

**TOWN OF NEW LONDON,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

TOWN OF NEW LONDON, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

TABLE OF CONTENTS

		<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT		1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....		3 - 10
 BASIC FINANCIAL STATEMENTS 		
Government-wide Financial Statements		
A	Statement of Net Position	11
B	Statement of Activities	12
Fund Financial Statements		
<i>Governmental Funds</i>		
C-1	Balance Sheet	13
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	14
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	16
<i>Budgetary Comparison Information</i>		
D-1	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	17
D-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Sewer Department Fund	18
<i>Fiduciary Funds</i>		
E-1	Statement of Net Position	19
E-2	Statement of Changes in Net Position	20
NOTES TO THE BASIC FINANCIAL STATEMENTS		21 - 46
 REQUIRED SUPPLEMENTARY INFORMATION 		
F	Schedule of the Town's Proportionate Share of Net Pension Liability	47
G	Schedule of Town Contributions – Pensions	48
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY		49
H	Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability	50
I	Schedule of Town Contributions – Other Postemployment Benefits	51
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY.....		52
 COMBINING AND INDIVIDUAL FUND SCHEDULES 		
Governmental Funds		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	53
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	54 - 55
3	Schedule of Changes in Unassigned Fund Balance.....	56
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet	57
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	58
<i>Custodial Funds</i>		
6	Combining Schedule of Fiduciary Net Position	59
7	Combining Schedule of Changes in Fiduciary Net Position	60



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London, New Hampshire (the Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 14-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for the Town's single employer other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities has not been determined.

*Town of New London
Independent Auditor's Report*

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of New London, New Hampshire, as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Town of New London, New Hampshire as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund and sewer department fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

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

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

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

March 12, 2021

*Blodzik & Sanderson
Professional Association*

Management's Discussion & Analysis **June 30, 2020**

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, 2020. The financial statements presented here include the 12-month period July 1, 2019 through June 30, 2020.

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, 2020, was \$10,794,077 as compared to \$10,040,503, at the end of June 30, 2019. Net position increased by \$753,574, from June 30, 2019 to June 30, 2020.

As of June 30, 2020, the Town's total net position consisted of \$9,046,234 in net investment in capital assets, restricted net position of \$1,989,496, and unrestricted net position of (\$241,653). The Town's long-term obligations of \$10,867,732 consisted of \$6,230,871 in general obligation bonds/notes payable, \$8,315 in a capital lease, \$214,214 in compensated absences payable, \$174,000 in accrued landfill post-closure care costs, \$3,917,518 in net pension liability, and \$322,814 in other postemployment benefits payable.

During the period, the Town's expenses of \$8,689,856 were \$753,574 less than revenues. Revenues consisted of charges for services (\$1,031,697), operating grants and contributions (\$1,418,599) and general revenues (\$6,993,134) - 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 (with the exception of the Town's local other postemployment benefit liability which has been omitted), 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 (with the exception of local other postemployment benefits which has been omitted) 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 five capital project funds are consolidated as Nonmajor Governmental funds. The Nonmajor funds are the Conservation Commission, Recreation, Recycling, Special Details, Miscellaneous Projects 2018, Miscellaneous Projects 2020, Asset Management 2018, Asset Management 2020 and Municipal Buildings 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 \$9,046,234. Restricted net position of \$1,989,496 are restricted by constraints imposed from outside the Town, such as cemetery, library trust funds and capital projects. As of June 30, 2020, unrestricted net position of the Town is (\$241,653).

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, 2020 and June 30, 2019 are shown below.

Comparative Net Position

	<u>FY2019</u>	<u>FY2020</u>	<u>Amount Change</u>	<u>% Change</u>
Total assets	\$23,220,537	\$ 24,228,179	\$1,007,642	4.3%
Deferred outflows of resources	823,293	653,613	(169,680)	-20.6%
Long-term liabilities outstanding	10,585,753	10,867,732	281,979	2.7%
Other liabilities	612,740	399,828	(212,912)	-34.7%
Total liabilities	11,198,493	11,267,560	69,067	0.6%
Deferred inflows of resources:	2,804,834	2,820,155	15,321	0.5%
Net position:				
Net investment in capital assets	9,840,951	9,046,234	(794,717)	-8.1%
Restricted	2,012,994	1,989,496	(23,498)	-1.2%
Unrestricted	(1,813,442)	(241,653)	1,571,789	-86.7%
Total net position	<u>\$ 10,040,503</u>	<u>\$ 10,794,077</u>	<u>\$ 753,574</u>	7.5%

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 \$8,689,856; total revenues were \$9,443,430 resulting in an increase of net position of \$753,574. The largest share of revenue, \$5,226,201 (about 55% of total revenues), was from taxes. The Town’s expenditures were largely for public safety (29%), highways & streets (24%), sanitation (13%) and general government (18%).

Program expenses increased by \$494,114, or 6.0%, in FY2020 (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 2020, New London collected \$174,689 in dispatch fees.

During the period, the Town's expenses were \$753,574 less than revenues generated for charges for services, operating grants or contributions and general revenues (including property taxes and local, state and federal grants and contributions not restricted to specific purposes).

Comparative Statement of Changes in Activities

Governmental activities:	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2020	Amount of Change	% Change
General government	\$2,047,520	\$1,564,158	\$(483,362)	-23.6%
Public safety	2,315,840	2,539,195	223,353	9.6%
Highways and streets	1,432,734	2,124,514	691,780	48.3%
Sanitation	1,087,482	1,147,998	60,516	5.6%
Health	221,688	229,333	7,645	3.4%
Welfare	19,284	21,167	1,883	9.8%
Culture and recreation	906,562	859,679	(46,883)	-5.2%
Conservation	41,881	47,837	5,956	14.2%
Interest on long-term debt	122,749	155,975	33,226	27.1%
Total governmental activities	8,195,742	8,689,856	494,114	6.0%
Program revenues:	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2020	Amount of Change	% Change
Charges for services	1,126,405	1,031,697	(94,708)	-8.4%
Operating grants and contributions	153,514	1,418,599	1,265,085	824.1%
General revenues:	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2020	Amount of Change	% Change
Property taxes and other taxes	4,923,786	5,226,201	302,415	6.1%
Motor vehicle permit fees	1,067,697	1,072,534	4,837	0.5%
Licenses and other fees	150,731	151,193	462	0.3%
Grants and contributions not related to specific programs	219,103	285,987	66,884	30.5%
Miscellaneous	608,151	257,219	(350,932)	-57.7%
Total revenues	8,249,387	9,443,430	1,194,043	14.5%

Change in net position	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2020
Net position, beginning, as restated	9,986,858	10,040,503
Net position, ending	10,040,503	10,794,077
Change in net position	<u>\$53,645</u>	<u>\$753,574</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 FY2020. Budgeted revenues and other financing sources totaled \$7,239,481 and actual revenues equaled \$7,493,063, for a revenue surplus of \$253,582. Other than property taxes, the largest general revenue received by the Town of New London is from motor vehicles registrations. In fiscal year 2020, the Town recognized \$4,956,435 in property taxes and \$1,038,499 in motor vehicle fees. The Town also receives revenue shared by the State of New Hampshire in the form of meals & rooms tax (\$213,650 in 2020) and highway block grant (\$139,069 in 2020).

