

**TOWN OF NEW LONDON,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

TOWN OF NEW LONDON, NEW HAMPSHIRE
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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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of New London and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town of New London's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

***Town of New London
Independent Auditor's Report***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of New London's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of New London's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principle

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

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

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

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

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

The 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 8, 2023
Concord, New Hampshire

*Blodzik & Sanderson
Professional Association*



TOWN OF NEW LONDON, NEW HAMPSHIRE

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Management's Discussion & Analysis June 30, 2022

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, 2022. The financial statements presented here include the 12-month period July 1, 2021 through June 30, 2022.

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, 2022, was \$10,695,861 as compared to the prior year amount of \$10,085,759, at the end of June 30, 2021. Net position increased by \$610,102 from June 30, 2021 to June 30, 2022.

As of June 30, 2022, the Town's total net position consisted of \$9,536,761 in net investment in capital assets, restricted net position of \$2,292,356, and unrestricted net position of (1,133,256). The Town's long-term obligations of \$11,137,705 consisted of \$6,081,256 in general obligation bonds/notes payable and related unamortized premium, \$243,476 in compensated absences payable, \$210,000 in accrued landfill post-closure care costs, \$3,600,858 in net pension liability, and \$1,002,115 in other postemployment benefits payable.

During the period, the Town's expenses of \$8,013,636 were \$610,102 less than revenues. Revenues consisted of charges for services (\$916,447), operating grants and contributions (\$162,606) and general revenues/special items (\$7,544,685) - 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 two capital project funds are consolidated as Nonmajor Governmental funds. The Nonmajor funds are the Conservation Commission, Recreation, Recycling, Special Details, Miscellaneous Projects 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 \$9,536,761. Restricted net position of \$2,292,356 are restricted by constraints imposed from outside the Town, such as cemetery, library trust funds and capital projects. As of June 30, 2022, unrestricted net position of the Town is (1,133,256).

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, 2022 and June 30, 2021 are shown below.

Comparative Net Position

	<u>FY 2021</u>	<u>FY2022</u>	<u>Amount Change</u>	<u>% Change</u>
Total assets	\$ 31,508,334	\$ 32,628,839	\$ 1,120,505	3.6%
Deferred outflows of resources	1,555,031	1,078,102	(476,929)	-30.7%
Long-term liabilities outstanding	12,717,946	11,137,705	(1,580,241)	-12.4%
Other liabilities	7,387,446	7,481,714	94,268	1.3%
Total liabilities	<u>20,105,392</u>	<u>18,619,419</u>	<u>(1,485,973)</u>	-7.4%
Deferred inflows of resources:	2,872,214	4,391,661	1,519,447	52.9%
Net position:				
Net investment in capital assets	9,109,514	9,536,761	427,247	4.7%
Restricted	2,270,689	2,292,356	21,667	1.0%
Unrestricted	<u>(1,294,444)</u>	<u>(1,133,256)</u>	<u>161,188</u>	12.5%
Total net position	<u>\$ 10,085,759</u>	<u>\$ 10,695,861</u>	<u>\$ 610,102</u>	6.0%

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 \$8,013,636; total revenues were \$8,623,738 resulting in an increase of net position of \$610,102. The largest share of revenue, \$5,651,452 (about 66% of total revenues), was from property taxes. The Town’s expenditures were largely for public safety (32%), highways & streets (18%), sanitation (15%) and general government (19%).

Program expenses decreased by \$770,290 or 8.8%, in FY2022 (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 2022, New London collected \$84,097 in dispatch fees.

During the period, the Town's expenses were \$610,102 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 6/30/2021	Fiscal Year Ending 6/30/2022	Amount of Change	% Change
Governmental activities:				
General government	\$ 1,701,402	\$ 1,541,169	\$ (160,233)	-9.4%
Public safety	2,569,233	2,538,176	(31,057)	-1.2%
Highways and streets	2,066,521	1,436,139	(630,382)	-30.5%
Sanitation	1,263,493	1,202,423	(61,070)	-4.8%
Health	238,967	239,215	248	0.1%
Welfare	31,861	24,099	(7,762)	-24.4%
Culture and recreation	726,115	849,937	123,822	17.1%
Conservation	41,446	45,909	4,463	10.8%
Interest on long-term debt	144,888	136,569	(8,319)	-5.7%
Total governmental activities	<u>8,783,926</u>	<u>8,013,636</u>	<u>(770,290)</u>	<u>-8.8%</u>
Program revenues:				
Charges for services	1,058,021	916,447	(141,574)	-13.4%
Operating grants and contributions	198,972	162,606	(36,366)	-18.3%
General revenues:				
Property taxes and other taxes	5,372,099	5,651,452	279,353	5.2%
Motor vehicle permit fees	1,174,923	1,179,486	4,563	0.4%
Licenses and other fees	132,043	155,039	22,996	17.4%
Grants and contributions not related to specific programs	327,206	305,405	(21,801)	-6.7%
Miscellaneous	531,540	223,359	(308,181)	-58.0%
Special items:				
Principal forgiveness on long-term debt	30,000	29,944	(56)	-0.2%
Total revenues	<u>8,824,804</u>	<u>8,623,738</u>	<u>(201,066)</u>	<u>-2.3%</u>
Change in net position				
Net position, beginning as restated	10,044,881	10,085,759		
Net position, ending	10,085,759	10,695,861		
Change in net position	<u>\$ 40,878</u>	<u>\$ 610,102</u>		

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 FY2022. Budgeted revenues and other financing sources totaled \$8,495,172 and actual revenues and other financing sources equaled \$8,230,464, for a revenue shortfall of \$264,708. Other than property taxes, the largest general revenue received by the Town of New London is from motor vehicles registrations. In fiscal year 2022, the Town recognized \$5,591,150 in property taxes and \$1,151,356 in motor vehicle fees. The Town also receives revenue shared by the State of New Hampshire in the form of meals & rooms tax (\$305,405 in 2022) and highway block grant (\$129,690 in 2022).

Budgeted appropriations and encumbrances from prior year totaled \$8,948,172 while actual expenditures plus encumbered to subsequent year were \$8,347,810 leaving an unexpended balance of appropriations of \$600,362. This amount along with the revenue shortfall make up the 2022 Budget surplus of \$335,654.

The following significant budgetary items are noted:

General Government: The General Government budget represents 15.9% of the total Town budget.

