444,270	444,270	419,916	24,354
Health	239,827	239,827	238,967	860
Welfare	27,458	27,458	31,861	(4,403)
Culture and recreation	761,653	196,003	122,656	73,347
Conservation	49,055	44,055	41,446	2,609
Debt service:				
Principal	336,417	336,417	345,896	(9,479)
Interest	113,652	113,652	98,197	15,455
Capital outlay	833,000	588,000	427,500	160,500
Total expenditures	<u>7,947,125</u>	<u>7,181,692</u>	<u>6,683,787</u>	<u>497,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(673,490)</u>	<u>93,160</u>	<u>803,927</u>	<u>710,767</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	835,000	585,000	423,071	(161,929)
Transfers out	<u>(618,510)</u>	<u>(1,135,160)</u>	<u>(1,099,278)</u>	<u>35,882</u>
Total other financing sources (uses)	<u>216,490</u>	<u>(550,160)</u>	<u>(676,207)</u>	<u>(126,047)</u>
Net change in fund balances	<u>\$ (457,000)</u>	<u>\$ (457,000)</u>	127,720	<u>\$ 584,720</u>
Decrease in nonspendable fund balance			25,000	
Decrease in restricted fund balance			39,518	
Decrease in committed fund balance			7,000	
Unassigned fund balance, beginning			<u>1,827,579</u>	
Unassigned fund balance, ending			<u>\$ 2,026,817</u>	

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

EXHIBIT D-2
TOWN OF NEW LONDON, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Sewer Fund
For the Fiscal Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 52,297	\$ 52,297	\$ -
Charges for services	858,480	790,705	(67,775)
Miscellaneous	5,000	488	(4,512)
Total revenues	<u>915,777</u>	<u>843,490</u>	<u>(72,287)</u>
EXPENDITURES			
Current:			
General government	61,500	55,482	6,018
Sanitation	659,955	666,631	(6,676)
Debt service:			
Principal	125,184	125,185	(1)
Interest	49,138	49,138	-
Total expenditures	<u>895,777</u>	<u>896,436</u>	<u>(659)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,000</u>	<u>(52,946)</u>	<u>(72,946)</u>
OTHER FINANCING USES			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(72,946)</u>	<u>\$ (72,946)</u>
Restricted fund balance, beginning		542,435	
Restricted fund balance, ending		<u>\$ 469,489</u>	

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

EXHIBIT E-1
TOWN OF NEW LONDON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Private Purpose Trust	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 124,886	\$ 186,073
Investments	-	1,936,191
Intergovernmental receivable	-	6,939,881
Accrued interest receivable	-	1,800
Total assets	124,886	9,063,945
LIABILITIES		
Accounts payable	-	1,326
Intergovernmental payables:		
School	-	5,134,635
County	-	1,630,473
Precinct	-	174,773
Total liabilities	-	6,941,207
NET POSITION		
Restricted	\$ 124,886	\$ 2,122,738

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

EXHIBIT E-2
TOWN OF NEW LONDON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021

	Private Purpose Trust	All Custodial Funds
ADDITIONS		
Contributions	\$ 1,000	\$ 75,000
Investment earnings	13	8,537
Change in fair market value	-	(7,376)
Taxes collected for other governments	-	13,783,378
Total additions	<u>1,013</u>	<u>13,859,539</u>
DEDUCTIONS		
Benefits paid	5,200	-
Payments to other governments	-	13,873,938
Total deductions	<u>5,200</u>	<u>13,873,938</u>
Net increase in fiduciary net position	(4,187)	(14,399)
Net position, beginning	129,073	2,137,137
Net position, ending	<u>\$ 124,886</u>	<u>\$ 2,122,738</u>

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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TOWN OF NEW LONDON, NEW HAMPSHIRE
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AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of New London, 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 New London is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

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

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

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

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

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

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

The Town reports the following major governmental funds:

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

Sewer Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library and expendable trust funds are consolidated in the sewer fund.

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.

Additionally, the Town reports the following fund types:

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

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

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 seven nonmajor governmental funds.

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

The Town reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

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 Restricted Assets

Certain Town assets are classified as restricted assets because their use is earmarked for a specific purpose.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

1-E Investments

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

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

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

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

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

Level 3 – Inputs are significant unobservable inputs.

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

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

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

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. 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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

1-G Capital Assets

Capital assets are reported in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The 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.

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	25-40
Machinery, equipment, and vehicles	3-20
Infrastructure	20-50

1-H Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “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-I Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 18, 2020 and November 16, 2020, and due on July 1, 2020, October 1, 2020, January 2, 2021 and March 31, 2021. Effective April 1, 2020 for any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at June 30, 2021 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

The Town net assessed valuation as of April 1, 2020 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,251,721,273
For all other taxes	\$ 1,265,204,773

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The tax rates and amounts assessed for the year ended June 30, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.30	\$ 5,440,011
School portion:		
State of New Hampshire	\$1.92	2,409,352
Local	\$6.16	7,788,607
County portion	\$2.56	3,238,301
Precinct portions:		
New London-Springfield	\$0.82	347,118
Total	\$15.76	\$ 19,223,389

1-J 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 June 30, 2021.

1-K Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

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. Deferred inflows of resources in the governmental fund financial statements represent the amount of asset that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

1-L Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums, 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.

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.

