

TOWN OF NEW HAMPTON, NEW HAMPSHIRE

Financial Statements

December 31, 2022

and

Independent Auditor's Report

**TOWN OF NEW HAMPTON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2022**

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of New Hampton, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Hampton, New Hampshire (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Hampton, New Hampshire, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Hampton, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vachon Clukay & Company PC

Manchester, New Hampshire
June 29, 2023

**TOWN OF NEW HAMPTON, NEW HAMPSHIRE
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2022**

The following is a discussion and analysis of the financial activities of the Town of New Hampton, New Hampshire for the year ending December 31, 2022. Readers are encouraged to consider the information presented here in conjunction with the Town’s financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town’s financial position, and the result of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town’s financial activities have been included.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to most private-sector companies.

The **Statement of Net Position** presents information on all of the Town’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and 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 Town’s net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and earned but unused vacation leave).

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. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town's custodial funds consist of escrow funds from developers which are held by the Town, and taxes and fees collected by the Town and remitted to other governments. Private-Purpose Trust Funds are for funds of cemeteries and scholarships.

Notes to the Basic Financial Statements

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

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, Town's only major governmental fund with an adopted budget and includes reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D).

This section also includes a schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability and a schedule of Town pension contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The Town's net position totaled \$4,148,099 at the end of 2022, an increase of \$124,917 when compared to the end of the previous year.

	Governmental	
	Activities	
	2022	2021
Current assets	\$ 2,354,129	\$ 2,332,957
Capital assets, net	5,938,627	5,931,613
Total Assets	<u>8,292,756</u>	<u>8,264,570</u>
Deferred outflows of resources related to OPEB	7,460	5,958
Deferred outflows of resources related to pensions	436,511	249,019
Total Deferred Outflows of Resources	<u>443,971</u>	<u>254,977</u>
Current liabilities	682,834	479,594
Non-Current liabilities	3,744,198	3,476,060
Total Liabilities	<u>4,427,032</u>	<u>3,955,654</u>
Deferred inflows of resources related to OPEB	-	1,397
Deferred inflows of resources related to pensions	161,596	539,314
Total Deferred Inflows of Resources	<u>161,596</u>	<u>540,711</u>
Net position:		
Net investment in capital assets	4,991,429	4,682,974
Restricted	192,645	55,553
Unrestricted	<u>(1,035,975)</u>	<u>(715,345)</u>
Total Net Position	<u>\$ 4,148,099</u>	<u>\$ 4,023,182</u>

One of the largest portions of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. There is \$192,645 restricted for the Permanent Funds, drug forfeiture funds, and grants.

Statement of Activities

The Town's net position increased by \$124,917 during the current year. Total revenues of \$3,717,440 exceeded total expenditures of \$3,592,523.

Property taxes brought in \$2,106,502 in revenues. Licenses and permits generated \$629,723 in revenues. These revenue sources generate approximately 73.6% of total revenue. Other revenues consisted of charges for services, grants and contributions, interest and investment earnings, and miscellaneous revenues.

Changes in net position for the year ending December 31, 2022 is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 203,737	\$ 217,429
Operating grants and contributions	309,579	105,577
Capital grants and contributions	156,761	
General revenues:		
Property taxes	2,106,502	2,103,498
Licenses and permits	629,723	631,018
Grants and contributions	241,160	196,581
Interest and investment earnings	26,711	3,968
Miscellaneous	43,267	62,623
Total Revenues	<u>3,717,440</u>	<u>3,320,694</u>
Expenses		
General government	767,957	566,983
Public safety	1,368,729	979,967
Highways and streets	1,184,404	957,846
Health and welfare	5,869	6,637
Sanitation	218,011	192,915
Culture and recreation	5,358	8,075
Conservation	16,388	18,111
Interest and fiscal charges	25,807	37,911
Total Expenses	<u>3,592,523</u>	<u>2,768,445</u>
Change in net position	<u>124,917</u>	<u>552,249</u>
Net position, beginning of year	<u>4,023,182</u>	<u>3,470,933</u>
Net position, end of year	<u>\$ 4,148,099</u>	<u>\$ 4,023,182</u>

The Town's expenses cover a range of services. The largest expenses were for public safety (38%), highways and streets (33%), and general government (21%), which accounted for 92% of total expenses.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the fiscal year 2022, the General Fund had an unassigned fund balance of \$479,786 while total General Fund balance was \$1,366,990. The total fund balance includes committed funds for the Capital Reserve and Trust Funds. The General Fund balance decreased \$218,806 from December 31, 2021.