Public Safety: The Public Safety budget makes up 26.1% 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 Budgetary unassigned fund balance of the General Fund at the end of fiscal year 2022 was \$1,912,471 which is a decrease of \$114,346 over fiscal year 2021. Key factors in the unassigned fund balance are:

Unassigned fund balance, June 30, 2021	\$ 2,026,817
FY2022 revenue shortfall	(264,708)
FY2022 unexpended balance of appropriations	600,362
Use of fund balance	(450,000)
Unassigned fund balance, June 30, 2022	<u>\$ 1,912,471</u>
 Difference FY2021 to FY2022	 \$ (114,346)

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 FY2022 the New London Sewer Department paid 70.53% 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 two Capital Project funds: Misc Projects 2020 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:

	FY 2021	FY 2022	Change	% Change
Conservation Commission	26,347	25,584	(763)	-2.9%
Recreation	10,683	9,081	(1,602)	-15.0%
Recycling	5,000	5,000	-	0.0%
Special Details	11,819	15,424	3,605	30.5%

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

	FY 2021	FY 2022	Change	% Change
Miscellaneous Projects 2020	63,832	54,707	(9,125)	-14.3%
Library Sprinkler System	(50,202)	-	50,202	-100.0%

CAPITAL ASSETS

Total Capital Assets increased 7.9% during FY2021.

Capital Assets

	FY2021	FY2022	Change	% Change
Land	\$ 4,358,449	\$ 4,358,449	\$ -	0.0%
Construction in progress	50,202	1,000,719	950,517	1893.4%
Building and building improvements	3,105,982	3,182,460	76,478	2.5%
Machinery, equipment, and vehicles	1,557,818	1,566,726	8,908	0.6%
Infrastructure	2,693,326	2,587,124	(106,202)	-3.9%
Total	<u>\$ 11,765,777</u>	<u>\$ 12,695,478</u>	<u>\$ 929,701</u>	7.9%

DEBT ADMINISTRATION

Long-Term Debt

Long Term Liabilities

	FY2021	FY2022	Change	% Change
General obligation bonds/notes payable	\$ 5,770,770	\$ 6,081,256	\$ 310,486	5.4%
Compensated absences	228,536	243,476	14,940	6.5%
Accrued landfill post-closure care costs	246,000	210,000	(36,000)	-14.6%
Net pension liability	5,358,422	3,600,858	(1,757,564)	-32.8%
Other postemployment benefits payable	1,114,218	1,002,115	(112,103)	-10.1%
Total	<u>\$ 12,717,946</u>	<u>\$ 11,137,705</u>	<u>\$ (1,580,241)</u>	-12.4%

As of the close of fiscal year 2022, the Town has a \$6,081,256 liability for long-term bonds/notes that reduces overall net position. Total debt decreased by \$1,580,241. Total loan reduction was \$383,104 of which \$29,944 was principal forgiveness on the asset Management State Revolving Loan Fund. The remaining reduction of \$353,160 represents regularly scheduled payments on bonds/notes payable.

This does not mean that the Town has this entire payment requirement for next year; rather, \$579,267 of these obligations are due to be paid during the fiscal year ending June 30, 2022 (as shown on Note 12).

FUTURE BUDGETARY IMPLICATIONS

2022 Town Meeting approved the fiscal year operating budget from July 1, 2022-June 30, 2023. This budget is a 7.1% increase in appropriations over FY2021, not including Sewer, capital deposits or capital expenditures.

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, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,984,841
Investments	4,284,350
Taxes receivables (net)	5,398,474
Account receivables	69,729
Intergovernmental receivable	1,099,688
Accrued interest receivable	597
Restricted assets:	
Investments	95,682
Capital assets:	
Land and construction in progress	5,359,168
Other capital assets, net of depreciation	7,336,310
Total assets	32,628,839
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,042,922
Amounts related to other postemployment benefits	35,180
Total deferred outflows of resources	1,078,102
LIABILITIES	
Accounts payable	73,946
Accrued interest payable	72,683
Intergovernmental payable	7,335,085
Long-term liabilities:	
Due within one year	608,407
Due in more than one year	10,529,298
Total liabilities	18,619,419
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	2,876,205
Unavailable revenue - donations	225,602
Amounts related to pensions	1,182,099
Amounts related to other postemployment benefits	107,755
Total deferred inflows of resources	4,391,661
NET POSITION	
Net investment in capital assets	9,536,761
Restricted	2,292,356
Unrestricted	(1,133,256)
Total net position	\$ 10,695,861

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, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 1,541,169	\$ 9,978	\$ -	\$ (1,531,191)
Public safety	2,538,176	100,796	6,444	(2,430,936)
Highways and streets	1,436,139	-	130,440	(1,305,699)
Sanitation	1,202,423	795,444	25,722	(381,257)
Health	239,215	2,263	-	(236,952)
Welfare	24,099	-	-	(24,099)
Culture and recreation	849,937	7,966	-	(841,971)
Conservation	45,909	-	-	(45,909)
Interest on long-term debt	136,569	-	-	(136,569)
Total governmental activities	\$ 8,013,636	\$ 916,447	\$ 162,606	(6,934,583)
General revenues:				
Taxes:				
Property				5,591,150
Other				60,302
Motor vehicle permit fees				1,179,486
Licenses and other fees				155,039
Grants and contributions not restricted to specific programs				305,405
Unrestricted investment earnings				60,398
Miscellaneous				162,961
Total general revenues				7,514,741
Special item:				
Principal forgiveness on long-term debt				29,944
Total general revenues and special item				7,544,685
Change in net position				610,102
Net position, beginning				10,085,759
Net position, ending				\$ 10,695,861

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, 2022

	General	Sewer Department	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,444,431	\$ 313,554	\$ 49,532	\$ 177,324	\$ 8,984,841
Investments	2,274,688	76,667	1,932,995	-	4,284,350
Taxes receivable	5,438,474	-	-	-	5,438,474
Accounts receivable	-	69,729	-	-	69,729
Interfund receivable	75,887	106,578	15,100	-	197,565
Accrued interest receivable	523	34	40	-	597
Restricted assets:					
Investments	95,682	-	-	-	95,682
Total assets	\$ 16,329,685	\$ 566,562	\$ 1,997,667	\$ 177,324	\$ 19,071,238
LIABILITIES					
Accounts payable	\$ 68,670	\$ 5,276	\$ -	\$ -	\$ 73,946
Intergovernmental payable	7,156,279	178,806	-	-	7,335,085
Interfund payable	121,678	8,359	-	67,528	197,565
Total liabilities	7,346,627	192,441	-	67,528	7,606,596
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	2,877,720	-	-	-	2,877,720
Unavailable revenue - Grants and donations	225,602	-	-	-	225,602
Total deferred inflows of resources	3,103,322	-	-	-	3,103,322
FUND BALANCES					
Nonspendable	95,682	-	1,898,132	-	1,993,814
Restricted	199,007	374,121	99,535	80,291	752,954
Committed	3,583,224	-	-	29,505	3,612,729
Assigned	84,117	-	-	-	84,117
Unassigned	1,917,706	-	-	-	1,917,706
Total fund balances	5,879,736	374,121	1,997,667	109,796	8,361,320
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,329,685	\$ 566,562	\$ 1,997,667	\$ 177,324	\$ 19,071,238