Budgeted appropriations and encumbrances from prior year totaled \$7,720,394 while actual expenditures plus encumbered to subsequent year were \$7,388,012 leaving an unexpended balance of appropriations of \$332,382. This amount along with the revenue surplus make up the 2020 Budget surplus of \$585,964.

The following significant budgetary items are noted:

General Government: The General Government budget represents 18.2% of the total Town budget. New London continued its agreement in FY2020 to share a Zoning Administrator with the Town of Sunapee. The Zoning Administrator spends 3 days/week in New London and 2 days/week in Sunapee. New London still contracts with the Upper Valley Lake Sunapee Regional Planning Commission for Planning services two days/week.

Public Safety: The Public Safety budget makes up 27.4% of the total budget.

Highways & Streets: The Public Works Department comprises 17.5% of the total budget.

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

The Budgetary unassigned fund balance of the General Fund at the end of fiscal year 2020 was \$1,827,579 which is an increase of \$55,446 over fiscal year 2019. Key factors in the unassigned fund balance are:

Unassigned fund balance, June 30, 2019	\$1,772,133
FY2020 revenue surplus	253,582
FY2020 unexpended balance of appropriations	332,382
Use of fund balance	(459,000)
Increase in non-spendable, restricted and committed fund balance	(71,518)
Unassigned fund balance, June 30, 2020	<u>1,827,579</u>
Difference FY2019 to FY2020	<u>\$55,446</u>

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 FY2020 the New London Sewer Department paid 71.24% 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 five Capital Project funds: Misc Projects 2018, Misc Projects 2020, Asset Management 2018 fund, Asset Management 2020 fund and Municipal Buildings.

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

	<u>FY2019</u>	<u>FY2020</u>	Change	% Change
Conservation Commission	\$17,293	\$20,343	\$3,050	17.6%
Recreation	\$76,419	\$52,395	(\$24,024)	-31.4%
Recycling	\$1,527	\$5,000	\$3,473	227.4%
Special Details	\$2,177	\$ 8,697	\$6,520	299.5%

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

	<u>FY2019</u>	<u>FY2020</u>	Change	% Change
Miscellaneous Projects 2018	\$24,671	0	(24,671)	-100%
Miscellaneous Projects 2020	0	\$340,670	\$340,670	100%
Asset Management 2018	0	0	0	0%
Asset Management 2020	0	0	0	0%
Municipal Buildings	\$253,563	0	(253,563)	-100%

CAPITAL ASSETS

Total Capital Assets decreased 2.9% during FY2020.

Capital Assets

	FY2019	FY2020	Change	% Change
Land	\$4,133,449	\$4,358,449	\$225,000	5.4%
Building and building improvements	3,422,008	3,263,995	(159,013)	-4.6%
Machinery, equipment, and vehicles	2,000,467	1,666,873	(333,594)	-167%
Infrastructure	2,744,753	2,655,340	(89,413)	-3.3%
Total	<u>\$12,300,677</u>	<u>\$11,944,657</u>	<u>\$(356,020)</u>	<u>-2.9%</u>

DEBT ADMINISTRATION

Long-Term Debt

The Town has ten general obligation bond/notes payable issues outstanding. A schedule of these issuances can be found in the notes to the financial statements.

As of the close of fiscal year 2020, the Town has a \$6,230,871 liability for long-term bonds/notes that reduces overall net position. Total debt increased by \$281,979. This does not mean that the Town has this entire payment requirement for next year; rather, \$498,611 of these obligations are due to be paid during the fiscal year ending June 30, 2021 (as shown on Exhibit A).

FUTURE BUDGETARY IMPLICATIONS

2020 Town Meeting approved the fiscal year operating budget from July 1, 2020-June 30, 2021. This budget is a 5.1% increase in appropriations over FY2020, not including Sewer, capital deposits or capital expenditures. One new debt issue was authorized at the 2020 Town Meeting. \$250,000 was approved for the installation of a sprinkler system at the Tracy Memorial Library. Construction of this project is scheduled to begin in Spring 2021.

As of June 30, 2020, the Town continues to follow Governor Sununu's Executive Order 2020-04 declaring a state of emergency due to Novel Coronavirus (COVID-19). All Town departments have been working throughout the state of emergency although most buildings are closed to the public. Tax collections and motor vehicle fees have been consistent with prior years. The financial impact of the pandemic has been minimal for the Town operations.

MANAGEMENT CONTACT

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

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF NEW LONDON, NEW HAMPSHIRE
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,877,143
Investments	3,061,023
Taxes receivables (net)	5,654,608
Account receivables	338,183
Intergovernmental receivable	1,229,933
Accrued interest receivable	1,950
Prepaid items	25,000
Restricted assets:	
Investments	95,682
Capital assets:	
Land and construction in progress	4,358,449
Other capital assets, net of depreciation	7,586,208
Total assets	<u>24,228,179</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	619,821
Amounts related to other postemployment benefits	33,792
Total deferred outflows of resources	<u>653,613</u>
LIABILITIES	
Accounts payable	148,287
Contracts payable	60,000
Accrued interest payable	76,547
Intergovernmental payable	114,994
Long-term liabilities:	
Due within one year	498,611
Due in more than one year	10,369,121
Total liabilities	<u>11,267,560</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	2,585,550
Unavailable revenue - donations	100
Amounts related to pensions	233,580
Amounts related to other postemployment benefits	925
Total deferred inflows of resources	<u>2,820,155</u>
NET POSITION	
Net investment in capital assets	9,046,234
Restricted	1,989,496
Unrestricted	(241,653)
Total net position	<u>\$ 10,794,077</u>

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, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 1,564,158	\$ 33,426	\$ -	\$ (1,530,732)
Public safety	2,539,195	185,336	-	(2,353,859)
Highways and streets	2,124,514	-	139,069	(1,985,445)
Sanitation	1,147,998	713,152	1,279,530	844,684
Health	229,333	2,600	-	(226,733)
Welfare	21,167	-	-	(21,167)
Culture and recreation	859,679	97,183	-	(762,496)
Conservation	47,837	-	-	(47,837)
Interest on long-term debt	155,975	-	-	(155,975)
Total governmental activities	<u>\$ 8,689,856</u>	<u>\$ 1,031,697</u>	<u>\$ 1,418,599</u>	<u>(6,239,560)</u>
General revenues:				
Taxes:				
Property				4,956,435
Other				269,766
Motor vehicle permit fees				1,072,534
Licenses and other fees				151,193
Grants and contributions not restricted to specific programs				285,987
Unrestricted investment earnings				110,564
Miscellaneous				146,655
Total general revenues				<u>6,993,134</u>
Change in net position				753,574
Net position, beginning				10,040,503
Net position, ending				<u>\$ 10,794,077</u>

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

EXHIBIT C-1
TOWN OF NEW LONDON, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2020