Under Statement 54, the Town has segregated fund balance into five classifications: Non-spendable, Restricted, Committed, Assigned and Unassigned. Complete descriptions of these classifications may be found on pages 14-15 of the Notes to the Basic Financial Statements. Also, under GASB 54, the Capital Reserve and Expendable Trust Funds are reported as part of the General Fund.

Other Governmental Funds

The Fire Department Equipment Fund was reported as a major fund in the current year. Total fund balance of \$312,978 was increased by \$43,311 over December 31, 2021. The total fund balance in the Nonmajor Governmental Funds was \$155,230, an increase of \$4,673 from December 31, 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2022 most town departments were under expensed. The most significant balances were in the Police Department, FD, Ambulance, and Executive. The Police Department budgeted for 6 full-time positions for all of 2022, but during the year one position was eliminated resulting in a significant reduction in expenditures in Full-time wages and corresponding benefits.

Budgetary information is not presented for the Fire Department Equipment Fund as the information is neither practical nor meaningful.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The Town considers a capital asset to be an asset whose costs exceeds \$10,000 and has a useful life of greater than (1) year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$8,653,262. Accumulated depreciation amounts to \$2,714,635 leaving a net book value of \$5,938,627. This investment in capital assets includes equipment, and real property. The net book value of the Town's buildings, building improvements, land, and equipment was reported in accordance with the GASB requirements. See Note 3 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

During 2022 the Town had long-term obligations consisting of one general bond, five finance purchase obligations, and a closed unlined landfill. The estimated annual cost of the landfill is \$7,050 yearly, with the remaining 4-year obligation of \$28,200. The General Bond is for the public safety building with one principal and two interest payments yearly through February 2027, with a balance of \$646,931 as of December 31, 2022. The total balance of the finance purchase obligations as of December 31, 2022 is \$300,267. See Notes 4 and 5 in the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations.

ECONOMIC CONDITIONS

The Town is in good financial condition at this time. We finished the year 2022 under budget. Payment and collection of real estate taxes in 2022 has remained consistent with previous years. The town has avoided having to borrow in anticipation of taxes for more than 11 years.

In 2022, the Town continued payments to the Public Safety Building Bond, which began in 2012 for \$1,954,727, a 15-year general obligation bond at 3.75% interest rate. The bond was refinanced in 2020 at 2.9% interest rate and refinanced again in 2022 at 1.4% interest rate. A warrant article authorized by the voters appropriates from the Fire Department Special Revenue Fund \$25,000 each year toward the \$164,000 annual payment. This bond will be retired in 5 years, February 2027. The Town also has four (4) lease to purchase agreements with balances on 12/31/22 for principal and interest as follows; 2020 Ambulance \$71,674, 2020 Backhoe \$50,406, 2020 Dump Truck \$65,597, and 2021 Dump Truck \$112,590. The lease/purchase option has been used to lessen the impact of large equipment purchases. The 2022 updated Capital Improvements Plan provided guidance with capital appropriations and management of the fiscal impact on the taxpayers.

The New Hampton Medical Emergency Services (EMS) emergency response and ambulance transports continue to generate revenue, which is placed in the Fire Department Special Revenue Fund. The Fire Department Special Revenue Fund, consisting of funds from ambulance fees, is used to offset the cost of the fire equipment purchases (i.e., Ambulances, Fire Trucks, radios, pagers and other equipment). The town also maintains a Police Department Detail Revolving Fund in which excess monies from special details are deposited and accrued for the purchase, replacement or maintenance of police department equipment or vehicles.