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, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds (Exhibit C-1)		\$	8,361,320
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.			
Cost	\$	21,852,402	
Less accumulated depreciation		<u>(9,156,924)</u>	
			12,695,478
Other long-term assets that are not available to pay for current period expenditures therefore, are not reported in the governmental funds.			1,099,688
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	\$	1,042,922	
Deferred inflows of resources related to pensions		(1,182,099)	
Deferred outflows of resources related to OPEB		35,180	
Deferred inflows of resources related to OPEB		<u>(107,755)</u>	
			(211,752)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.			
Receivables	\$	(197,565)	
Payables		<u>197,565</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	\$	1,515	
Allowance for uncollectible property taxes		<u>(40,000)</u>	
			(38,485)
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(72,683)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.			
Bond/notes	\$	5,835,432	
Unamortized bond premium		245,824	
Compensated absences		243,476	
Accrued landfill postclosure care costs		210,000	
Net pension liability		3,600,858	
Other postemployment benefits		<u>1,002,115</u>	
			<u>(11,137,705)</u>
Net position of governmental activities (Exhibit A)			<u>\$ 10,695,861</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, 2022

	General	Sewer Department	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,664,176	\$ -	\$ -	\$ -	\$ 5,664,176
Licenses and permits	1,334,525	-	-	-	1,334,525
Intergovernmental	468,437	52,297	-	-	520,734
Charges for services	108,920	735,456	-	74,925	919,301
Miscellaneous	185,775	(153)	34,270	613	220,505
Total revenues	<u>7,761,833</u>	<u>787,600</u>	<u>34,270</u>	<u>75,538</u>	<u>8,659,241</u>
EXPENDITURES					
Current:					
General government	1,417,976	54,729	(1,300)	-	1,471,405
Public safety	2,574,172	-	-	9,616	2,583,788
Highways and streets	1,452,130	-	-	-	1,452,130
Sanitation	450,352	743,296	-	13,528	1,207,176
Health	239,215	-	-	-	239,215
Welfare	24,099	-	-	-	24,099
Culture and recreation	749,804	-	9,758	3,887	763,449
Conservation	99,752	-	-	876	100,628
Debt service:					
Principal	353,160	127,000	-	-	480,160
Interest	89,922	47,449	-	-	137,371
Capital outlay	983,019	14,904	-	223,987	1,221,910
Total expenditures	<u>8,433,601</u>	<u>987,378</u>	<u>8,458</u>	<u>251,894</u>	<u>9,681,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(671,768)</u>	<u>(199,778)</u>	<u>25,812</u>	<u>(176,356)</u>	<u>(1,022,090)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	63,680	-	-	15,064	78,744
Transfers out	(15,064)	-	(18,015)	(45,665)	(78,744)
Debt proceeds	589,500	-	-	250,000	839,500
Total other financing sources (uses)	<u>638,116</u>	<u>-</u>	<u>(18,015)</u>	<u>219,399</u>	<u>839,500</u>
Net change in fund balances	(33,652)	(199,778)	7,797	43,043	(182,590)
Fund balances, beginning	5,913,388	573,899	1,989,870	66,753	8,543,910
Fund balances, ending	<u>\$ 5,879,736</u>	<u>\$ 374,121</u>	<u>\$ 1,997,667</u>	<u>\$ 109,796</u>	<u>\$ 8,361,320</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, 2022

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (182,590)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 1,622,291	
Depreciation expense	<u>(692,590)</u>	929,701
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (78,744)	
Transfers out	<u>78,744</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		(52,723)
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		(12,724)
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	\$ (839,500)	
Repayment and forgiveness on bond/note principal	510,104	
Amortization of bond premium	<u>18,910</u>	(310,486)
Some expenses reported in the Statement of Activities do not require the governmental funds.		
Increase in accrued interest expense	\$ (18,108)	
Increase in compensated absences payable	(14,940)	
Decrease in accrued landfill postclosure care costs	36,000	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	233,625	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>2,347</u>	238,924
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 610,102</u></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, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,645,756	\$ 5,645,756	\$ 5,651,452	\$ 5,696
Licenses and permits	1,232,795	1,232,795	1,306,395	73,600
Intergovernmental	461,759	461,759	468,437	6,678
Charges for services	193,088	193,088	102,755	(90,333)
Miscellaneous	171,922	171,922	210,634	38,712
Total revenues	<u>7,705,320</u>	<u>7,705,320</u>	<u>7,739,673</u>	<u>34,353</u>
EXPENDITURES				
Current:				
General government	1,425,442	1,425,442	1,416,509	8,933
Public safety	2,335,987	2,335,987	2,274,202	61,785
Highways and streets	1,523,531	1,523,531	1,468,497	55,034
Sanitation	462,559	462,559	417,102	45,457
Health	240,032	240,032	239,215	817
Welfare	27,463	27,463	24,099	3,364
Culture and recreation	785,998	223,998	164,323	59,675
Conservation	44,555	95,676	99,752	(4,076)
Debt service:				
Principal	372,303	372,303	353,160	19,143
Interest	103,940	103,940	89,922	14,018
Capital outlay	575,600	729,731	393,519	336,212
Total expenditures	<u>7,897,410</u>	<u>7,540,662</u>	<u>6,940,300</u>	<u>600,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(192,090)</u>	<u>164,658</u>	<u>799,373</u>	<u>634,715</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	584,600	789,852	490,791	(299,061)
Transfers out	(842,510)	(1,404,510)	(1,404,510)	-
Total other financing sources (uses)	<u>(257,910)</u>	<u>(614,658)</u>	<u>(913,719)</u>	<u>(299,061)</u>
Net change in fund balances	<u>\$ (450,000)</u>	<u>\$ (450,000)</u>	(114,346)	<u>\$ 335,654</u>
Unassigned fund balance, beginning			2,026,817	
Unassigned fund balance, ending			<u>\$ 1,912,471</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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 52,297	\$ 52,297	\$ -
Charges for services	970,028	735,456	(234,572)
Miscellaneous	7,000	127	(6,873)
Total revenues	<u>1,029,325</u>	<u>787,880</u>	<u>(241,445)</u>
EXPENDITURES			
Current:			
General government	61,500	54,729	6,771
Sanitation	773,502	743,296	30,206
Debt service:			
Principal	127,979	127,000	979
Interest	46,344	47,449	(1,105)
Capital outlay	30,000	14,904	15,096
Total expenditures	<u>1,039,325</u>	<u>987,378</u>	<u>51,947</u>
Deficiency of revenues under expenditures	<u>(10,000)</u>	<u>(199,498)</u>	<u>(189,498)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	30,000	-	(30,000)
Transfers out	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>10,000</u>	<u>(20,000)</u>	<u>(30,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>(219,498)</u>	<u>\$ (219,498)</u>
Restricted fund balance, beginning		469,489	
Restricted fund balance, ending		<u>\$ 249,991</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, 2022