1-M Compensated Absences

General leave for the Town includes vacation 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 personnel policy.

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

1-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 or notes that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

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

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

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

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

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

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

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

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

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

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 accounts receivable, the useful lives of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill closure and postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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 and sewer department 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.

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State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$450,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$7,000 was voted from unassigned fund balance to fund a park and ride expansion.

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 Changed in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 7,910,785
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record revenue of the blended funds	153,282
To eliminate transfers between general and blended funds	(389,028)
Change in deferred tax revenue relating to 60-day revenue recognition	37,836
Proceeds from refunded bonds	1,622,000
Premium from refunded bonds	264,734
Per Exhibit C-3 (GAAP basis)	<u>\$ 9,599,609</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 7,783,065
Adjustments:	
Basis differences:	
Encumbrances, beginning	3,000
Encumbrances, ending	(3,000)
GASB Statement No. 54:	
To record expenditures of the blended funds	489,168
To eliminate transfers between general and blended funds	(1,099,278)
Payments to currently refund bonds	1,867,209
Debt issuance costs	19,525
Per Exhibit C-3 (GAAP basis)	<u>\$ 9,059,689</u>

The following reconciles the *sewer department fund* budgetary basis to the GAAP basis:

Revenues:	
Per Exhibit D-2 (budgetary basis)	\$ 843,490
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	9
Per Exhibit C-3 (GAAP basis)	<u>\$ 843,499</u>
Expenditures and other financing uses:	
Per Exhibit D-2 (budgetary basis)	\$ 916,436
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Net effect of transfers between blended funds	(20,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 896,436</u>

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2-C Deficit Fund Balances

The Library Sprinkler System capital project fund had a deficit fund balance of \$50,202 at June 30, 2021. This deficit will be financed through future revenues of the bond/note proceeds that will be issued in the subsequent year.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits and certificates of deposit are entirely covered by federal depository insurance (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 \$9,848,610 and the bank balances totaled \$10,069,945. Petty cash totaled \$100.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 9,537,651
Cash per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	310,959
Total cash and cash equivalents	<u>\$ 9,848,610</u>

NOTE 4 – RESTRICTED ASSETS

Investments are classified as restricted for the following purposes:

Investments:	
General fund:	
Library	<u>\$ 95,682</u>

NOTE 5 – INVESTMENTS

Note 1-E 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 June 30, 2021:

	Fair Value Hierarchy		Total
	Level 1	Level 2	
Investments type:			
Corporate bonds	\$ -	\$ 405,098	\$ 405,098
Certificates of deposit	334,330	-	334,330
Equity exchange traded funds	1,502,644	-	1,502,644
Fixed income exchange traded funds	-	603,448	603,448
Fixed income mutual funds	-	326,561	326,561
Preferred Stock	33,953	-	33,953
Total fair value of investments	<u>\$ 1,870,927</u>	<u>\$ 1,335,107</u>	<u>3,206,034</u>
Investments carried at amortized cost:			
NH Public Deposit Investment Pool			1,674,182
Total investments			<u>\$ 4,880,216</u>

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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. Both the Town and Trustees of Trust Funds investment policies follow the prudent person rule, which requires the preservation of principal and the amount and regularity of the income derived there from.

Investments Type	Reported Balance	Remaining Maturity		
		Less than 1 Year	1-5 Years	Exempt from Disclosure
Corporate bonds	\$ 405,098	\$ 200,016	\$ 205,082	\$ -
Certificates of deposit	334,330	-	334,330	-
Equity exchange traded funds	1,502,644	-	-	1,502,644
Fixed income exchange traded funds	603,448	-	-	603,448
Fixed income mutual funds	326,561	-	-	326,561
New Hampshire Public Deposit Investment Pool	1,674,182	-	-	1,674,182
Preferred Stock	33,953	-	-	33,953
Total	<u>\$ 4,880,216</u>	<u>\$ 200,016</u>	<u>\$ 539,412</u>	<u>\$ 4,140,788</u>

Credit Risk - The Town investment policy states that assets will be invested in obligations of the United States Government, public deposit investment pool established pursuant to RSA 383:22, deposits in solvent banks incorporated under the laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State of New Hampshire. The Trustees of Trust Funds investment policy states the asset allocation of the trust funds will be dependent on the frequency of the cash needs for each fund. The asset allocation will be limited to obligations of the United States Government and its agencies; corporate debenture with a minimum of not less than 90% of the Moody's and/or Standard and Poor's single "A" rating; high quality common stocks; investments in convertible or exercisable into high quality common stock; domestic and international equity and fixed income mutual funds and exchange traded funds; money market funds; FDIC insured certificates of deposits and the public deposit investment fund. The Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure	Rating as of Year-End	
			Aaa	Aal
Corporate bonds	\$ 405,098	\$ -	\$ 205,082	\$ 200,016
Certificates of deposit	334,330	334,330	-	-
Equity exchange traded funds	1,502,644	1,502,644	-	-
Fixed income exchange traded funds	603,448	603,448	-	-
Fixed income mutual funds	326,561	326,561	-	-
New Hampshire Public Deposit Investment Pool	1,674,182	1,674,182	-	-
Preferred Stock	33,953	33,953	-	-
Total	<u>\$ 4,880,216</u>	<u>\$ 4,475,118</u>	<u>\$ 205,082</u>	<u>\$ 200,016</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. The Town and Trustees of Trust Funds investment policy does not directly address this risk.