The cost of education is a significant portion of the local tax rate. In 2022 the Newfound Area School District tax rate increased from \$9.38 to \$9.97, and the State Education tax rate decreased from \$1.94 to \$1.44 for a total of \$11.41, which is 58.8% of the 2022 tax rate of \$19.39, with Municipal (34.4%) and the County (6.8%) making up the remaining portion of the tax rate.

In 2022 we experienced a decrease of \$2,980,938 (assessed value) in the town tax base. The decrease is significantly due to the revaluation of DIRECTV. The 2022 operating budget, warrant articles and revenues resulted in an increase of the town portion of the tax rate from \$6.33 in 2021 to \$6.67 for 2022.

The State of New Hampshire Department of Revenue recommends fund balance retention of 5% to 17% of the Town's annual budget (including school and county appropriations). The Government Finance Officers Association suggests retaining 5% to 15%. The Town's retained fund balance (surplus) was \$1,260,083 at December 31, 2022 (15.3% of the total annual budget for 2022).

During 2022 tax rate setting, \$0 was used to offset the 2022 town portion of the tax rate to maintain the recommended levels of fund balance. Maintaining too low a fund balance weakens the town's financial position by limiting cash flow (which may necessitate further borrowing), and/or restricting the town's ability to reduce the impact of unanticipated expenses (welfare assistance, emergencies, legal judgments, tax appeals, natural disasters, etc.).

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of New Hampton citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of New Hampton, Selectmen's Office, 6 Pinnacle Hill Road, New Hampton, NH 03256.