	Private Purpose Trust	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 20,683	\$ 334,727
Investments	98,721	1,851,423
Intergovernmental receivable	-	7,154,749
Accrued interest receivable	69	1,004
Total assets	<u>119,473</u>	<u>9,341,903</u>
LIABILITIES		
Accounts payable	-	1,326
Intergovernmental payables:		
School	-	5,334,381
County	-	1,664,265
Precinct	-	156,103
Total liabilities	<u>-</u>	<u>7,156,075</u>
NET POSITION		
Restricted	<u>\$ 119,473</u>	<u>\$ 2,185,828</u>

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, 2022

	Private Purpose Trust	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 75,000
Investment earnings	439	8,610
Change in fair market value	-	(19,920)
Taxes collected for other governments	-	14,296,705
Fees collected for the State of New Hampshire	-	321,712
Total additions	<u>439</u>	<u>14,682,107</u>
DEDUCTIONS		
Benefits paid	5,852	-
Payments to other governments	-	14,297,305
Payments of motor vehicle fees to the State of New Hampshire	-	321,712
Total deductions	<u>5,852</u>	<u>14,619,017</u>
Net increase in fiduciary net position	(5,413)	63,090
Net position, beginning	124,886	2,122,738
Net position, ending	<u>\$ 119,473</u>	<u>\$ 2,185,828</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, 2022

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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, 2022

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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, 2022

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, 2022

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

The Town reports the following major governmental funds:

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

Permanent Funds – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town.

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 six 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, 2022

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.

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

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

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

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

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

1-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
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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 11, 2021 and November 01, 2021, and due on July 1, 2021, October 1, 2021, January 2, 2022 and March 31, 2022. 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, 2022 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, 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, 2021 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,270,063,788
For all other taxes	\$ 1,283,814,088

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The tax rates and amounts assessed for the year ended June 30, 2022 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.48	\$ 5,747,269
School portion:		
State of New Hampshire	\$1.88	2,387,037
Local	\$6.44	8,272,187
County portion	\$2.59	3,325,555
Precinct portions:		
New London-Springfield	\$0.73	311,926
Total	\$16.12	\$ 20,043,974

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, 2022.

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. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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

1-L 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 the Town's personnel policy.

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

1-M 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.

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

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

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

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

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

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

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

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

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last. The Town strives to maintain an unassigned fund balance in its general fund equal to 5-7% of the total general fund expenditures (which includes the Town, School and County).

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 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.

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2022, \$450,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for 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)	\$ 8,230,464
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record revenue of the blended funds	9,436
To eliminate transfers between general and blended funds	(427,111)
Change in deferred tax revenue relating to 60-day revenue recognition	12,724
Proceeds from note issued	589,500
Per Exhibit C-3 (GAAP basis)	<u>\$ 8,415,013</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 8,344,810
Adjustments:	
Basis differences:	
Encumbrances, beginning	3,000
Encumbrances, ending	(77,117)
GASB Statement No. 54:	
To record expenditures of the blended funds	944,668
To eliminate transfers between general and blended funds	(1,389,446)
Expenditure of note proceeds and budgetary prepaid items	622,750
Per Exhibit C-3 (GAAP basis)	<u>\$ 8,448,665</u>

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

Revenues:	
Per Exhibit D-2 (budgetary basis)	\$ 787,880
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	(280)
Per Exhibit C-3 (GAAP basis)	<u>\$ 787,600</u>
Expenditures and other financing uses:	
Per Exhibit D-2 (budgetary basis)	\$ 1,007,378
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Net effect of transfers between blended funds	(20,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 987,378</u>

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2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$9,340,251 and the bank balances totaled \$9,451,617.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 8,984,841
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	<u>355,410</u>
Total cash and cash equivalents	<u><u>\$ 9,340,251</u></u>

NOTE 4 – RESTRICTED ASSETS

Investments are classified as restricted for the following purposes:

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

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The Town has the following recurring fair value measurements and maturities as of June 30, 2022:

	Fair Value Hierarchy		Total
	Level 1	Level 2	
Investments type:			
Corporate bonds	\$ -	\$ 199,958	\$ 199,958
Certificates of deposit	329,734	-	329,734
Equity exchange traded funds	1,510,898	-	1,510,898
Fixed income exchange traded funds	-	561,621	561,621
Fixed income mutual funds	-	298,757	298,757
Preferred Stock	-	29,140	29,140
U.S. Treasury bonds	-	3,222,126	3,222,126
Total fair value of investments	<u>\$ 1,840,632</u>	<u>\$ 4,311,602</u>	<u>6,152,234</u>
Investments carried at amortized cost:			
NH Public Deposit Investment Pool			177,942
Total investments			<u>\$ 6,330,176</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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. The Town’s investments had the following remaining maturities at June 30, 2022:

Investments Type	Reported Balance	Remaining Maturity		Exempt from Disclosure
		Less than 1 Year	1-5 Years	
Corporate bonds	\$ 199,958	\$ -	\$ 199,958	\$ -
Certificates of deposit	329,734	-	329,734	-
Equity exchange traded funds	1,510,898	-	-	1,510,898
Fixed income exchange traded funds	561,621	-	-	561,621
Fixed income mutual funds	298,757	-	-	298,757
New Hampshire Public Deposit Investment Pool	177,942	-	-	177,942
Preferred Stock	29,140	-	-	29,140
U.S. Treasury bonds	3,222,126	3,222,126	-	-
Total	<u>\$ 6,330,176</u>	<u>\$ 3,222,126</u>	<u>\$ 529,692</u>	<u>\$ 2,578,358</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 bank incorporated under the laws of the State of New Hampshire or in certificates of deposits of bank 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 debt 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; investment 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.

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The Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure	Rating as of Year-End Aaa
Corporate bonds	\$ 199,958	\$ -	\$ 199,958
Certificates of deposit	329,734	329,734	-
Equity exchange traded funds	1,510,898	1,510,898	-
Fixed income exchange traded funds	561,621	561,621	-
Fixed income mutual funds	298,757	298,757	-
New Hampshire Public Deposit Investment Pool	177,942	177,942	-
Preferred Stock	29,140	29,140	-
U.S. Treasury bonds	3,222,126	-	3,222,126
Total	<u>\$ 6,330,176</u>	<u>\$ 2,908,092</u>	<u>\$ 3,422,084</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 policies do 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)	\$ 4,380,032
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	<u>1,950,144</u>
Total investments	<u>\$ 6,330,176</u>

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2022. 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 2022	\$ 5,395,439	\$ 5,395,439
Levy of 2021	27,720	27,720
Unredeemed (under tax lien):		
Levy of 2020	6,498	6,498
Yield	1,402	1,402
Land use change	7,415	7,415
Less: allowance for estimated uncollectible taxes	(40,000) *	-
Net taxes receivable	<u>\$ 5,398,474</u>	<u>\$ 5,438,474</u>

*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, 2022, 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.