	General	Sewer Department	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 822,315	\$ 227,251	\$ 339,416	\$ 488,161	\$ 1,877,143
Investments	1,449,296	222,522	1,389,205	-	3,061,023
Taxes receivable	5,694,608	-	-	-	5,694,608
Accounts receivable	24,579	313,604	-	-	338,183
Intergovernmental receivable	17,461	-	-	8,489	25,950
Interfund receivable	39,720	330	11,100	-	51,150
Accrued interest receivable	1,391	-	559	-	1,950
Prepaid items	25,000	-	-	-	25,000
Restricted assets:					
Investments	95,682	-	-	-	95,682
Total assets	<u>\$ 8,170,052</u>	<u>\$ 763,707</u>	<u>\$ 1,740,280</u>	<u>\$ 496,650</u>	<u>\$ 11,170,689</u>
LIABILITIES					
Accounts payable	\$ 143,227	\$ 5,060	\$ -	\$ -	\$ 148,287
Contracts payable	-	-	-	60,000	60,000
Intergovernmental payable	4,202	110,792	-	-	114,994
Interfund payable	11,430	21,019	9,156	9,545	51,150
Total liabilities	<u>158,859</u>	<u>136,871</u>	<u>9,156</u>	<u>69,545</u>	<u>374,431</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	2,637,625	-	-	-	2,637,625
Unavailable revenue - Donations	100	-	-	-	100
Total deferred inflows of resources	<u>2,637,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,637,725</u>
FUND BALANCES					
Nonspendable	120,682	-	1,670,038	-	1,790,720
Restricted	202,208	626,836	61,086	361,013	1,251,143
Committed	3,225,074	-	-	66,092	3,291,166
Assigned	10,000	-	-	-	10,000
Unassigned	1,815,504	-	-	-	1,815,504
Total fund balances	<u>5,373,468</u>	<u>626,836</u>	<u>1,731,124</u>	<u>427,103</u>	<u>8,158,533</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,170,052</u>	<u>\$ 763,707</u>	<u>\$ 1,740,280</u>	<u>\$ 496,650</u>	<u>\$ 11,170,689</u>

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, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 8,158,533
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 19,793,103	
Less accumulated depreciation	<u>(7,848,446)</u>	
		11,944,657
Other long-term assets that are not available to pay for current period expenditures therefore, are not reported in the governmental funds.		1,203,983
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	\$ 619,821	
Deferred inflows of resources related to pensions	(233,580)	
Deferred outflows of resources related to OPEB	33,792	
Deferred inflows of resources related to OPEB	<u>(925)</u>	
		419,108
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (51,150)	
Payables	<u>51,150</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	\$ 52,075	
Allowance for uncollectible property taxes	<u>(40,000)</u>	
		12,075
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(76,547)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds/notes	\$ 6,230,871	
Capital lease	8,315	
Compensated absences	214,214	
Accrued landfill postclosure care costs	174,000	
Net pension liability	3,917,518	
Other postemployment benefits	<u>322,814</u>	
		<u>(10,867,732)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$10,794,077</u></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, 2020

	General	Sewer Department	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,230,056	\$ -	\$ -	\$ -	\$ 5,230,056
Licenses and permits	1,223,727	-	-	-	1,223,727
Intergovernmental	450,238	50,365	-	-	500,603
Charges for services	232,061	693,248	-	106,388	1,031,697
Miscellaneous	217,165	8,621	5,747	25,686	257,219
Total revenues	<u>7,353,247</u>	<u>752,234</u>	<u>5,747</u>	<u>132,074</u>	<u>8,243,302</u>
EXPENDITURES					
Current:					
General government	1,343,261	70,067	750	-	1,414,078
Public safety	2,093,623	-	-	3,129	2,096,752
Highways and streets	1,268,090	-	-	-	1,268,090
Sanitation	438,298	692,460	-	10,618	1,141,376
Health	229,333	-	-	-	229,333
Welfare	21,167	-	-	-	21,167
Culture and recreation	687,499	-	3,000	100,912	791,411
Conservation	42,073	-	-	5,764	47,837
Debt service:					
Principal	334,540	122,451	-	-	456,991
Interest	91,573	51,956	-	-	143,529
Capital outlay	395,854	-	-	686,343	1,082,197
Total expenditures	<u>6,945,311</u>	<u>936,934</u>	<u>3,750</u>	<u>806,766</u>	<u>8,692,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>407,936</u>	<u>(184,700)</u>	<u>1,997</u>	<u>(674,692)</u>	<u>(449,459)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	73,143	-	-	12,972	86,115
Transfers out	(8,129)	(4,843)	(27,829)	(45,314)	(86,115)
Debt proceeds	-	-	-	758,489	758,489
Total other financing sources (uses)	<u>65,014</u>	<u>(4,843)</u>	<u>(27,829)</u>	<u>726,147</u>	<u>758,489</u>
Net change in fund balances	472,950	(189,543)	(25,832)	51,455	309,030
Fund balances, beginning	4,900,518	816,379	1,756,956	375,650	7,849,503
Fund balances, ending	<u>\$ 5,373,468</u>	<u>\$ 626,836</u>	<u>\$ 1,731,124</u>	<u>\$ 427,105</u>	<u>\$ 8,158,533</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, 2020