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

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,384,888
Investments	718,125
Taxes receivable, net	169,690
Accounts receivable, net	65,051
Due from other governments	<u>16,375</u>
Total Current Assets	<u>2,354,129</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	106,042
Depreciable capital assets, net	<u>5,832,585</u>
Total Noncurrent Assets	<u>5,938,627</u>
Total Assets	<u>8,292,756</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	7,460
Deferred outflows of resources related to pension liability	<u>436,511</u>
Total Deferred Outflows of Resources	<u>443,971</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	146,308
Accrued liabilities	79,106
Deposits	12,169
Advances from grantors	172,145
Current portion of bonds payable	136,925
Current portion of financed purchase obligations	129,131
Current portion of estimated liability for landfill postclosure care costs	<u>7,050</u>
Total Current Liabilities	<u>682,834</u>
Noncurrent Liabilities:	
Bonds payable	510,006
Financed purchase obligations	171,136
Estimated liability for landfill postclosure care costs	21,150
OPEB liability	1,416,017
Net pension liability	<u>1,625,889</u>
Total Noncurrent Liabilities	<u>3,744,198</u>
Total Liabilities	<u>4,427,032</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension liability	<u>161,596</u>
Total Deferred Inflows of Resources	<u>161,596</u>
NET POSITION	
Net investment in capital assets	4,991,429
Restricted	192,645
Unrestricted (Deficit)	<u>(1,035,975)</u>
Total Net Position	<u>\$ 4,148,099</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 767,957	\$ 6,720	\$ 28,128	\$ 28,054	\$ (705,055)
Public safety	1,368,729	141,660	9,144	128,707	(1,089,218)
Highways and streets	1,184,404	150	272,307		(911,947)
Health and welfare	5,869	11,440			5,571
Sanitation	218,011	43,526			(174,485)
Culture and recreation	5,358	241			(5,117)
Conservation	16,388				(16,388)
Interest and fiscal charges	25,807				(25,807)
Total governmental activities	<u>\$ 3,592,523</u>	<u>\$ 203,737</u>	<u>\$ 309,579</u>	<u>\$ 156,761</u>	<u>(2,922,446)</u>
General revenues:					
Property and other taxes					2,106,502
Licenses and permits					629,723
Grants and contributions:					
Rooms and meals tax distribution					210,771
State and federal forest land reimbursement					160
Other state grants					5,431
Flood control reimbursement					24,798
Interest and investment income					26,711
Miscellaneous					43,267
Total general revenues					3,047,363
Change in net position					124,917
Net Position at beginning of year					4,023,182
Net Position at end of year					<u>\$ 4,148,099</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Fire Department Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,283,220	\$ 95,894	\$ 5,774	\$ 1,384,888
Investments	445,889	155,933	116,303	718,125
Taxes receivable, net	169,690			169,690
Accounts receivable, net		61,151	3,900	65,051
Due from other governments	13,665		2,710	16,375
Due from other funds			26,543	26,543
Total Assets	<u>1,912,464</u>	<u>312,978</u>	<u>155,230</u>	<u>2,380,672</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,912,464</u>	<u>\$ 312,978</u>	<u>\$ 155,230</u>	<u>\$ 2,380,672</u>
LIABILITIES				
Accounts payable	\$ 146,308			\$ 146,308
Accrued liabilities	61,337			61,337
Deposits	12,169			12,169
Due to other funds	26,543			26,543
Advances from grantors	172,145			172,145
Total Liabilities	<u>418,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>418,502</u>
DEFERRED INFLOWS OF RESOURCES				
Uncollected property tax revenue	126,972			126,972
Total Deferred Inflows of Resources	<u>126,972</u>	<u>-</u>	<u>-</u>	<u>126,972</u>
FUND BALANCES				
Nonspendable			14,733	14,733
Restricted	145,998		31,914	177,912
Committed	280,128	312,978	108,583	701,689
Assigned	461,078			461,078
Unassigned	479,786			479,786
Total Fund Balances	<u>1,366,990</u>	<u>312,978</u>	<u>155,230</u>	<u>1,835,198</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,912,464</u>	<u>\$ 312,978</u>	<u>\$ 155,230</u>	<u>\$ 2,380,672</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 1,835,198
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,938,627
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	126,972
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	7,460
Deferred outflows of resources related to net pension liability	436,511
Deferred inflows of resources related to net pension liability	(161,596)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(646,931)
Financed purchase obligations	(300,267)
Accrued interest on long-term obligations	(17,769)
Estimated liability for landfill postclosure care costs	(28,200)
OPEB liability	(1,416,017)
Net pension liability	<u>(1,625,889)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 4,148,099</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Fire Department Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,115,672		\$ 17,765	\$ 2,133,437
Licenses and permits	629,723			629,723
Intergovernmental	704,370		3,130	707,500
Charges for services	62,893	\$ 121,389	19,455	203,737
Interest and investment income (loss)	33,002	2,304	(8,595)	26,711
Miscellaneous	59,466		4,966	64,432
Total Revenues	<u>3,605,126</u>	<u>123,693</u>	<u>36,721</u>	<u>3,765,540</u>
Expenditures:				
Current operations:				
General government	742,868		1,567	744,435
Public safety	1,085,348		15,416	1,100,764
Highways and streets	777,887			777,887
Health and welfare	5,869			5,869
Sanitation	214,470			214,470
Culture and recreation	2,118			2,118
Conservation	1,323		15,065	16,388
Capital outlay	791,809			791,809
Debt service:				
Principal retirement	262,308			262,308
Interest and fiscal charges	20,314			20,314
Total Expenditures	<u>3,904,314</u>	<u>-</u>	<u>32,048</u>	<u>3,936,362</u>
Excess revenues over (under) expenditures	<u>(299,188)</u>	<u>123,693</u>	<u>4,673</u>	<u>(170,822)</u>
Other financing sources (uses):				
Bond refunding proceeds	657,328			657,328
Bond refunding payment	(657,328)			(657,328)
Transfers in	80,382			80,382
Transfers out		(80,382)		(80,382)
Total Other financing sources (uses)	<u>80,382</u>	<u>(80,382)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(218,806)	43,311	4,673	(170,822)
Fund Balances at beginning of year	<u>1,585,796</u>	<u>269,667</u>	<u>150,557</u>	<u>2,006,020</u>
Fund Balances at end of year	<u>\$ 1,366,990</u>	<u>\$ 312,978</u>	<u>\$ 155,230</u>	<u>\$ 1,835,198</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1