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Receivables as of June 30, 2022 for the Town's individual major funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Governmental Funds			Fiduciary Funds	
		General	Sewer Department	Permanent		Total
Receivables:						
Accounts	\$ 69,729	\$ -	\$ 69,729	\$ -	\$ 69,729	\$ -
Intergovernmental	1,099,688	-	-	-	-	7,154,749
Accrued interest	597	523	34	40	597	1,004
Gross receivables	1,170,014	523	69,763	40	70,326	7,155,753
Less: allowance for uncollectibles	-	-	-	-	-	-
Net total receivables	\$ 1,170,014	\$ 523	\$ 69,763	\$ 40	\$ 70,326	\$ 7,155,753

¹ Governmental Activities - intergovernmental receivable which represents State Aid for projects, see additional information in Note 15.

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.

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 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	1,000,719	(50,202)	1,000,719
Total capital assets not being depreciated	4,408,651	1,000,719	(50,202)	5,359,168
Being depreciated:				
Buildings and building improvements	6,390,544	265,065	-	6,655,609
Machinery, equipment, and vehicles	6,046,405	406,709	-	6,453,114
Infrastructure	3,384,511	-	-	3,384,511
Total capital assets being depreciated	15,821,460	671,774	-	16,493,234
Total all capital assets	20,230,111	1,672,493	(50,202)	21,852,402
Less accumulated depreciation:				
Buildings and building improvements	(3,284,562)	(188,587)	-	(3,473,149)
Machinery, equipment, and vehicles	(4,488,587)	(397,801)	-	(4,886,388)
Infrastructure	(691,185)	(106,202)	-	(797,387)
Total accumulated depreciation	(8,464,334)	(692,590)	-	(9,156,924)
Net book value, capital assets being depreciated	7,357,126	(20,816)	-	7,336,310
Net book value, all governmental activities capital assets	\$ 11,765,777	\$ 979,903	\$ (50,202)	\$ 12,695,478

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	218,492
Highways and streets	237,750
Sanitation	44,964
Culture and recreation	92,256
Total depreciation expense	\$ 692,590

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NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer department	\$ 8,359
General	Nonmajor	67,528
Sewer department	General	106,578
Permanent	General	15,100
		<u>\$ 197,565</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2022 is as follows:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Transfers out:			
General fund	\$ -	\$ 15,064	\$ 15,064
Permanent fund	18,015	-	18,015
Nonmajor fund	45,665	-	45,665
Total	<u>\$ 63,680</u>	<u>\$ 15,064</u>	<u>\$ 78,744</u>

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

NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at June 30, 2022 consist of the following:

	<u>Governmental Activities and Governmental Funds</u>			<u>Fiduciary Funds</u>
	<u>General</u>	<u>Sewer</u>	<u>Total</u>	
Property tax due to custodial fund	³ \$ 7,154,749	\$ -	⁴ \$ 7,154,749	\$ -
Fees due to the State of New Hampshire	1,530	-	1,530	-
Balance due to the Town of Sunapee Water and Sewer Departments	-	178,806	178,806	-
Balance due to Kearsarge Regional School District	-	-	-	5,334,381
Balance due to Merrimack County	-	-	-	1,664,265
Balance due to New London-Springfield Water Precinct	-	-	-	156,103
Total intergovernmental payables due	<u>\$ 7,156,279</u>	<u>\$ 178,806</u>	<u>\$ 7,335,085</u>	<u>\$ 7,154,749</u>

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 School District represent amounts collected by the Town that will be paid in the next calendar year.

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NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities
Amounts related to pensions, see Note 13	\$ 1,042,922
Amounts related to OPEB, see Note 14	35,180
Total deferred inflows of resources	<u>\$ 1,078,102</u>

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Property tax revenue committed, but not due until subsequent period	\$ 2,876,205	\$ 2,876,205
Deferred property taxes not collected within 60 days of fiscal year-end	-	1,515 *
Grants and donations not yet expended	225,602	225,602
Amounts related to pensions, see Note 13	1,182,099	-
Amounts related to OPEB, see Note 14	107,755	-
Total deferred inflows of resources	<u>\$ 4,391,661</u>	<u>\$ 3,103,322</u>

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

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
Bonds payable:						
Direct placements	\$ 1,622,000	\$ -	\$ (127,000)	\$ 1,495,000	\$ 105,000	\$ 1,390,000
Notes/loans payable - direct borrowings	3,884,036	839,500	(383,104)	4,340,432	474,267	3,866,165
Premium	264,734	-	(18,910)	245,824	18,910	226,914
Total bonds/notes payable	<u>5,770,770</u>	<u>839,500</u>	<u>(529,014)</u>	<u>6,081,256</u>	<u>598,177</u>	<u>5,483,079</u>
Compensated absences	228,536	28,549	(13,609)	243,476	3,230	240,246
Accrued landfill postclosure care costs	246,000	-	(36,000)	210,000	7,000	203,000
Net pension liability	5,358,422	-	(1,757,564)	3,600,858	-	3,600,858
Net other postemployment benefits	1,114,218	-	(112,103)	1,002,115	-	1,002,115
Total long-term liabilities	<u>\$ 12,717,946</u>	<u>\$ 868,049</u>	<u>\$ (2,448,290)</u>	<u>\$ 11,137,705</u>	<u>\$ 608,407</u>	<u>\$ 10,529,298</u>

Included in the total reduction of \$383,104 on the notes/loans was \$29,944 in principal forgiveness (100%) on the Asset Management State Revolving Loan Fund. The remaining reduction of \$353,160 represents regularly scheduled principal payments of notes/loans payable.