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 309,030
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 303,545	
Depreciation expense	<u>(654,560)</u>	(351,015)
The net effect of various miscellaneous transactions involving capital assets disposals is to decrease net position.		(5,005)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (86,115)	
Transfers out	<u>86,115</u>	-
The receipt of long-term state aid provides current financial resources to governmental funds, but has no effect on net position.		
Increase in intergovernmental receivable		1,203,983
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	\$ 16,145	
Change in allowance for uncollectible property taxes	<u>(20,000)</u>	(3,855)
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	\$ (758,489)	
Repayment of bond/note principal	456,991	
Repayment of capital lease	<u>7,989</u>	(293,509)
Some expenses reported in the Statement of Activities do not require the governmental funds.		
Increase in accrued interest expense	\$ (12,446)	
Decrease in compensated absences payable	25,775	
Increase in accrued landfill postclosure care costs	(1,200)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(98,706)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(19,428)</u>	(106,055)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 753,574</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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,037,385	\$ 5,037,385	\$ 5,226,201	\$ 188,816
Licenses and permits	1,110,200	1,110,200	1,189,692	79,492
Intergovernmental	366,575	425,071	450,238	25,167
Charges for services	233,250	233,250	220,233	(13,017)
Miscellaneous	227,870	135,900	127,413	(8,487)
Total revenues	<u>6,975,280</u>	<u>6,941,806</u>	<u>7,213,777</u>	<u>271,971</u>
EXPENDITURES				
Current:				
General government	1,402,819	1,401,804	1,327,789	74,015
Public safety	2,054,129	2,110,347	2,080,558	29,789
Highways and streets	1,382,575	1,343,058	1,257,090	85,968
Sanitation	431,763	431,763	438,298	(6,535)
Health	230,708	230,708	229,333	1,375
Welfare	27,504	27,504	21,167	6,337
Culture and recreation	217,135	217,445	192,720	24,725
Conservation	50,555	50,555	42,073	8,482
Debt service:				
Principal	334,540	334,540	334,540	-
Interest	101,942	101,942	91,573	10,369
Capital outlay	1,667,675	287,675	187,690	99,985
Total expenditures	<u>7,901,345</u>	<u>6,537,341</u>	<u>6,202,831</u>	<u>334,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(926,065)</u>	<u>404,465</u>	<u>1,010,946</u>	<u>606,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,677,675	297,675	279,286	(18,389)
Transfers out	(1,210,610)	(1,161,140)	(1,163,268)	(2,128)
Total other financing sources (uses)	<u>467,065</u>	<u>(863,465)</u>	<u>(883,982)</u>	<u>(20,517)</u>
Net change in fund balances	<u>\$ (459,000)</u>	<u>\$ (459,000)</u>	126,964	<u>\$ 585,964</u>
Increase in nonspendable fund balance			(25,000)	
Increase in restricted fund balance			(39,518)	
Increase in committed fund balance			(7,000)	
Unassigned fund balance, beginning			1,772,133	
Unassigned fund balance, ending			<u>\$ 1,827,579</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, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 50,365	\$ 50,365
Charges for services	875,130	693,248	(181,882)
Miscellaneous	8,000	7,758	(242)
Total revenues	<u>883,130</u>	<u>751,371</u>	<u>(131,759)</u>
EXPENDITURES			
Current:			
General government	55,400	70,067	(14,667)
Sanitation	633,408	692,460	(59,052)
Debt service:			
Principal	122,451	122,451	-
Interest	51,871	51,956	(85)
Total expenditures	<u>863,130</u>	<u>936,934</u>	<u>(73,804)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,000</u>	<u>(185,563)</u>	<u>(205,563)</u>
OTHER FINANCING USES			
Transfers out	<u>(20,000)</u>	<u>(24,843)</u>	<u>(4,843)</u>
Net change in fund balances	<u>\$ -</u>	<u>(210,406)</u>	<u>\$(210,406)</u>
Restricted fund balance, beginning		<u>752,841</u>	
Restricted fund balance, ending		<u>\$ 542,435</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, 2020

	Private Purpose Trust	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 129,073	\$ 8,470,096
Investments	-	513,688
Accrued interest receivable	-	1,947
Total assets	<u>129,073</u>	<u>8,985,731</u>
LIABILITIES		
Accounts payable	-	1,321
Intergovernmental payables:		
School	-	4,947,260
County	-	1,671,772
Precinct	-	228,241
Total liabilities	<u>-</u>	<u>6,848,594</u>
NET POSITION		
Restricted	<u>\$ 129,073</u>	<u>\$ 2,137,137</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, 2020

	Private Purpose Trust	All Custodial Funds
ADDITIONS		
Contributions	\$ 15,500	\$ 66,360
Investment earnings	1,869	35,578
Change in fair market value	936	10,542
Taxes collected for other governments	-	13,643,714
Total additions	<u>18,305</u>	<u>13,756,194</u>
DEDUCTIONS		
Benefits paid	15,500	-
Payments to other governments	-	13,743,714
Total deductions	<u>15,500</u>	<u>13,743,714</u>
Net increase in fiduciary net position	2,805	12,480
Net position, beginning, as restated (see Note 20)	<u>126,268</u>	<u>2,124,657</u>
Net position, ending	<u>\$ 129,073</u>	<u>\$ 2,137,137</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, 2020

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

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Restricted Assets.....	4
Investments	5
Taxes Receivable	6
Other Receivables.....	7
Capital Assets.....	8
Interfund Balances and Transfers	9
Intergovernmental Payables.....	10
Deferred Outflows/Inflows of Resources	11
Capital Lease Obligation	12
Long-term Liabilities	13
Defined Benefit Pension Plan	14
Postemployment Benefits Other Than Pensions (OPEB)	15
New Hampshire Retirement System (NHRS).....	15-A
Town of New London Retiree Health Benefit Program	15-B
Encumbrances	16
State Aid to Water Pollution Projects.....	17

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Governmental Activities Net Position	18
Governmental Fund Balances	19
Prior Period Adjustment	20
Risk Management	21
Contingent Liabilities	22
Tax Abatements	23
Subsequent Events	24

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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.

In fiscal year 2019-2020, the Town implemented GASB Statement No. 84, Fiduciary Activities, which changed the way fiduciary activities are recorded. See Note 2-C for further information on this pronouncement.

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, with the exception of the long-term costs of retirement healthcare and obligations for the single employer other postemployment benefit plan have been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded the single employer other postemployment benefit expense in this statement. 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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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 related expendable trust funds are consolidated in the general fund.

Sewer Department 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 related expendable trust funds are consolidated in the sewer fund.

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

Additionally, the Town reports the following fund types:

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

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

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports nine nonmajor governmental funds.

Fiduciary Fund Financial Statements – Include a Statement of Net Position and a Statement of Changes in Net Position. 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 – is 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, 2020

1-E Investments

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

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

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

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

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

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

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), U.S. government obligations, and corporate bonds would be examples of Level 2 investments.

Level 3 – Inputs are significant unobservable inputs.

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

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

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-H 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-I 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-J 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 6, 2019 and October 31, 2019, and due on July 1, 2019, October 1, 2019, January 2, 2020, and March 31, 2020. Effective April 1, 2019 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, 2020 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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

The Town net assessed valuation as of April 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,236,058,351
For all other taxes	\$ 1,248,463,651

The tax rates and amounts assessed for the year ended June 30, 2020 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.13	\$ 5,151,907
School portion:		
State of New Hampshire	\$1.94	2,403,501
Local	\$5.97	7,454,292
County portion	\$2.67	3,331,134
Precinct portions:		
New London-Springfield	\$1.08	454,787
Total	\$15.79	\$18,795,621

1-K 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, 2020.

1-L Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

1-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.

In the fund financial statements, governmental fund types recognize bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

1-N 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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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-O 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-P Postemployment Benefits Other Than Pensions (OPEB)

The Town maintains two separate other postemployment benefit plans, as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – The Town maintains a single employer plan, but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board pronouncement No. 75.

1-Q 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.

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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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.