TOWN OF NEW HAMPTON, NEW HAMPSHIRE

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended December 31, 2022

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ (170,822)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense and capital outlays in the current period are as follows:

Capital outlays	319,099
Depreciation expense	(290,920)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (26,935)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets reduced by the actual proceeds received from the disposal. (21,165)

Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal repayments on long-term obligations in the current year are as follows:

Financed purchase obligation principal paid	140,816
Bond principal paid	150,228

Governmental funds report the effect of bond issuance premiums and losses on debt refundings when the debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt. The activity recognized in the current year is as follows:

Amortization of bond issuance premiums	10,397
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Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Estimated landfill postclosure care costs	3,645
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In the statement of activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due. (7,282)

Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

Net changes in OPEB	(13,985)
Net changes in pension	31,841

Change in Net Position of Governmental Activities (Exhibit B) \$ 124,917

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ 72	\$ 312,486
Investments	452,107	1,757,978
Taxes receivable		118,077
Total Assets	<u>452,179</u>	<u>2,188,541</u>
LIABILITIES		
Due to other governments		<u>2,188,541</u>
Total Liabilities	<u>-</u>	<u>2,188,541</u>
NET POSITION		
Restricted for:		
Trusts	<u>452,179</u>	
Total Net Position	<u>\$ 452,179</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Investment earnings:		
Interest income	\$ 9,255	
Realized gains on investments	34,147	
Net decrease in the fair value of investments	<u>(118,212)</u>	
Total Investment earnings (losses)	<u>(74,810)</u>	<u>\$ -</u>
Taxes collected for other governments		4,272,207
Fees collected for other governments		213,105
Total Additions	<u>(74,810)</u>	<u>4,485,312</u>
DEDUCTIONS:		
Benefits paid	7,380	
Payments released to individuals		3,958
Payments of taxes to other governments		4,272,207
Payments of fees to other governments		213,105
Total Deductions	<u>7,380</u>	<u>4,489,270</u>
Change in net position	(82,190)	(3,958)
Net Position at beginning of year	<u>534,369</u>	<u>3,958</u>
Net Position at end of year	<u>\$ 452,179</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of New Hampton, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of New Hampton, New Hampshire (the “Town”) was incorporated in 1777. The Town operates under the Town Meeting form of government and performs local governmental functions authorized by state law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources, except those required to be accounted for in another fund.

The *Fire Department Equipment Fund* accounts for the financial resources related to the ambulance services provided by the Town.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's custodial funds consist of escrow funds from developers, property taxes collected on behalf of Newfound Area School District and Belknap County, and motor vehicle fees collected on behalf of the State of New Hampshire.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2022, the Town applied \$1,160 of its unassigned fund balance to reduce taxes.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2022 are recorded as receivables net of an allowance for estimated uncollectibles of \$68,597.

Accounts Receivable

Charges for services billed during the current year and prior and uncollected at December 31, 2022 are recorded net of an allowance for estimated uncollectibles of \$59,940 in the Fire Department Equipment Fund.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2022

All capital assets, including infrastructure and intangible assets, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. The Town’s infrastructure consists of bridges. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	15-40
Vehicles and equipment	3-25
Infrastructure	50
Land improvements	25

Compensated Absences

Pursuant to the Town personnel policy, full-time employees are entitled to up to 280 hours (based on years of continuous service) of paid time off at the start of each year that may be used for sick or vacation time. Part-time employees are entitled to up to 80 hours (based on years of continuous service) of paid time off at the start of each year that may be used for sick or vacation time. Unused time at year end will not rollover to the following year and will lapse on December 31 of each year. Unused personal time off, less 120 hours, as of year-end, will be paid out at a straight time hourly rate.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Bonds payable and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Bond Premiums

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premium.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- **Nonspendable Fund Balance**: Amounts that are not in a spendable form or are required to be maintained intact.
- **Restricted Fund Balance**: Amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation.
- **Committed Fund Balance**: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority: to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

- Assigned Fund Balance: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for a deficit fund balance of another governmental fund.