Concentration of Credit Risk – The Town and Trustees of Trust Funds investment policies places no limit on the amount it may invest in any one issuer. No more than 5% of the Town's investment balance is invested in any one issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 2,944,025
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	<u>1,936,191</u>
Total investments	<u>\$ 4,880,216</u>

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NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$40,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$ 5,428,571	\$ 5,428,571
Levy of 2020	85,627	85,627
Unredeemed (under tax lien):		
Levy of 2019	18,283	18,283
Levy of 2018	12,322	12,322
Land use change	6,330	6,330
Less: allowance for estimated uncollectible taxes	(40,000) *	-
Net taxes receivable	\$ 5,511,133	\$ 5,551,133

*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 7 – OTHER RECEIVABLES

Receivables at June 30, 2021, consisted of accounts (billings for sewer and other user charges) and intergovernmental amounts arising from grants, and accrued interest. 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 June 30, 2021 for the Town’s individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds					Total	Fiduciary Funds
	Governmental Activities	General Fund	Sewer Department	Permanent Fund	Nonmajor Funds		
Receivables:							
Accounts	\$ 374,097	\$ -	\$ 374,097	\$ -	\$ -	\$ 374,097	\$ -
Intergovernmental	1,375,639	201,773	-	-	21,455	223,228	6,939,881
Accrued interest	12	-	-	12	-	12	1,800
Gross receivables	1,749,748	201,773	374,097	12	21,455	597,337	6,941,681
Less: allowance for uncollectibles	-	-	-	-	-	-	-
Net total receivables	\$ 1,749,748	\$ 201,773	\$ 374,097	\$ 12	\$ 21,455	\$ 597,337	\$ 6,941,681

¹ Governmental Activities - intergovernmental receivable includes additional amounts which represents State Aid for projects, see additional information in Note 18.

² Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Kearsarge Regional School District, Merrimack County and New London-Springfield Water Precinct. 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 10.

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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 4,358,449	\$ -	\$ -	\$ 4,358,449
Construction in progress	-	50,202	-	50,202
Total capital assets not being depreciated	<u>4,358,449</u>	<u>50,202</u>	<u>-</u>	<u>4,408,651</u>
Being depreciated:				
Buildings and building improvements	6,390,544	-	-	6,390,544
Machinery, equipment, and vehicles	5,789,599	292,323	(35,517)	6,046,405
Infrastructure	3,254,511	130,000	-	3,384,511
Total capital assets being depreciated	<u>15,434,654</u>	<u>422,323</u>	<u>(35,517)</u>	<u>15,821,460</u>
Total all capital assets	<u>19,793,103</u>	<u>472,525</u>	<u>(35,517)</u>	<u>20,230,111</u>
Less accumulated depreciation:				
Buildings and building improvements	(3,126,549)	(158,013)	-	(3,284,562)
Machinery, equipment, and vehicles	(4,122,726)	(395,459)	29,598	(4,488,587)
Infrastructure	(599,171)	(92,014)	-	(691,185)
Total accumulated depreciation	<u>(7,848,446)</u>	<u>(645,486)</u>	<u>29,598</u>	<u>(8,464,334)</u>
Net book value, capital assets being depreciated	<u>7,586,208</u>	<u>(223,163)</u>	<u>(5,919)</u>	<u>7,357,126</u>
Net book value, all governmental activities capital assets	<u>\$ 11,944,657</u>	<u>\$ (172,961)</u>	<u>\$ (5,919)</u>	<u>\$ 11,765,777</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	\$ 99,128
Public safety	196,330
Highways and streets	243,434
Sanitation	49,608
Culture and recreation	56,986
Total depreciation expense	<u>\$ 645,486</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sewer department	\$ 28,290
General	Nonmajor	45,020
Sewer department	General	52,375
Permanent	General	8,700
		<u>\$ 134,385</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.

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Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2021 is as follows:

	Transfers In:
	General Fund
Transfers out:	
Permanent fund	\$ 14,600
Nonmajor fund	19,443
Total	\$ 34,043

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

NOTE 10 – INTERGOVERNMENTAL PAYABLES

	Governmental Funds			Fiduciary Funds
	General Fund	Sewer Fund	Total	
Property tax due to Custodial Fund	³ \$ 6,939,881	\$ -	⁴ \$ 6,939,881	\$ -
Fees due to the State of New Hampshire	647	-	647	-
Other	947	-	947	-
Balance due to the Town of Sunapee Water and Sewer Departments	-	129,352	129,352	-
Balance due to Kearsarge Regional School District	-	-	-	5,134,635
Balance due to Merrimack County	-	-	-	1,630,473
Balance due to New London-Springfield Water Precinct	-	-	-	174,773
Total intergovernmental payables due	\$ 6,941,475	\$ 129,352	\$ 7,070,827	\$ 6,939,881

³. Property taxes due to the custodial fund represent amounts collected by the Town on behalf of Kearsarge Regional School District, Merrimack County and New London-Springfield Water Precinct and are reported as a component of general fund cash at year-end.

⁴. Property taxes due to the Kearsarge Regional School District, Merrimack County and New London-Springfield Water Precinct represent amounts collected by the Town that will be paid in the next calendar year.