1-R 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, and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general fund and sewer department fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, \$459,000 of the beginning general fund unassigned fund balance was applied for this purpose.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and change in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the major governmental funds which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$7,493,063
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	135,615
To eliminate transfers between general and blended funds	(206,143)
Change in deferred tax revenue relating to 60-day revenue recognition	(16,145)
Change in allowance for uncollectible property taxes	20,000
Per Exhibit C-3 (GAAP basis)	<u>\$7,426,390</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$7,366,099
Adjustment:	
Basis differences:	
Encumbrances, beginning	21,913
Encumbrances, ending	(3,000)
GASB Statement No. 54:	
To record expenditures of the blended funds	723,567
To eliminate transfers between general and blended funds	(1,155,139)
Per Exhibit C-3 (GAAP basis)	<u>\$6,953,440</u>

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

Revenues:	
Per Exhibit D-2 (budgetary basis)	\$ 751,371
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	863
Per Exhibit C-3 (GAAP basis)	<u>\$ 752,234</u>
Expenditures and other financing uses:	
Per Exhibit D-2 (budgetary basis)	\$ 961,777
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Net effect of transfers between blended funds	(20,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 941,777</u>

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 20.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$10,476,312 and the bank balances totaled \$11,193,152. Petty cash totaled \$100.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,877,143
Cash per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	8,599,169
Total cash and cash equivalents	<u>\$ 10,476,312</u>

NOTE 4 – RESTRICTED ASSETS

Investments are classified as restricted for the following purposes:

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

NOTE 5 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

The Town has the following recurring fair value measurements and maturities as of June 30, 2020:

	Fair Value Hierarchy		Total
	Level 1	Level 2	
Investments type:			
Corporate bonds	\$ -	\$ 411,742	\$ 411,742
Certificates of deposit	898,603	-	898,603
Equity exchange traded funds	1,080,851	-	1,080,851
Fixed income exchange traded funds	-	472,389	472,389
Fixed income mutual funds	-	327,882	327,882
Preferred Stock	34,111	-	34,111
U.S. Treasury bonds	-	100,586	100,586
Total fair value of investments	<u>\$ 2,013,565</u>	<u>\$ 1,312,599</u>	<u>3,326,164</u>
Investments carried at amortized cost:			
NH Public Deposit Investment Pool			344,229
Total investments			<u>\$ 3,670,393</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.

Investments Type	Reported Balance	Remaining Maturity		
		Less than 1 Year	1-5 Years	Exempt from Disclosure
Corporate bonds	\$ 411,742	\$ -	\$ 411,742	\$ -
Certificates of deposit	898,603	-	898,603	-
Equity exchange traded funds	1,080,851	-	-	1,080,851
Fixed income exchange traded funds	472,389	-	-	472,389
Fixed income mutual funds	327,882	-	-	327,882
New Hampshire Public Deposit Investment Pool	344,229	-	-	344,229
Preferred Stock	34,111	-	-	34,111
U.S. Treasury bonds	100,586	-	100,586	-
Total	<u>\$ 3,670,393</u>	<u>\$ -</u>	<u>\$ 1,410,931</u>	<u>\$ 2,259,462</u>

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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

Investments Type	Reported Balance	Exempt from Disclosure	Rating as of Year End	
			Aaa	Aa1
Corporate bonds	\$ 411,742	\$ -	\$ 208,806	\$ 202,936
Certificates of deposit	898,603	898,603	-	-
Equity exchange traded funds	1,080,851	1,080,851	-	-
Fixed income exchange traded funds	472,389	472,389	-	-
Fixed income mutual funds	327,882	327,882	-	-
New Hampshire Public Deposit Investment Pool	344,229	344,229	-	-
Preferred Stock	34,111	34,111	-	-
U.S. Treasury bonds	100,586	-	100,586	-
Total	<u>\$ 3,670,393</u>	<u>\$ 3,158,065</u>	<u>\$ 309,392</u>	<u>\$ 202,936</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town and Trustees of Trust Funds investment policy does not directly address this risk.

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

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$3,156,705
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	513,688
Total investments	<u>\$3,670,393</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, 2020. 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 2020	\$5,319,262	\$5,319,262
Levy of 2019	255,386	255,386
Unredeemed (under tax lien):		
Levy of 2018	52,921	52,921
Levy of 2017	22,595	22,595
Yield	42	42
Land use change	44,402	44,402
Less: allowance for estimated uncollectible taxes	(40,000) *	-
Net taxes receivable	<u>\$5,654,608</u>	<u>\$5,694,608</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, 2020, consisted of accounts (billings for sewer and other user charges), 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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 4,133,449	\$ 225,000	\$ -	\$ 4,358,449
Being depreciated:				
Buildings and building improvements	6,390,544	-	-	6,390,544
Machinery, equipment, and vehicles	5,834,364	78,545	(123,310)	5,789,599
Infrastructure	3,254,511	-	-	3,254,511
Total capital assets being depreciated	<u>15,479,419</u>	<u>78,545</u>	<u>(123,310)</u>	<u>15,434,654</u>
Total all capital assets	<u>19,612,868</u>	<u>303,545</u>	<u>(123,310)</u>	<u>19,793,103</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,968,536)	(158,013)	-	(3,126,549)
Machinery, equipment, and vehicles	(3,833,897)	(407,134)	118,305	(4,122,726)
Infrastructure	(509,758)	(89,413)	-	(599,171)
Total accumulated depreciation	<u>(7,312,191)</u>	<u>(654,560)</u>	<u>118,305</u>	<u>(7,848,446)</u>
Net book value, capital assets being depreciated	<u>8,167,228</u>	<u>(576,015)</u>	<u>(5,005)</u>	<u>7,586,208</u>
Net book value, all governmental activities capital assets	<u>\$12,300,677</u>	<u>\$(351,015)</u>	<u>\$ (5,005)</u>	<u>\$11,944,657</u>

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 99,128
Public safety	224,680
Highways and streets	224,157
Sanitation	49,609
Culture and recreation	56,986
Total depreciation expense	<u>\$ 654,560</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer department	\$ 21,019
General	Nonmajor	18,701
Sewer department	General	330
Nonmajor	General	11,100
		<u>\$ 51,150</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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2020 is as follows:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 8,129	\$ 8,129
Sewer department fund	-	4,843	4,843
Permanent fund	27,829	-	27,829
Nonmajor funds	45,314	-	45,314
Total	<u>\$73,143</u>	<u>\$ 12,972</u>	<u>\$86,115</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 of \$6,962,267 at June 30, 2020 consist of the following:

General fund:	
Town clerk fees due to the State of New Hampshire	\$ 3,510
Other miscellaneous items	692
Total general fund	<u>4,202</u>
Sewer department:	
Balance due to the Town of Sunapee Sewer Department	<u>110,792</u>
Custodial fund:	
Balance of the 2020-2021 district assessment due to Kearsarge Regional School District	4,947,260
Balance of the 2020-2021 property tax commitment due to Merrimack County	1,671,772
Balance of the 2020-2021 property tax commitment due to the New London-Springfield Water Precinct	228,241
Total custodial fund	<u>6,847,273</u>
Total intergovernmental payables due	<u>\$ 6,962,267</u>

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities
Amounts related to pensions, see Note 14	\$ 619,821
Amounts related to OPEB, see Note 15	33,792
Total deferred inflows of resources	<u>\$ 653,613</u>

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Property tax revenue committed, but not due until subsequent period	\$2,585,550	\$2,585,550
Deferred property taxes not collected within 60 days of fiscal year-end	-	52,075 *
Deposits not yet earned	100	100
Amounts related to pensions, see Note 14	233,580	-
Amounts related to OPEB, see Note 15	925	-
Total deferred inflows of resources	<u>\$2,820,155</u>	<u>\$2,637,725</u>

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

NOTE 12 – CAPITAL LEASE OBLIGATION

The Town has entered into a capital lease agreement under which the related equipment will become the property of the Town when all the terms of the lease agreement are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2020
Capital lease obligations:		
Transit bus	4.00%	\$ 8,315

Leased vehicle under capital leases, included in capital assets, is as follows:

	Governmental Activities
Vehicle:	
Transit bus	\$ 53,444
Less: accumulated depreciation	44,536
Total capital lease equipment	\$ 8,908

The annual requirements to amortize the capital lease payable as of June 30, 2020, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2021	\$ 8,496
Less: interest	181
Present value of remaining payments	\$ 8,315

Amortization of lease vehicle under capital assets is included with depreciation expense.