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Emergency Use of Fund Balance

The Town will follow the provisions of the State Municipal Budget Law in emergency situations which may cause an over expenditure of total appropriations.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue Administration, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of the total annual appropriations of the community (which includes Town, County, School District, and Precincts). The Selectmen have the authority to apply up to \$300,000 of the Town's beginning unassigned fund balance in order to balance the budget and to reduce the property tax rate.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

Statement of Net Position:	
Cash and cash equivalents	\$ 1,384,888
Investments	718,125
Statement of Fiduciary Net Position:	
Cash and cash equivalents	312,558
Investments	<u>2,210,085</u>
	<u>\$ 4,625,656</u>

Deposits and investments at December 31, 2022 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	1,696,946
Investments	<u>2,928,210</u>
	<u>\$ 4,625,656</u>

The Town limits its investments to obligations of the U.S. government, savings accounts in solvent banks in New Hampshire, certificates of deposit, or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to acquisition value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>>5 Years</u>
Corporate bonds	<u>\$ 100,476</u>	<u>\$ 19,854</u>	<u>\$ 66,874</u>	<u>\$ 13,748</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town does not have a formal investment policy that addresses credit risk.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

The following is the actual rating at year end for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>							
		<u>AAAm</u>	<u>A+</u>	<u>A</u>	<u>A-</u>	<u>AA-</u>	<u>BBB</u>	<u>BBB+</u>	<u>Not Rated</u>
Corporate bonds	\$ 100,476		\$ 19,057	\$ 19,522	\$ 9,933	\$ 9,680	\$ 9,751	\$ 28,159	\$ 4,374
State investment pool	2,434,444	\$ 2,434,444							
Exchange traded funds	108,957								108,957
Mutual funds	14,263								14,263
Money market mutual funds	27,878								27,878
	<u>\$ 2,686,018</u>	<u>\$ 2,434,444</u>	<u>\$ 19,057</u>	<u>\$ 19,522</u>	<u>\$ 9,933</u>	<u>\$ 9,680</u>	<u>\$ 9,751</u>	<u>\$ 28,159</u>	<u>\$ 155,472</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town requires collateralized securities, such as repurchase agreements, with protection through third-party safekeeping.

As of December 31, 2022, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Corporate bonds	\$ 100,476
Equity securities	242,192
Exchange traded funds	108,957
Mutual funds	14,263
Money market mutual funds	27,878
	<u>\$ 493,766</u>

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

As of December 31, 2022, the Town’s investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	
Corporate bonds		\$ 100,476		\$ 100,476
Equity securities	\$ 242,192			242,192
Exchange traded funds	108,957			108,957
Mutual funds	14,263			14,263
	<u>\$ 365,412</u>	<u>\$ 100,476</u>	<u>\$ -</u>	<u>\$ 465,888</u>

Equity securities, exchange traded funds, and mutual funds classified as Level 1 are valued using unadjusted prices quoted in active markets for those securities. Corporate bonds classified as Level 2 are valued utilizing pricing that may involve estimation using similar securities or trade dates.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP’s website at www.NHPDIP.com.