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities
Amounts related to pensions, see Note 14	\$ 1,515,133
Amounts related to OPEB, see Note 15	39,898
Total deferred inflows of resources	\$ 1,555,031

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Property tax revenue committed, but not due until subsequent period	\$ 2,739,026	\$ 2,739,026
Deferred property taxes not collected within 60 days of fiscal year-end	-	14,239 *
Donations not yet expended	100	100
Amounts related to pensions, see Note 14	130,371	-
Amounts related to OPEB, see Note 15	2,717	-
Total deferred inflows of resources	\$ 2,872,214	\$ 2,753,365

*Balance is only recognized on a modified accrual basis of accounting.

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NOTE 12 – DEBT REFUNDING

On May 27, 2021 the Town issued \$1,622,000 of general obligation refunding bonds at a premium of \$264,734, with an average interest rate of 1.42%. The net proceeds of \$1,622,000, after issuance costs of \$19,525, plus premium of \$264,734, were used to refund a three loans for the municipal building dated June 17, 2019, for the multi-purpose dated August 21, 2019 and road repairs dated September 9, 2019, with a total principal and interest of \$1,886,734 and an average interest rate of 3.15%. This refunding was undertaken to reduce total debt service payments over the next fourteen years by \$208,683.

NOTE 13 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020 (as restated)	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Bonds payable:						
Direct placements	\$ -	\$ 1,622,000	\$ -	\$ 1,622,000	\$ 127,000	\$ 1,495,000
Notes/loans payable - direct borrowings	6,230,871	21,455	(2,368,290)	3,884,036	341,532	3,542,504
Premium	-	264,734	-	264,734	18,910	245,824
Total bonds/notes payable	<u>6,230,871</u>	<u>1,908,189</u>	<u>(2,368,290)</u>	<u>5,770,770</u>	<u>487,442</u>	<u>5,283,328</u>
Capital lease	8,315	-	(8,315)	-	-	-
Compensated absences	214,214	28,290	(13,968)	228,536	17,206	211,330
Accrued landfill postclosure care costs	174,000	72,000	-	246,000	8,200	237,800
Net pension liability	3,917,518	1,440,904	-	5,358,422	-	5,358,422
Net other postemployment benefits	1,072,010	57,372	(15,164)	1,114,218	-	1,114,218
Total long-term liabilities	<u>\$ 11,616,928</u>	<u>\$ 3,506,755</u>	<u>\$ (2,405,737)</u>	<u>\$ 12,717,946</u>	<u>\$ 512,848</u>	<u>\$ 12,205,098</u>

Included in the total reduction of \$2,368,290 on the notes/loans, was \$30,000 in principal forgiveness (100%) on the Asset Management State Revolving Loan Fund and \$1,867,209 was for current refund balances owed on three previous issuances (see Note 12). The remaining reduction of \$471,081 represents regularly scheduled principal payments on bonds/notes payable.

Long-term bonds/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2021
Bonds payable					
Direct placements:					
2021 Bond refundings	\$ 1,622,000	2021	2035	1.42%	<u>\$ 1,622,000</u>
Notes/loans payable - direct borrowing:					
Town building improvements	\$ 877,940	2005	2025	3.72%	175,588
Library repairs	\$ 370,000	2011	2027	2.60%	147,997
Water Pollution Control State Revolving Loan	\$ 5,501,598	2016	2035	2.55%	3,114,507
Academy building	\$ 350,000	2016	2025	1.95%	140,000
Multi-purpose	\$ 460,000	2016	2027	1.90%	276,000
Asset management (SRF Loan)*	\$ -	2021	-	-	29,944
					<u>3,884,036</u>
Bond premium					264,734
Total					<u>\$ 5,770,770</u>

* Note is still being drawn down upon as project has not yet been completed.

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The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 127,000	\$ 50,039	\$ 177,039	\$ 341,532	\$ 86,283	\$ 427,815
2023	105,000	63,345	168,345	345,816	78,166	423,982
2024	110,000	57,990	167,990	350,196	69,957	420,153
2025	110,000	52,380	162,380	354,674	61,666	416,340
2026	110,000	46,770	156,770	280,355	54,062	334,417
2027-2031	590,000	146,640	736,640	1,191,440	187,395	1,378,835
2032-2035	470,000	31,560	501,560	990,079	55,856	1,045,935
Totals	\$ 1,622,000	\$ 448,724	\$ 2,070,724	3,854,092	\$ 593,385	\$ 4,447,477
Plus notes/loans - direct borrowings not yet in repayment				29,944		
Total notes/loans - direct borrowings				\$ 3,884,036		

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

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in prior years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$246,000 as of June 30, 2021, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2021. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2021 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 14, 2017	Miscellaneous Projects	\$ 180,291
March 10-11, 2020	Library Sprinkler System	250,000
		\$ 430,291

NOTE 14 – DEFINED BENEFIT PENSION PLAN

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

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

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Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2021, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$378,165, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021 the Town reported a liability of \$5,358,422 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was .08377573% which was an increase of .00235846% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$820,548. At June 30, 2021 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	\$ 130,787	\$ 72,837
Changes in assumptions	530,054	-
Net difference between projected and actual investment earnings on pension plan investments	331,424	-
Differences between expected and actual experience	144,703	57,534
Contributions subsequent to the measurement date	378,165	-
Total	<u>\$ 1,515,133</u>	<u>\$ 130,371</u>

The \$378,165 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 June 30, 2022.