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2022
Bonds payable					
Direct placements:					
2021 Bond refundings	\$ 1,622,000	2021	2035	1.42%	<u>\$ 1,495,000</u>

(Continued)

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Long-term bonds/notes continued:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2022
Notes/loans payable - direct borrowing:					
Town building improvements	\$ 877,940	2005	2025	3.72%	131,691
Library repairs	\$ 370,000	2011	2027	2.60%	123,330
Water Pollution Control State Revolving Loan	\$ 5,501,598	2016	2035	2.55%	2,922,539
Academy building	\$ 350,000	2016	2025	1.95%	105,000
Multi-purpose	\$ 460,000	2016	2027	1.90%	230,000
Library sprinkler system	\$ 250,000	2021	2032	2.30%	238,372
Fire pumper truck	\$ 589,500	2022	2027	3.69%	589,500
					<u>4,340,432</u>
Bond premium					245,824
Total					<u>\$ 6,081,256</u>

The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 105,000	\$ 63,345	\$ 168,345	\$ 474,267	\$ 110,094	\$ 584,361
2024	110,000	57,990	167,990	487,898	92,634	580,532
2025	110,000	52,380	162,380	497,126	79,594	576,720
2026	110,000	46,770	156,770	427,748	67,049	494,797
2027	110,000	41,160	151,160	437,531	55,748	493,279
2028-2032	600,000	118,950	718,950	1,265,167	168,597	1,433,764
2033-2035	350,000	18,090	368,090	750,695	33,757	784,452
Totals	<u>\$ 1,495,000</u>	<u>\$ 398,685</u>	<u>\$ 1,893,685</u>	<u>\$ 4,340,432</u>	<u>\$ 607,473</u>	<u>\$ 4,947,905</u>

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

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 \$210,000 as of June 30, 2022, 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, 2022. 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, 2022 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 14, 2017	Miscellaneous Projects	\$ 180,891
March 8-9, 2022	Town Hall / Baker Building	600,000
		<u>\$ 780,891</u>

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NOTE 13 – 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 with in the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$492,440, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022 the Town reported a liability of \$3,600,858 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town’s proportion was .08124828% which was a decrease of .00252745% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the Town recognized pension expense of \$253,927. At June 30, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 73,564	\$ 137,324
Changes in assumptions	376,089	-
Net difference between projected and actual investment earnings on pension plan investments	-	1,007,077
Differences between expected and actual experience	100,829	37,698
Contributions subsequent to the measurement date	492,440	-
Total	\$ 1,042,922	\$ 1,182,099

The \$492,440 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (118,573)
2023	(68,994)
2024	(92,955)
2025	(351,095)
2026	-
Thereafter	-
Totals	\$ (631,617)

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions which, accordingly apply to 2021 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, 2020 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.

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Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	<u>20.00%</u>	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	6.60%
Total	<u>100.00%</u>	

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, 2021	\$ 5,149,639	\$ 3,600,858	\$ 2,308,922

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 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

14-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.

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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.

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 2021, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$31,889, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the Town reported a liability of \$268,123 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town’s proportion was .06695437% which was a decrease of .00333207% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized OPEB benefit of \$3,413. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 122
Net difference between projected and actual investment earnings on OPEB plan investments	-	3,349
Differences between expected and actual experience	-	56
Contributions subsequent to the measurement date	31,889	-
Total	\$ 31,889	\$ 3,527

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The \$31,889 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	\$ (944)
2023	(704)
2024	(789)
2025	(1,090)
2026	-
Thereafter	-
Totals	<u>\$ (3,527)</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. 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

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, 2020 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 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 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, 2021	\$ 291,471	\$ 268,123	\$ 247,809

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.

14-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, 2022 the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	6
Active plan members	<u>43</u>
Total plan members	<u><u>49</u></u>

Total OPEB Liability – The Town’s total OPEB liability of \$733,992 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$733,992 in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.54%
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:	2.40%

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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, 2022.

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.

Changes in the Total OPEB Liability

	June 30,	
	2021	2022
OPEB liability beginning of year	\$ 749,196	\$ 806,568
Changes for the year:		
Service cost	39,196	40,986
Interest	17,383	18,184
Assumption changes and difference between actual and expected experience	4,491	(120,312)
Benefit payments	(3,698)	(11,434)
OPEB liability end of year	\$ 806,568	\$ 733,992

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 3.54%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$673,975 or by 8.2%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$827,043 or by 12.7%.

	Discount Rate		
	1% Decrease	Baseline 3.54%	1% Increase
Total OPEB Liability	\$ 827,043	\$ 733,992	\$ 673,975

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 \$858,131 or by 16.9%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$651,594 or by 11.2%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	\$ 651,594	\$ 733,992	\$ 858,131

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the Town recognized OPEB expense of \$43,686. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 3,291	\$ 104,228

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,	
2023	\$ (15,484)
2024	(15,484)
2025	(15,484)
2026	(15,484)
2027	(15,484)
Thereafter	(23,517)
Totals	\$ (100,937)

NOTE 15 – 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, 2022 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	58,876	19,569	78,445
2028-2032	314,687	77,538	392,225
2033-2037	351,410	40,816	392,226
2038-2039	151,789	5,102	156,891
Total	\$ 1,099,688	\$ 233,879	\$ 1,333,567

NOTE 16 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2022 are as follows:

General fund:	
Public safety	\$ 57,750
Highways and streets	16,367
Culture and recreation	3,000
Total encumbrances	\$ 77,117

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 17 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Governmental activities and fiduciary fund net position reported on the Statements of Net Position at June 30, 2022 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 12,695,478	\$ -
Less:		
General obligation bond/notes/loans payable	(2,912,893)	-
Unamortized bond premiums	(245,824)	-
Total net investment in capital assets	<u>9,536,761</u>	<u>-</u>
Restricted net position:		
Nonexpendable permanent funds (principal)	1,898,132	-
Expendable permanent funds (income)	99,535	-
Library	294,689	-
Individuals, organizations, and other governments	-	2,305,301
Total restricted net position	<u>2,292,356</u>	<u>2,305,301</u>
Unrestricted	<u>(1,133,256)</u>	<u>-</u>
Total net position	<u>\$ 10,695,861</u>	<u>\$ 2,305,301</u>

NOTE 18 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2022 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	-	-	1,898,132	-	1,898,132
Total nonspendable fund balance	<u>95,682</u>	<u>-</u>	<u>1,898,132</u>	<u>-</u>	<u>1,993,814</u>
Restricted:					
Library	199,007	-	-	-	199,007
Sewer department	-	249,991	-	-	249,991
Expendable trust	-	124,130	-	-	124,130
Conservation commission	-	-	-	25,584	25,584
Miscellaneous projects 2020	-	-	-	54,707	54,707
Permanent fund - income balance	-	-	99,535	-	99,535
Total restricted fund balance	<u>199,007</u>	<u>374,121</u>	<u>99,535</u>	<u>80,291</u>	<u>752,954</u>
Committed:					
Expendable trust	3,580,224	-	-	-	3,580,224
Non-lapsing appropriation	3,000	-	-	-	3,000
Recreation	-	-	-	9,081	9,081
Recycling	-	-	-	5,000	5,000
Special details	-	-	-	15,424	15,424
Total committed fund balance	<u>3,583,224</u>	<u>-</u>	<u>-</u>	<u>29,505</u>	<u>3,612,729</u>
Assigned:					
Abatement contingency	10,000	-	-	-	10,000
Encumbrances	74,117	-	-	-	74,117
Total assigned fund balance	<u>84,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,117</u>
Unassigned	<u>1,917,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,917,706</u>
Total governmental fund balances	<u>\$ 5,879,736</u>	<u>\$ 374,121</u>	<u>\$ 1,997,667</u>	<u>\$ 109,796</u>	<u>\$ 8,361,320</u>

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 19 – RISK MANAGEMENT

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

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2021 to June 30, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2021-22 the Town paid \$98,007 and \$56,994 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 20 – 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 tax abatement programs were identified.