The Town’s exposure to derivatives is indirect through its participation in the NHPDIP. The Town’s proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 106,042			\$ 106,042
Total capital assets not being depreciated	<u>106,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>106,042</u>
Other capital assets:				
Buildings and improvements	2,770,790	12,703		2,783,493
Vehicles and equipment	3,020,465	292,007	(156,685)	3,155,787
Infrastructure	2,593,551			2,593,551
Land improvements	-	14,389		14,389
Total other capital assets at historical cost	<u>8,384,806</u>	<u>319,099</u>	<u>(156,685)</u>	<u>8,547,220</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

Less accumulated depreciation for:

Buildings and improvements	(777,302)	(69,547)		(846,849)
Vehicles and equipment	(1,221,348)	(169,358)	135,520	(1,255,186)
Infrastructure	(560,585)	(51,871)		(612,456)
Land improvements	-	(144)		(144)
Total accumulated depreciation	<u>(2,559,235)</u>	<u>(290,920)</u>	<u>135,520</u>	<u>(2,714,635)</u>
Total other capital assets, net	<u>5,825,571</u>	<u>28,179</u>	<u>(21,165)</u>	<u>5,832,585</u>
Total capital assets, net	<u>\$ 5,931,613</u>	<u>\$ 28,179</u>	<u>\$ (21,165)</u>	<u>\$ 5,938,627</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 8,200
Public safety	142,711
Highways and streets	137,872
Sanitation	<u>2,137</u>
Total governmental activities depreciation expense	<u>\$ 290,920</u>

The balance of assets acquired through financed purchase obligations as of December 31, 2022 is as follows:

Vehicles and equipment	\$ 787,286
Less accumulated depreciation for:	
Vehicles and equipment	<u>(136,151)</u>
	<u>\$ 651,135</u>

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations of the governmental activities for the year ended December 31, 2022 are as follows:

	Balance <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2022</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 807,555	\$ 601,425	\$ (807,555)	\$ 601,425	\$ 136,925
Unamortized bond premium	<u>-</u>	<u>55,903</u>	<u>(10,397)</u>	<u>45,506</u>	<u>-</u>
Total Bonds payable	807,555	657,328	(817,952)	646,931	136,925
Financed purchase obligations	<u>441,083</u>	<u>-</u>	<u>(140,816)</u>	<u>300,267</u>	<u>129,131</u>
Total governmental activities	<u>\$ 1,248,638</u>	<u>\$ 657,328</u>	<u>\$ (958,768)</u>	<u>\$ 947,198</u>	<u>\$ 266,056</u>

Payments on the bonds payable and financed purchase obligations of the governmental activities are paid out of the General Fund.

General Obligation Bonds

Bonds payable at December 31, 2022 is comprised of the following individual issue:

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<u>Description</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2022</u>
2022 Refunded Public Safety Bond	5.1%	Feb 2027	\$ 601,425
	Add: <i>Unamortized bond premium</i>		<u>45,506</u>
			<u>\$ 646,931</u>

Debt service requirements to retire general obligation bonds outstanding at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 136,925	\$ 27,181	\$ 164,106
2024	144,000	20,018	164,018
2025	151,300	12,487	163,787
2026	159,100	4,572	163,672
2027	<u>10,100</u>	<u>4,830</u>	<u>14,930</u>
Total	601,425	69,088	670,513
Add: <i>Unamortized bond premium</i>	<u>45,506</u>		<u>45,506</u>
	<u>\$ 646,931</u>	<u>\$ 69,088</u>	<u>\$ 716,019</u>

Financed Purchase Obligations

Financed purchase obligations represent agreements entered into for the financing of vehicles, equipment and fixture acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Following are the individual financed purchase obligations outstanding at December 31, 2022:

<u>Description</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2022</u>
2020 Ambulance	2.79%	April 2024	\$ 71,674
2020 Backhoe	3.35%	June 2025	50,406
2020 Highway truck	2.79%	May 2024	65,597
2021 Highway dump truck	2.79%	June 2025	<u>112,590</u>
			<u>\$ 300,267</u>

Debt service requirements to retire financed purchase obligations outstanding at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 129,131	\$ 8,686	\$ 137,817
2024	132,569	4,920	137,489
2025	<u>38,567</u>	<u>1,076</u>	<u>39,643</u>
	<u>\$ 300,267</u>	<u>\$ 14,682</u>	<u>\$ 314,949</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2022

Current Refunding of Debt

During the year ended December 31, 2022, the Town issued \$601,425 of refunding bonds and contributed additional debt service payments of \$127,457 in the General Fund to affect a current refunding for \$783,078 of the 2011 Public Safety Building general obligation bond payable (old debt). Net refunding proceeds of \$657,328 and additional debt services payments of \$127,457 were used to retire old debt principal of \$783,078 and old debt interest of \$1,707.