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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 June 30,	
2021	\$ 199,146
2022	243,899
2023	294,059
2024	269,493
2025	-
Thereafter	-
Totals	<u>\$ 1,006,597</u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions which, accordingly, apply to 2020 measurements:

Inflation:	2.0%
Salary increases:	5.6% 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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 6,936,976	\$ 5,358,422	\$ 4,068,535

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 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

15-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 2020 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided - Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, 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 2020 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.

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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 2019, 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 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$32,878, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the Town reported a liability of \$307,650 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was .07028644% which was a decrease of .0033463% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized OPEB expense of \$17,291. At June 30, 2021, 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
Changes in proportion	\$ -	\$ 1,826
Net difference between projected and actual investment earnings on OPEB plan investments	1,151	-
Changes in assumptions	1,978	-
Differences between expected and actual experience	-	891
Contributions subsequent to the measurement date	32,878	-
Total	\$ 36,007	\$ 2,717

The \$32,878 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 June 30, 2022. 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 June 30,	
2021	\$ (652)
2022	341
2023	406
2024	317
2025	-
Thereafter	-
Totals	\$ 412

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019 and a measurement date of June 30, 2020. 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:	5.6 % 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

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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, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, 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, 2020	\$ 334,076	\$ 307,650	\$ 284,707

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.

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15-B Town of New London Retiree Health Benefit Program

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

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

Employees Covered by Benefit Terms – At June 30, 2021 the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	42
Active plan members	<u>3</u>
Total plan members	<u>45</u>

Total OPEB Liability – The Town’s total OPEB liability of \$806,568 was measured as of June 30, 2021, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$806,568 in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.16%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.60%
Decrement	0.40%
Ultimate Trend	4.00%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.20%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2021.

Mortality rates were as follows:

Pre-Retirement: PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Post-Retirement:
 Healthy Retirees: 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.

Surviving spouses: PubG-2010 Contingent Survivor General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Disabled Retirees: PubG-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

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Changes in the Total OPEB Liability

	June 30,
	<u>2021</u>
OPEB liability beginning of year	\$ 749,196
Changes for the year:	
Service cost	39,196
Interest	17,383
Assumption changes and difference between actual and expected experience	4,491
Benefit payments	<u>(3,698)</u>
OPEB liability end of year	<u>\$ 806,568</u>

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The July 1, 2020 actuarial valuation was prepared using a discount rate of 2.16%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$722,079 or by 10.5%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$902,757 or by 11.9%.

	Discount Rate		
	1% Decrease	Baseline 2.16%	1% Increase
Total OPEB Liability	<u>\$ 902,754</u>	<u>\$ 806,568</u>	<u>\$ 722,079</u>

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2020 actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$930,592 or by 15.4%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$702,914 or by 15.4%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	<u>\$ 702,914</u>	<u>\$ 806,568</u>	<u>\$ 930,592</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the Town recognized OPEB expense of \$57,179. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in assumptions	<u>\$ 3,891</u>

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 June 30,	
2022	\$ 600
2023	600
2024	600
2025	600
2026	600
Thereafter	891
Totals	<u>\$ 3,891</u>

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 16 – COMMITMENTS

The Town has an active construction project as of June 30, 2021. At year-end the Town commitments with contractors for the specific project is as follows:

Capital Project Program	Spent to Date	Remaining Commitment
Library Sprinkler System	\$ 50,202	\$ 260,551

NOTE 17 - ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2021 and are as follows:

General fund:	
Culture and recreation	\$ 3,000

NOTE 18 – STATE AID TO WATER POLLUTION PROJECTS

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At June 30, 2021 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 52,723	\$ 25,722	\$ 78,445
2023	53,900	24,545	78,445
2024	55,103	23,342	78,445
2025	56,333	22,112	78,445
2026	57,590	20,855	78,445
2027-2031	307,817	84,408	392,225
2032-2036	343,738	48,488	392,226
2037-2039	225,207	10,129	235,336
Total	\$ 1,152,411	\$ 259,601	\$ 1,412,012

NOTE 19 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Governmental and business-type activities and fiduciary fund net position reported on the government-wide Statement of Net Position at June 30, 2021 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 11,765,777	\$ -
Less:		
General obligation bond/notes/loans payable	(5,506,036)	-
Unamortized bond premiums	(264,734)	-
Total net investment in capital assets	5,995,007	-

(Continued)

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Governmental activities and fiduciary funds net position continued:

	Governmental Activities	Fiduciary Funds
Restricted net position:		
Nonexpendable permanent funds (principal)	1,914,157	-
Expendable permanent funds (income)	75,713	-
Library	280,819	-
Individuals, organizations, and other governments	-	2,247,624
Total restricted net position	<u>2,270,689</u>	<u>2,247,624</u>
Unrestricted	1,820,063	-
Total net position	<u>\$ 10,085,759</u>	<u>\$ 2,247,624</u>

NOTE 20 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2021 include the following:

	General Fund	Sewer Department Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Library permanent fund - principal balance	\$ 95,682	\$ -	\$ -	\$ -	\$ 95,682
Permanent fund - principal balance	-	-	1,914,157	-	1,914,157
Total nonspendable fund balance	<u>95,682</u>	<u>-</u>	<u>1,914,157</u>	<u>-</u>	<u>2,009,839</u>
Restricted:					
Library	185,137	-	-	-	185,137
Sewer department	-	469,489	-	-	469,489
Expendable trust	-	104,410	-	-	104,410
Conservation commission	-	-	-	26,347	26,347
Miscellaneous projects 2020	-	-	-	63,832	63,832
Permanent fund - income balance	-	-	75,713	-	75,713
Total restricted fund balance	<u>185,137</u>	<u>573,899</u>	<u>75,713</u>	<u>90,179</u>	<u>924,928</u>
Committed:					
Expendable trust	3,566,991	-	-	-	3,566,991
Non-lapsing appropriation	3,000	-	-	-	3,000
Recreation	-	-	-	10,683	10,683
Recycling	-	-	-	5,000	5,000
Special details	-	-	-	11,093	11,093
Total committed fund balance	<u>3,569,991</u>	<u>-</u>	<u>-</u>	<u>26,776</u>	<u>3,596,767</u>
Assigned:					
Abatement contingency	10,000	-	-	-	10,000
Unassigned (deficit)	<u>2,052,578</u>	<u>-</u>	<u>-</u>	<u>(50,202)</u>	<u>2,002,376</u>
Total governmental fund balances	<u>\$ 5,913,388</u>	<u>\$ 573,899</u>	<u>\$ 1,989,870</u>	<u>\$ 66,753</u>	<u>\$ 8,543,910</u>

NOTE 21 – PRIOR PERIOD ADJUSTMENT

Net position at July 1, 2020 was restated to give retroactive effect to the following prior period adjustment:

	Governmental Activities
To record liability relating to the Town's single employer OPEB plan in accordance with GASB Statement No. 75	\$ (749,196)
Net position, as previously reported	10,794,077
Net position, as restated	<u>\$ 10,044,881</u>

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 22 – 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 2021, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020 to June 30, 2021 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2020-21 the Town paid \$61,897 and \$87,629 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 23 – CONTINGENT LIABILITIES

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 24 – COVID-19

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2021; and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$100,377. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 25 – TAX ABATEMENTS

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

NOTE 26 – 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 3, 2022, the date the June 30, 2021 financial statements were available to be issued, and no events requiring disclosure were identified.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF NEW LONDON, 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 June 30, 2021
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 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
Town's proportion of the net pension liability	0.08372859%	0.08175265%	0.08068385%	0.08189616%	0.08534671%	0.08101828%	0.08141727%	0.08377573%
Town's proportionate share of the net pension liability	\$ 3,603,498	\$ 3,068,656	\$ 3,196,313	\$ 4,354,906	\$ 4,197,345	\$ 3,901,194	\$ 3,917,518	\$ 5,358,422
Town's covered payroll (as of the measurement date)	\$ 1,942,187	\$ 1,964,526	\$ 1,958,428	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148	\$ 2,259,148
Town's proportionate share of the net pension liability as a percentage of its covered payroll	185.54%	156.20%	163.21%	212.14%	194.47%	175.47%	173.41%	237.19%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

EXHIBIT G
TOWN OF NEW LONDON, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 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
Contractually required contribution	\$ 208,194	\$ 265,225	\$ 270,685	\$ 293,253	\$ 312,662	\$ 342,430	\$ 354,313	\$ 378,165
Contributions in relation to the contractually required contributions	208,194	265,225	270,685	293,253	312,662	342,430	354,313	378,165
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year end)	\$ 1,942,187	\$ 1,964,526	\$ 1,958,428	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148	\$ 2,474,976
Contributions as a percentage of covered payroll	10.72%	13.50%	13.82%	14.29%	14.49%	15.40%	15.68%	15.28%

EXHIBIT H
TOWN OF NEW LONDON, 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 June 30, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Town's proportion of the net OPEB liability	0.04591256%	0.04950727%	0.07123418%	0.07363274%	0.07028644%
Town's proportionate share of the net OPEB liability (asset)	\$ 222,265	\$ 226,364	\$ 326,143	\$ 322,814	\$ 307,650
Town's covered payroll (as of measurement date)	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148	\$ 2,259,148
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.83%	10.49%	14.67%	14.29%	13.62%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT I
TOWN OF NEW LONDON, 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 June 30, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 26,678	\$ 29,343	\$ 31,509	\$ 33,603	\$ 32,878
Contributions in relation to the contractually required contribution	26,678	29,343	31,509	33,603	32,878
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year end)	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148	\$ 2,259,148
Contributions as a percentage of covered payroll	1.30%	1.36%	1.42%	1.49%	1.46%

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

EXHIBIT J
TOWN OF NEW LONDON, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended June 30, 2021
Unaudited

	June 30, 2021
OPEB liability, beginning of year	\$ 749,196
Changes for the year:	
Service cost	39,196
Interest	17,383
Assumption changes and difference between actual and expected experience	4,491
Benefit payments	(3,698)
OPEB liability, end of year	\$ 806,568
Covered payroll	\$ 2,292,387
Total OPEB liability as a percentage of covered payroll	35.18%