NOTE 21 – 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 \$451,004. Of which, \$225,502 (50%) was received during fiscal year 2022 and has been reported as a deferred inflow of resources. 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 22 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 23 – 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 8, 2023, the date the June 30, 2022 financial statements were available to be issued, and no events that require recognition or 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, 2022
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	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Town's proportion of the net pension liability	0.08372859%	0.08175265%	0.08068385%	0.08189616%	0.08534671%	0.08101828%	0.08141727%	0.08377573%	0.08124828%
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	\$ 3,600,858
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	\$ 2,474,976
Town'd 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%	145.49%
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%	72.22%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.
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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, 2022
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	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 208,194	\$ 265,225	\$ 270,685	\$ 293,253	\$ 312,662	\$ 342,430	\$ 354,313	\$ 378,165	\$ 492,440
Contributions in relation to the contractually required contributions	208,194	265,225	270,685	293,253	312,662	342,430	354,313	378,165	492,440
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	\$ 2,581,944
Contributions as a percentage of covered payroll	10.72%	13.50%	13.82%	14.29%	14.49%	15.40%	15.68%	15.28%	19.07%

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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

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

Changes in Assumptions – There were no changes in assumptions for the current period.

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H
TOWN OF 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, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Town's proportion of the net OPEB liability	0.04591256%	0.04950727%	0.07123418%	0.07363274%	0.07028644%	0.06695437%
Town's proportionate share of the net OPEB liability (asset)	\$ 222,265	\$ 226,364	\$ 326,143	\$ 322,814	\$ 307,650	\$ 268,123
Town's covered payroll (as of measurement date)	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148	\$ 2,259,148	\$ 2,474,976
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%	10.83%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 26,678	\$ 29,343	\$ 31,509	\$ 33,603	\$ 32,878	\$ 31,889
Contributions in relation to the contractually required contribution	(26,678)	(29,343)	(31,509)	(33,603)	(32,878)	(31,889)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year end)	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148	\$ 2,474,976	\$ 2,581,944

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, 2022
Unaudited

	June 30,	
	2021	2022
OPEB liability, beginning of year	\$ 749,196	\$ 806,568
Changes for the year:		
Service cost	39,196	40,986
Interest	17,383	18,184
Assumption changes and difference between actual and expected experience	4,491	(120,312)
Benefit payments	(3,698)	(11,434)
OPEB liability, end of year	<u>\$ 806,568</u>	<u>\$ 733,992</u>
Covered payroll	<u>\$ 2,292,387</u>	<u>\$ 2,565,915</u>
Total OPEB liability as a percentage of covered payroll	35.18%	28.61%

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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

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

Changes in Assumptions – There were no changes in assumptions for the current period.

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

As required by GASB Statement No. 75, Exhibits H and J represent the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

Changes in Assumptions – There were no changes in assumptions for the current period.

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, 2022. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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, 2022

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,571,756	\$ 5,591,150	\$ 19,394
Land use change	30,000	7,415	(22,585)
Yield	3,000	18,636	15,636
Interest and penalties on taxes	41,000	34,251	(6,749)
Total from taxes	<u>5,645,756</u>	<u>5,651,452</u>	<u>5,696</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	39,945	71,050	31,105
Motor vehicle permit fees	1,117,600	1,151,356	33,756
Other	75,250	83,989	8,739
Total from licenses, permits, and fees	<u>1,232,795</u>	<u>1,306,395</u>	<u>73,600</u>
Intergovernmental:			
State:			
Meals and rooms distribution	305,405	305,405	-
Highway block grant	130,206	129,690	(516)
Water pollution grants	26,148	26,148	-
Federal:			
COVID grants	-	7,194	7,194
Total from intergovernmental	<u>461,759</u>	<u>468,437</u>	<u>6,678</u>
Charges for services:			
Income from departments	<u>193,088</u>	<u>102,755</u>	<u>(90,333)</u>
Miscellaneous:			
Sale of municipal property	12,000	3,247	(8,753)
Interest on investments	4,510	3,934	(576)
Other	155,412	203,453	48,041
Total from miscellaneous	<u>171,922</u>	<u>210,634</u>	<u>38,712</u>
Other financing sources:			
Transfers in	<u>789,852</u>	<u>490,791</u>	<u>(299,061)</u>
Total revenues and other financing sources	8,495,172	<u>\$ 8,230,464</u>	<u>\$ (264,708)</u>
Unassigned fund balance used to reduce tax rate	450,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 8,945,172</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, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 317,933	\$ 306,588	\$ -	\$ 11,345
Election and registration	-	101,671	93,726	-	7,945
Financial administration	-	345,352	350,978	-	(5,626)
Revaluation of property	-	90,947	60,423	-	30,524
Legal	-	10,500	14,241	-	(3,741)
Personnel administration	-	94,880	100,474	-	(5,594)
Planning and zoning	-	103,071	96,723	-	6,348
General government buildings	-	213,175	260,685	-	(47,510)
Cemeteries	-	30,359	31,070	-	(711)
Insurance, not otherwise allocated	-	98,818	82,941	-	15,877
Advertising and regional associations	-	18,736	18,660	-	76
Total general government	-	<u>1,425,442</u>	<u>1,416,509</u>	-	<u>8,933</u>
Public safety:					
Police	-	1,275,042	1,258,871	40,950	(24,779)
Fire	-	566,519	501,330	16,800	48,389
Emergency management	-	32,302	26,243	-	6,059
Other	-	462,124	430,008	-	32,116
Total public safety	-	<u>2,335,987</u>	<u>2,216,452</u>	<u>57,750</u>	<u>61,785</u>
Highways and streets:					
Administration	-	985,831	955,401	-	30,430
Highways and streets	-	527,700	487,088	16,367	24,245
Street lighting	-	10,000	9,641	-	359
Total highways and streets	-	<u>1,523,531</u>	<u>1,452,130</u>	<u>16,367</u>	<u>55,034</u>
Sanitation:					
Solid waste disposal	-	443,559	401,809	-	41,750
Solid waste clean-up	-	19,000	15,293	-	3,707
Total sanitation	-	<u>462,559</u>	<u>417,102</u>	-	<u>45,457</u>
Health:					
Administration	-	6,871	6,054	-	817
Health agencies	-	233,161	233,161	-	-
Total health	-	<u>240,032</u>	<u>239,215</u>	-	<u>817</u>
Welfare:					
Administration and direct assistance	-	5,463	5,450	-	13
Intergovernmental welfare payments	-	6,000	6,000	-	-
Vendor payments and other	-	16,000	12,649	-	3,351
Total welfare	-	<u>27,463</u>	<u>24,099</u>	-	<u>3,364</u>
Culture and recreation:					
Parks and recreation	-	222,698	164,323	-	58,375
Patriotic purposes	-	300	-	-	300
Other	3,000	1,000	-	3,000	1,000
Total culture and recreation	<u>3,000</u>	<u>223,998</u>	<u>164,323</u>	<u>3,000</u>	<u>59,675</u>
Conservation	-	95,676	99,752	-	(4,076)