NOTE 13 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
General obligation bonds/notes payable	\$ 5,929,373	\$758,489	\$(456,991)	\$ 6,230,871	\$ 471,081
Capital lease	16,304	-	(7,989)	8,315	8,315
Compensated absences	239,939	12,093	(37,818)	214,214	13,415
Accrued landfill postclosure care costs	172,800	1,200	-	174,000	5,800
Net pension liability	3,901,194	16,324	-	3,917,518	-
Net other postemployment benefits	326,143	-	(3,329)	322,814	-
Total long-term liabilities	\$ 10,585,753	\$788,106	\$(506,127)	\$ 10,867,732	\$ 498,611

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2020
General obligation bonds/notes payable:					
Town building improvements	\$ 877,940	2005	2025	3.72%	\$ 219,485
Library repairs	\$ 370,000	2011	2027	2.60%	172,664
Water Pollution Control State Revolving Loan	\$ 5,501,598	2016	2035	2.55%	3,302,274
Academy building	\$ 350,000	2016	2025	1.95%	175,000
Multi-purpose	\$ 460,000	2016	2027	1.90%	322,000
Multi-purpose	\$ 694,709	2018	2035	2.85%	650,959
Asset management*	-	2018	-	-	30,000
Municipal buildings	\$ 600,000	2019	2035	3.20%	600,000
Road repairs	\$ 750,000	2020	2035	3.40%	750,000
Asset management*	-	2020	-	-	8,489
Total					<u>\$ 6,230,871</u>

*Notes are still being drawn down upon as project has not yet been completed.

The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2020, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 471,081	\$ 155,479	\$ 626,560
2022	475,282	143,195	618,477
2023	479,566	130,851	610,417
2024	483,946	118,415	602,361
2025	488,424	105,897	594,321
2026-2030	1,906,386	371,886	2,278,272
2031-2035	1,887,697	135,338	2,023,035
Totals	<u>6,192,382</u>	<u>\$ 1,161,061</u>	<u>\$ 7,353,443</u>
Plus notes not yet in repayment	38,489		
Total bonds/notes payable	<u>\$ 6,230,871</u>		

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 post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs has a balance of \$174,000 as of June 30, 2020, 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, 2020. However, the actual cost of post-closure 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, 2020 were as follows:

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

NOTE 14 – DEFINED BENEFIT PENSION PLAN

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

Benefits Provided – 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. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

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 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$372,167, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2020 the Town reported a liability of \$3,917,518 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was 0.08141727% which was an increase of 0.00039899% from its proportion measured as of June 30, 2018.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

For the year ended June 30, 2020, the Town recognized pension expense of \$470,845. At June 30, 2020 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	\$ 85,435	\$ 117,342
Changes in assumptions	140,559	-
Net difference between projected and actual investment earnings on pension plan investments	-	32,000
Differences between expected and actual experience	21,660	84,238
Contributions subsequent to the measurement date	372,167	-
Total	\$ 619,821	\$ 233,580

The \$372,167 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 120,661
2022	(80,667)
2023	(37,769)
2024	11,849
Thereafter	-
Totals	\$ 14,074

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions which, accordingly, apply to 2019 measurements:

- Inflation: 2.50%
- Salary increases: 5.60% average, including inflation
- Investment rate of return: 7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Following is a table presenting target allocations and long-term rates of return for 2019:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 5,245,718	\$ 3,917,518	\$ 2,819,771

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

15-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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 2019 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 2019, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$32,625, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2020, the Town reported a liability of \$322,814 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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, 2019, the Town’s proportion was 0.07363274% which was an increase of 0.00239856% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized OPEB expense of \$52,053. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 1,167	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	363
Differences between expected and actual experience	-	562
Contributions subsequent to the measurement date	32,625	-
Total	\$ 33,792	\$ 925

The \$32,625 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, 2021.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 365
2022	(241)
2023	25
2024	93
Thereafter	-
Totals	<u>\$ 242</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2018 and a measurement date of June 30, 2019. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.50% per year
Wage inflation:	3.25% per year
Salary increases:	5.60% average, including inflation
Investment rate of return:	7.25% 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 RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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 2019:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.00%
Total	<u>100.00%</u>	

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 350,141	\$ 322,814	\$ 299,069

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.

15-B Town of New London Retiree Health Benefit Program

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

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at June 30, 2020, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town’s single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense related to the single employer plan are unknown.

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, 2020 and are as follows:

General fund:	
Health	<u>\$ 3,000</u>

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

NOTE 17 – 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, 2020, the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 51,572	\$ 26,873	\$ 78,445
2022	52,723	25,722	78,445
2023	53,900	24,545	78,445
2024	55,103	23,342	78,445
2025	56,333	22,112	78,445
2026-2030	301,096	91,129	392,225
2031-2035	336,233	55,992	392,225
2036-2039	297,023	16,759	313,782
Total	<u>\$ 1,203,983</u>	<u>\$ 286,474</u>	<u>\$ 1,490,457</u>

NOTE 18 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2020 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value, all capital assets	\$ 11,944,657
Less:	
General obligation bonds/notes payable	(2,890,108) *
Capital lease payable	(8,315)
Total net investment in capital assets	<u>9,046,234</u>
Restricted net position:	
Nonexpendable permanent funds (principal)	1,670,038
Expendable permanent funds (income)	61,086
Library	258,372
Total restricted net position	<u>1,989,496</u>
Unrestricted	(211,653)
Total net position	<u>\$ 10,794,077</u>

*Balance of State Revolving Loan is not included above as the Town does not have ownership of the related assets (Wastewater Treatment Plant).

NOTE 19 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2020 include the following:

	General Fund	Sewer Department Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Library permanent fund - principal balance	95,682	-	-	-	95,682
Permanent fund - principal balance	-	-	1,670,038	-	1,670,038
Total nonspendable fund balance	<u>120,682</u>	<u>-</u>	<u>1,670,038</u>	<u>-</u>	<u>1,790,720</u>

(continued)

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Governmental fund balances continued:

	General Fund	Sewer Department Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Restricted:					
Library	202,208	-	-	-	202,208
Sewer department	-	542,435	-	-	542,435
Expendable trust	-	84,401	-	-	84,401
Conservation commission	-	-	-	20,343	20,343
Miscellaneous projects 2020	-	-	-	340,670	340,670
Permanent fund - income balance	-	-	61,086	-	61,086
Total restricted fund balance	<u>202,208</u>	<u>626,836</u>	<u>61,086</u>	<u>361,013</u>	<u>1,251,143</u>
Committed:					
Expendable trust	3,215,074	-	-	-	3,215,074
Non-lapsing appropriation	3,000	-	-	-	3,000
Voted appropriation - March 2020	7,000	-	-	-	7,000
Recreation	-	-	-	52,395	52,395
Recycling	-	-	-	5,000	5,000
Special details	-	-	-	8,697	8,697
Total committed fund balance	<u>3,225,074</u>	<u>-</u>	<u>-</u>	<u>66,092</u>	<u>3,291,166</u>
Assigned:					
Encumbrances	10,000	-	-	-	10,000
Unassigned	<u>1,815,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,815,504</u>
Total governmental fund balances	<u>\$ 5,373,468</u>	<u>\$ 626,836</u>	<u>\$ 1,731,124</u>	<u>\$ 427,105</u>	<u>\$ 8,158,533</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENT

Net position at July 1, 2019 was restated to give retroactive effect to the following prior period adjustment:

	<u>Fiduciary Funds</u>
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ 2,124,657
Net position, as previously reported	-
Net position, as restated	<u>\$ 2,124,657</u>

NOTE 21 – 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 2020, 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, 2019 to June 30, 2020 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2019-20 the Town paid \$90,432 and \$57,312 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.