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

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 June 30, 2021. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town’s other postemployment benefits at June 30, 2021. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF NEW LONDON, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,258,343	\$ 5,299,501	\$ 41,158
Land use change	35,000	-	(35,000)
Yield	3,000	7,815	4,815
Interest and penalties on taxes	40,000	64,783	24,783
Total from taxes	<u>5,336,343</u>	<u>5,372,099</u>	<u>35,756</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	49,600	66,632	17,032
Motor vehicle permit fees	1,068,400	1,146,598	78,198
Other	75,400	65,411	(9,989)
Total from licenses, permits, and fees	<u>1,193,400</u>	<u>1,278,641</u>	<u>85,241</u>
Intergovernmental:			
State:			
Shared revenue	18,498	18,498	-
Meals and rooms distribution	208,331	208,331	-
Highway block grant	130,423	130,390	(33)
Water pollution grants	26,148	26,148	-
Federal:			
FEMA	-	41,709	41,709
COVID grants	100,377	100,377	-
Total from intergovernmental	<u>483,777</u>	<u>525,453</u>	<u>41,676</u>
Charges for services:			
Income from departments	187,122	189,733	2,611
Miscellaneous:			
Sale of municipal property	14,000	26,505	12,505
Interest on investments	7,400	4,902	(2,498)
Other	52,810	90,381	37,571
Total from miscellaneous	<u>74,210</u>	<u>121,788</u>	<u>47,578</u>
Other financing sources:			
Transfers in	585,000	423,071	(161,929)
Total revenues and other financing sources	7,859,852	<u>\$ 7,910,785</u>	<u>\$ 50,933</u>
Unassigned fund balance used to reduce tax rate	450,000		
Amounts voted from fund balance	7,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 8,316,852</u>		

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF NEW LONDON, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 305,623	\$ 320,663	\$ -	\$ (15,040)
Election and registration	-	85,098	80,032	-	5,066
Financial administration	-	312,475	326,688	-	(14,213)
Revaluation of property	-	101,386	67,515	-	33,871
Legal	-	15,750	8,012	-	7,738
Personnel administration	-	90,737	91,695	-	(958)
Planning and zoning	-	152,543	115,480	-	37,063
General government buildings	-	207,955	314,532	-	(106,577)
Cemeteries	-	28,750	30,044	-	(1,294)
Insurance, not otherwise allocated	-	98,327	84,322	-	14,005
Advertising and regional associations	-	18,736	18,599	-	137
Total general government	-	1,417,380	1,457,582	-	(40,202)
Public safety:					
Police	-	1,240,041	1,170,027	-	70,014
Fire	-	545,320	447,168	-	98,152
Emergency management	-	131,534	85,188	-	46,346
Other	-	441,932	405,365	-	36,567
Total public safety	-	2,358,827	2,107,748	-	251,079
Highways and streets:					
Administration	-	936,803	907,359	-	29,444
Highways and streets	-	469,500	475,842	-	(6,342)
Street lighting	-	9,500	8,817	-	683
Total highways and streets	-	1,415,803	1,392,018	-	23,785
Sanitation:					
Solid waste disposal	-	429,680	404,082	-	25,598
Solid waste clean-up	-	14,590	15,834	-	(1,244)
Total sanitation	-	444,270	419,916	-	24,354
Health:					
Administration	-	6,666	5,816	-	850
Health agencies	-	233,161	233,151	-	10
Total health	-	239,827	238,967	-	860
Welfare:					
Administration and direct assistance	-	5,458	5,660	-	(202)
Intergovernmental welfare payments	-	6,000	6,000	-	-
Vendor payments and other	-	16,000	20,201	-	(4,201)
Total welfare	-	27,458	31,861	-	(4,403)
Culture and recreation:					
Parks and recreation	-	194,703	122,145	-	72,558
Patriotic purposes	-	300	-	-	300
Other	3,000	1,000	511	3,000	489
Total culture and recreation	3,000	196,003	122,656	3,000	73,347
Conservation	-	44,055	41,446	-	2,609

(Continued)

SCHEDULE 2 (Continued)
TOWN OF NEW LONDON, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	336,417	345,896	-	(9,479)
Interest on long-term debt	-	113,651	98,197	-	15,454
Interest on tax anticipation notes	-	1	-	-	1
Total debt service	-	450,069	444,093	-	5,976
Capital outlay	-	588,000	427,500	-	160,500
Other financing uses:					
Transfers out	-	1,135,160	1,099,278	-	35,882
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 3,000	\$ 8,316,852	\$ 7,783,065	\$ 3,000	\$ 533,787

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF NEW LONDON, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,827,579
Changes:		
Unassigned fund balance used to reduce 2020-2021 tax rate		(450,000)
Amounts voted from fund balance		(7,000)
2020-2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 50,933	
Unexpended balance of appropriations (Schedule 2)	<u>533,787</u>	
2020-2021 Budget surplus		584,720
Decrease in nonspendable fund balance		25,000
Decrease in restricted fund balance		39,518
Decrease in committed fund balance		<u>7,000</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,026,817
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(14,239)
Elimination of the allowance for uncollectible taxes		<u>40,000</u>
Unassigned fund balance, ending (GAAP basis, Exhibit C-1)		<u><u>\$ 2,052,578</u></u>