(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, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	372,303	353,160	-	19,143
Interest on long-term debt	-	103,939	89,922	-	14,017
Interest on tax anticipation notes	-	1	-	-	1
Total debt service	-	476,243	443,082	-	33,161
Capital outlay	-	729,731	393,519	-	336,212
Other financing uses:					
Transfers out	-	1,404,510	1,404,510	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 3,000	\$ 8,945,172	\$ 8,270,693	\$ 77,117	\$ 600,362

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, 2022

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,026,817
Changes:		
Unassigned fund balance used to reduce 2021-2022 tax rate		(450,000)
2021-2022 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (264,708)	
Unexpended balance of appropriations (Schedule 2)	<u>600,362</u>	
2021-2022 Budget surplus		<u>335,654</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,912,471
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(1,515)
Elimination of the allowance for uncollectible taxes		40,000
Recognition of expenditure that was prepaid item on the budgetary basis		<u>(33,250)</u>
Unassigned fund balance, ending (GAAP basis, Exhibit C-1)		<u><u>\$ 1,917,706</u></u>

SCHEDULE 4
TOWN OF NEW LONDON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds				Capital Project Funds		Total
	Conservation Commission	Recreation	Recycling	Special Details	Miscellaneous Projects 2020	Library Sprinkler System	
	ASSETS						
Cash and cash equivalents	\$ 26,460	\$ 9,081	\$ 71,483	\$ 15,593	\$ 54,707	\$ -	\$ 177,324
LIABILITIES							
Interfund payable	\$ 876	\$ -	\$ 66,483	\$ 169	\$ -	\$ -	\$ 67,528
FUND BALANCES							
Restricted	25,584	-	-	-	54,707	-	80,291
Committed	-	9,081	5,000	15,424	-	-	29,505
Total fund balances	25,584	9,081	5,000	15,424	54,707	-	109,796
Total liabilities and fund balances	\$ 26,460	\$ 9,081	\$ 71,483	\$ 15,593	\$ 54,707	\$ -	\$ 177,324

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, 2022

	Special Revenue Funds				Capital Project Funds		Total
	Conservation	Recreation	Recycling	Special	Miscellaneous	Libray	
	Commission			Details	Projects	Sprinkler	
				2020	System		
REVENUES							
Charges for services	\$ -	\$ 1,790	\$ 59,188	\$ 13,947	\$ -	\$ -	\$ 74,925
Miscellaneous	113	495	5	-	-	-	613
Total revenues	113	2,285	59,193	13,947	-	-	75,538
EXPENDITURES							
Current:							
Public safety	-	-	-	9,616	-	-	9,616
Sanitation	-	-	13,528	-	-	-	13,528
Culture and recreation	-	3,887	-	-	-	-	3,887
Conservation	876	-	-	-	-	-	876
Capital outlay	-	-	-	-	9,125	214,862	223,987
Total expenditures	876	3,887	13,528	9,616	9,125	214,862	251,894
Excess (deficiency) of revenues over (under) expenditures	(763)	(1,602)	45,665	4,331	(9,125)	(214,862)	(176,356)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	15,064	15,064
Transfers out	-	-	(45,665)	-	-	-	(45,665)
Debt proceeds	-	-	-	-	-	250,000	250,000
Total other financing sources (uses)	-	-	(45,665)	-	-	265,064	219,399
Net change in fund balances	(763)	(1,602)	-	4,331	(9,125)	50,202	43,043
Fund balances (deficit), beginning	26,347	10,683	5,000	11,093	63,832	(50,202)	66,753
Fund balances, ending	\$ 25,584	\$ 9,081	\$ 5,000	\$ 15,424	\$ 54,707	\$ -	\$ 109,796

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF NEW LONDON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
June 30, 2022

	Custodial Funds				Total
	Taxes	Trust Funds	Escrows	Motor Vehicle Permit Fees	
ASSETS					
Cash and cash equivalents	\$ -	333,401	\$ 1,326	\$ -	\$ 334,727
Investments	-	1,851,423	-	-	1,851,423
Intergovernmental receivables	7,154,749	-	-	-	7,154,749
Accrued interest receivable	-	1,004	-	-	1,004
Total assets	<u>7,154,749</u>	<u>2,185,828</u>	<u>1,326</u>	<u>-</u>	<u>9,341,903</u>
LIABILITIES					
Accounts payable	-	-	1,326	-	1,326
Intergovernmental payables:					
School	5,334,381	-	-	-	5,334,381
County	1,664,265	-	-	-	1,664,265
Precinct	156,103	-	-	-	156,103
Total liabilities	<u>7,154,749</u>	<u>-</u>	<u>1,326</u>	<u>-</u>	<u>7,156,075</u>
NET POSITION					
Restricted	<u>\$ -</u>	<u>\$ 2,185,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,185,828</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, 2022

	Custodial Funds				Total
	Taxes	Trust Funds	Escrows	Motor Vehicle Permit Fees	
ADDITIONS					
Contributions	\$ -	75,000	\$ -	\$ -	\$ 75,000
Investment earnings	-	8,610	-	-	8,610
Change in fair market value	-	(19,920)	-	-	(19,920)
Taxes collected for other governments	14,296,705	-	-	-	14,296,705
Fees collected for the State of New Hampshire	-	-	-	321,712	321,712
Total additions	<u>14,296,705</u>	<u>63,690</u>	<u>-</u>	<u>321,712</u>	<u>14,682,107</u>
DEDUCTIONS					
Payments to other governments	14,296,705	600	-	-	14,297,305
Payments of motor vehicle fees to the State of New Hampshire	-	-	-	321,712	321,712
Total deductions	<u>14,296,705</u>	<u>600</u>	<u>-</u>	<u>321,712</u>	<u>14,619,017</u>
Change in net position	-	63,090	-	-	63,090
Net position, beginning	-	2,122,738	-	-	2,122,738
Net position, ending	<u>\$ -</u>	<u>\$ 2,185,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,185,828</u>

See Independent Auditor's Report.