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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 22 – CONTINGENT LIABILITIES

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

NOTE 23 – 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. The Town has no such programs that would require disclosure.

NOTE 24 – 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 March 12, 2021, the date the June 30, 2020 financial statements were available to be issued, and the following event occurred that requires recognition or disclosure:

On March 11, 2020, the World Health Organization declared, the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor, issued an order declaring a state of emergency on March 13, 2020. As a result, economic uncertainties have arisen which could have financial impact could occur though such impact is unknown at this time.

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, 2020

	June 30,						
	2014	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.08372859%	0.08175265%	0.08068385%	0.08189616%	0.08534671%	0.08101828%	0.08141727%
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
Town's covered payroll	\$ 1,942,187	\$ 1,964,526	\$ 1,958,428	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148
Town's proportionate share of the net pension liability as a percentage of its covered payroll	185.54%	156.20%	163.21%	212.14%	194.47%	175.47%	173.41%
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%

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, 2020

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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

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, 2020. 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.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.50% per year
Wage Inflation	3.25% per year
Salary Increases	5.60% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

Other Information:

Notes	Contribution rates for Fiscal Year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
-------	--

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, 2020

	June 30,			
	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.04591256%	0.04950727%	0.07123418%	0.07363274%
Town's proportionate share of the net OPEB liability (asset)	\$ 222,265	\$ 226,364	\$ 326,143	\$ 322,814
Town's covered payroll	\$ 2,052,846	\$ 2,158,310	\$ 2,223,231	\$ 2,259,148
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	10.83%	10.49%	14.67%	14.29%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

The Note 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, 2020

	June 30,			
	2017	2018	2019	2020
Contractually required contribution	\$ 26,678	\$ 29,343	\$ 31,509	\$ 33,603
Contributions in relation to the contractually required contribution	26,678	29,343	31,509	33,603
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	<u>\$ 2,052,846</u>	<u>\$ 2,158,310</u>	<u>\$ 2,223,231</u>	<u>\$ 2,259,148</u>
Contributions as a percentage of covered payroll	1.30%	1.36%	1.42%	1.49%

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

TOWN OF NEW LONDON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at June 30, 2020. 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.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.50% per year
Wage Inflation	3.25% per year
Salary Increases	5.60% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,959,785	\$ 4,956,435	\$ (3,350)
Land use change	38,000	221,200	183,200
Yield	4,600	13,335	8,735
Interest and penalties on taxes	35,000	35,231	231
Total from taxes	<u>5,037,385</u>	<u>5,226,201</u>	<u>188,816</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	65,000	73,558	8,558
Motor vehicle permit fees	969,300	1,038,499	69,199
Other	75,900	77,635	1,735
Total from licenses, permits, and fees	<u>1,110,200</u>	<u>1,189,692</u>	<u>79,492</u>
Intergovernmental:			
State:			
Shared revenue	13,841	13,841	-
Meals and rooms distribution	213,650	213,650	-
Highway block grant	139,084	139,069	(15)
Water pollution grants	-	25,182	25,182
Federal:			
Other	58,496	58,496	-
Total from intergovernmental	<u>425,071</u>	<u>450,238</u>	<u>25,167</u>
Charges for services:			
Income from departments	233,250	220,233	(13,017)
Miscellaneous:			
Sale of municipal property	11,000	17,313	6,313
Interest on investments	70,000	45,595	(24,405)
Other	54,900	64,505	9,605
Total from miscellaneous	<u>135,900</u>	<u>127,413</u>	<u>(8,487)</u>
Other financing sources:			
Transfers in	297,675	279,286	(18,389)
Total revenues and other financing sources	<u>7,239,481</u>	<u>\$ 7,493,063</u>	<u>\$ 253,582</u>
Unassigned fund balance used to reduce tax rate	459,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 7,698,481</u>		

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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 300,268	\$ 303,570	\$ -	\$ (3,302)
Election and registration	-	152,029	101,064	-	50,965
Financial administration	-	246,199	273,900	-	(27,701)
Revaluation of property	-	98,962	86,127	-	12,835
Legal	-	20,500	7,157	-	13,343
Personnel administration	-	84,090	101,630	-	(17,540)
Planning and zoning	-	152,066	133,329	-	18,737
General government buildings	-	193,252	181,917	-	11,335
Cemeteries	-	33,108	29,638	-	3,470
Insurance, not otherwise allocated	-	102,793	90,920	-	11,873
Advertising and regional associations	-	18,537	18,537	-	-
Total general government	-	1,401,804	1,327,789	-	74,015
Public safety:					
Police	4,413	1,218,301	1,220,665	-	2,049
Fire	3,500	428,922	429,023	-	3,399
Emergency management	-	33,369	20,988	-	12,381
Other	-	429,755	417,795	-	11,960
Total public safety	7,913	2,110,347	2,088,471	-	29,789
Highways and streets:					
Administration	-	876,421	845,312	-	31,109
Highways and streets	11,000	457,337	412,778	-	55,559
Street lighting	-	9,300	10,000	-	(700)
Total highways and streets	11,000	1,343,058	1,268,090	-	85,968
Sanitation:					
Solid waste disposal	-	413,763	412,959	-	804
Solid waste clean-up	-	18,000	25,339	-	(7,339)
Total sanitation	-	431,763	438,298	-	(6,535)
Health:					
Administration	-	7,313	5,948	-	1,365
Health agencies	3,000	223,395	223,385	3,000	10
Total health	3,000	230,708	229,333	3,000	1,375
Welfare:					
Administration and direct assistance	-	5,504	5,448	-	56
Intergovernmental welfare payments	-	6,000	6,000	-	-
Vendor payments and other	-	16,000	9,719	-	6,281
Total welfare	-	27,504	21,167	-	6,337
Culture and recreation:					
Parks and recreation	-	192,345	176,220	-	16,125
Library	-	20,800	16,500	-	4,300
Patriotic purposes	-	300	-	-	300
Other	-	4,000	-	-	4,000
Total culture and recreation	-	217,445	192,720	-	24,725
Conservation	-	50,555	42,073	-	8,482