SCHEDULE 4
TOWN OF NEW LONDON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds				Capital Project Funds			Total
	Conservation Commission	Recreation	Recycling	Special Details	Miscellaneous Projects 2020	Asset Management 2020	Library Sprinkler System	
	ASSETS							
Cash and cash equivalents	\$ 26,347	\$ 10,683	\$ 24,443	\$ 11,819	\$ 63,832	\$ -	\$ -	\$ 137,124
Intergovernmental receivable	-	-	-	-	-	21,455	-	21,455
Total assets	\$ 26,347	\$ 10,683	\$ 24,443	\$ 11,819	\$ 63,832	\$ 21,455	\$ -	\$ 158,579
LIABILITIES								
Retainage payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,510	\$ 2,510
Contract payable	-	-	-	-	-	-	44,296	44,296
Interfund payable	-	-	19,443	726	-	21,455	3,396	45,020
Total liabilities	-	-	19,443	726	-	21,455	50,202	91,826
FUND BALANCES (DEFICIT)								
Restricted	26,347	-	-	-	63,832	-	-	90,179
Committed	-	10,683	5,000	11,093	-	-	-	26,776
Unassigned (deficit)	-	-	-	-	-	-	(50,202)	(50,202)
Total fund balances (deficit)	26,347	10,683	5,000	11,093	63,832	-	(50,202)	66,753
Total liabilities and fund balances	\$ 26,347	\$ 10,683	\$ 24,443	\$ 11,819	\$ 63,832	\$ 21,455	\$ -	\$ 158,579

SCHEDULE 5
TOWN OF NEW LONDON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds				Capital Project Funds			Total
	Conservation Commission	Recreation	Recycling	Special Details	Miscellaneous Projects 2020	Asset Management 2020	Library Sprinkler System	
REVENUES								
Charges for services	\$ -	\$ 21,466	\$ 41,530	\$ 9,550	\$ -	\$ -	\$ -	\$ 72,546
Miscellaneous	6,004	467	2	-	-	-	-	6,473
Total revenues	<u>6,004</u>	<u>21,933</u>	<u>41,532</u>	<u>9,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,019</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	7,154	-	-	-	7,154
Sanitation	-	-	22,089	-	-	-	-	22,089
Culture and recreation	-	63,645	-	-	-	-	-	63,645
Capital outlay	-	-	-	-	276,838	21,455	50,202	348,495
Total expenditures	<u>-</u>	<u>63,645</u>	<u>22,089</u>	<u>7,154</u>	<u>276,838</u>	<u>21,455</u>	<u>50,202</u>	<u>441,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,004</u>	<u>(41,712)</u>	<u>19,443</u>	<u>2,396</u>	<u>(276,838)</u>	<u>(21,455)</u>	<u>(50,202)</u>	<u>(362,364)</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	(19,443)	-	-	-	-	(19,443)
Debt proceeds	-	-	-	-	-	21,455	-	21,455
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(19,443)</u>	<u>-</u>	<u>-</u>	<u>21,455</u>	<u>-</u>	<u>2,012</u>
Net change in fund balances	6,004	(41,712)	-	2,396	(276,838)	-	(50,202)	(360,352)
Fund balances, beginning	20,343	52,395	5,000	8,697	340,670	-	-	427,105
Fund balances (deficit), ending	<u>\$ 26,347</u>	<u>\$ 10,683</u>	<u>\$ 5,000</u>	<u>\$ 11,093</u>	<u>\$ 63,832</u>	<u>\$ -</u>	<u>\$ (50,202)</u>	<u>\$ 66,753</u>

SCHEDULE 6
TOWN OF NEW LONDON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
June 30, 2021

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ASSETS				
Cash and cash equivalents	\$ -	184,747	\$ 1,326	\$ 186,073
Investments	-	1,936,191	-	1,936,191
Intergovernmental receivables	6,939,881	-	-	6,939,881
Accrued interest receivable	-	1,800	-	1,800
Total assets	<u>6,939,881</u>	<u>2,122,738</u>	<u>1,326</u>	<u>9,063,945</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,326	\$ 1,326
Intergovernmental payables:				
School	5,134,635	-	-	5,134,635
County	1,630,473	-	-	1,630,473
Precinct	174,773	-	-	174,773
Total liabilities	<u>6,939,881</u>	<u>-</u>	<u>1,326</u>	<u>6,941,207</u>
NET POSITION				
Restricted	<u>\$ -</u>	<u>\$ 2,122,738</u>	<u>\$ -</u>	<u>\$ 2,122,738</u>

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF NEW LONDON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ADDITIONS				
Contributions	\$ -	75,000	\$ -	\$ 75,000
Investment earnings	-	8,537	-	8,537
Change in fair market value	-	(7,376)	-	(7,376)
Taxes collected for other governments	13,783,378	-	-	13,783,378
Total additions	<u>13,783,378</u>	<u>76,161</u>	<u>-</u>	<u>13,859,539</u>
DEDUCTIONS				
Payments to other governments	<u>13,783,378</u>	<u>90,560</u>	<u>-</u>	<u>13,873,938</u>
Change in net position	-	(14,399)	-	(14,399)
Net position, beginning	-	2,137,137	-	2,137,137
Net position, ending	<u>\$ -</u>	<u>\$ 2,122,738</u>	<u>\$ -</u>	<u>\$ 2,122,738</u>