(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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	334,540	334,540	-	-
Interest on long-term debt	-	101,941	91,573	-	10,368
Interest on tax anticipation notes	-	1	-	-	1
Total debt service	-	436,482	426,113	-	10,369
Capital outlay	-	287,675	187,690	-	99,985
Other financing uses:					
Transfers out	-	1,161,140	1,163,268	-	(2,128)
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 21,913</u>	<u>\$ 7,698,481</u>	<u>\$ 7,385,012</u>	<u>\$ 3,000</u>	<u>\$332,382</u>

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, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,772,133
Changes:		
Unassigned fund balance used to reduce 2019-2020 tax rate		(459,000)
2019-2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 253,582	
Unexpended balance of appropriations (Schedule 2)	<u>332,382</u>	
2019-2020 Budget surplus		585,964
Increase in nonspendable fund balance		(25,000)
Increase in restricted fund balance		(39,518)
Increase in committed fund balance		<u>(7,000)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,827,579
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		(52,075)
Elimination of the allowance for uncollectible taxes		<u>40,000</u>
Unassigned fund balance, ending (GAAP basis, Exhibit C-1)		<u><u>\$ 1,815,504</u></u>

SCHEDULE 4
TOWN OF NEW LONDON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds			
	Conservation Commission	Recreation	Recycling	Special Details
ASSETS				
Cash and cash equivalents	\$ 20,343	\$ 52,395	\$ 5,000	\$ 9,753
Intergovernmental receivable	-	-	-	-
Total assets	<u>\$ 20,343</u>	<u>\$ 52,395</u>	<u>\$ 5,000</u>	<u>\$ 9,753</u>
LIABILITIES				
Contract payable	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	1,056
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056</u>
FUND BALANCES				
Restricted	20,343	-	-	-
Committed	-	52,395	5,000	8,697
Total fund balances	<u>20,343</u>	<u>52,395</u>	<u>5,000</u>	<u>8,697</u>
Total liabilities and fund balances	<u>\$ 20,343</u>	<u>\$ 52,395</u>	<u>\$ 5,000</u>	<u>\$ 9,753</u>

SCHEDULE 4
TOWN OF NEW LONDON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

Capital Project Funds					
Miscellaneous Projects 2018	Miscellaneous Projects 2020	Asset Management 2018	Asset Management 2020	Municipal Buildings	Total
\$ -	\$ 400,670	\$ -	\$ -	\$ -	\$ 488,161
-	-	-	8,489	-	8,489
<u>\$ -</u>	<u>\$ 400,670</u>	<u>\$ -</u>	<u>\$ 8,489</u>	<u>\$ -</u>	<u>\$ 496,650</u>
\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
-	-	-	8,489	-	9,545
<u>-</u>	<u>60,000</u>	<u>-</u>	<u>8,489</u>	<u>-</u>	<u>69,545</u>
-	340,670	-	-	-	361,013
-	-	-	-	-	66,092
<u>-</u>	<u>340,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,105</u>
<u>\$ -</u>	<u>\$ 400,670</u>	<u>\$ -</u>	<u>\$ 8,489</u>	<u>\$ -</u>	<u>\$ 496,650</u>

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, 2020

	Special Revenue Funds			
	Conservation Commission	Recreation	Recycling	Special Details
REVENUES				
Charges for services	\$ -	\$ 76,855	\$ 19,884	\$ 9,649
Miscellaneous	25,650	33	3	-
Total revenues	<u>25,650</u>	<u>76,888</u>	<u>19,887</u>	<u>9,649</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	3,129
Sanitation	-	-	10,618	-
Culture and recreation	-	100,912	-	-
Conservation	5,764	-	-	-
Capital outlay	16,836	-	-	-
Total expenditures	<u>22,600</u>	<u>100,912</u>	<u>10,618</u>	<u>3,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,050</u>	<u>(24,024)</u>	<u>9,269</u>	<u>6,520</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(5,796)	-
Debt proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,796)</u>	<u>-</u>
Net change in fund balances	3,050	(24,024)	3,473	6,520
Fund balances, beginning	17,293	76,419	1,527	2,177
Fund balances, ending	<u>\$ 20,343</u>	<u>\$ 52,395</u>	<u>\$ 5,000</u>	<u>\$ 8,697</u>

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, 2020

Capital Project Funds					
Miscellaneous Projects 2018	Miscellaneous Projects 2020	Asset Management 2018	Asset Management 2020	Municipal Buildings	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,388
-	-	-	-	-	25,686
-	-	-	-	-	132,074
-	-	-	-	-	3,129
-	-	-	-	-	10,618
-	-	-	-	-	100,912
-	-	-	-	-	5,764
32,800	409,330	4,843	8,489	214,045	686,343
32,800	409,330	4,843	8,489	214,045	806,766
(32,800)	(409,330)	(4,843)	(8,489)	(214,045)	(674,692)
8,129	-	4,843	-	-	12,972
-	-	-	-	(39,518)	(45,314)
-	750,000	-	8,489	-	758,489
8,129	750,000	4,843	8,489	(39,518)	726,147
(24,671)	340,670	-	-	(253,563)	51,455
24,671	-	-	-	253,563	375,650
\$ -	\$ 340,670	\$ -	\$ -	\$ -	\$ 427,105

SCHEDULE 6
TOWN OF NEW LONDON, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
June 30, 2020

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
ASSETS				
Cash and cash equivalents	\$ 6,847,273	1,621,502	\$ 1,321	\$ 8,470,096
Investments	-	513,688	-	513,688
Accrued interest receivable	-	1,947	-	1,947
Total assets	<u>\$ 6,847,273</u>	<u>\$ 2,137,137</u>	<u>\$ 1,321</u>	<u>\$ 8,985,731</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,321	\$ 1,321
Intergovernmental payables:				
School	4,947,260	-	-	4,947,260
County	1,671,772	-	-	1,671,772
Precinct	228,241	-	-	228,241
Total liabilities	<u>6,847,273</u>	<u>-</u>	<u>1,321</u>	<u>6,848,594</u>
Net position:				
Restricted	-	2,137,137	-	2,137,137
Total liabilities and net position	<u>\$ 6,847,273</u>	<u>\$ 2,137,137</u>	<u>\$ 1,321</u>	<u>\$ 8,985,731</u>

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, 2020

	Custodial Funds			Total
	Taxes	Trust Funds	Escrows	
Additions:				
Contributions	\$ -	\$ 66,360	\$ -	\$ 66,360
Investment earnings	-	35,578	-	35,578
Change in fair market value	-	10,542	-	10,542
Taxes collected for other governments	13,643,714	-	-	13,643,714
Total additions	<u>13,643,714</u>	<u>112,480</u>	<u>-</u>	<u>13,756,194</u>
Deductions:				
Payments to other governments	13,643,714	100,000	-	13,743,714
Change in net position	-	12,480	-	12,480
Net position, beginning, as restated (see Note 20)	-	2,124,657	-	2,124,657
Net position, ending	<u>\$ -</u>	<u>\$ 2,137,137</u>	<u>\$ -</u>	<u>\$ 2,137,137</u>