The current refunding of debt resulted in the recognition of an economic gain of \$27,013. The Town in effect, reduced its aggregate debt service payments by \$34,038 over the next five fiscal years through the current refunding.

NOTE 5—LANDFILL POSTCLOSURE CARE COSTS

State and federal 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 for thirty years after closure. During 1996, a final cover was placed on the Town’s landfill. An estimated liability has been recorded based on the future postclosure care costs that will be incurred. The estimated liability for postclosure care costs has a balance of \$28,200 as of December 31, 2022. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2022. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining postclosure care costs of the Town are expected to be financed through annual appropriations.

The following is a summary of changes in the estimated liability for landfill postclosure care costs for the year ended December 31, 2022:

Balance - January 1, 2022	\$ 31,845
Expenditures recognized in General Fund	(6,150)
Change in estimated liability	<u>2,505</u>
Balance - December 31, 2022	<u>\$ 28,200</u>

NOTE 6—OTHER POSTEMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	Deferred <u>Outflows</u>	OPEB <u>Liability</u>	Deferred <u>Inflows</u>	OPEB <u>Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 7,460	\$ 112,122	\$ -	\$ 28,863
Single Employer Plan	<u>-</u>	<u>1,303,895</u>	<u>-</u>	<u>1,189</u>
Total	<u>\$ 7,460</u>	<u>\$ 1,416,017</u>	<u>\$ -</u>	<u>\$ 30,052</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$7,460.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

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 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. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rate for the covered payroll of general employees was 0.31% for the year ended December 31, 2022. The Town's contribution rate for the covered payroll of police officers and firefighters was 3.21% for the year ended December 31, 2022. Contributions to the OPEB plan for the Town were \$13,689 for the year ended December 31, 2022. Employees are not required to contribute to the OPEB plan.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2022, the Town reported a liability of \$112,122 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The Town’s proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the Town’s proportion was approximately 0.0297 percent, which was an increase of approximately 0.0062 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$28,863. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 306	
Town contributions subsequent to the measurement date	<u>7,154</u>	
Totals	<u>\$ 7,460</u>	<u>\$ -</u>

The Town reported \$7,154 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2023	\$ 51
2024	13
2025	(121)
2026	<u>363</u>
	<u>\$ 306</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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December 31, 2022

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments, adjusted for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on OPEB Plan investments 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 rates 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 geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. 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 Net OPEB Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 121,727	\$ 112,122	\$ 103,756

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2022

SINGLE EMPLOYER PLAN

Plan Description

The Town of New Hampton, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees and their covered dependents. Retirees over the age of 65 are covered by the Medicare supplemental plan. The following groups of retirees qualify for this benefit: Group I employees are required to reach age 60 with 10 years of service; Group II employees are eligible at age 45 with 10 years of service or at age 60 with no minimum service requirement. Retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	15
	<u>19</u>

Total OPEB Liability

The Town's total OPEB liability of \$1,303,895 was measured and calculated as of December 31, 2022, using the alternative measurement method in place of an actuarial valuation.

Alternative Measurement Method Assumptions and Other Inputs for OPEB

The total OPEB liability in the December 31, 2022 calculation was determined using the following alternative measurement method assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	3.44%
Healthcare cost trend rates	4.70% for 2022, with a steady decline to 4.2% over the course of 10 years (2032 ultimate rate)

The discount rate was based on a 20-year tax-exempt municipal bond yield as of December 31, 2022.

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2022

Mortality rates were based on the Pub-2010 Public Retirement Plans with mortality improvement projected for 10 years. The turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	\$ 1,305,084
Changes for the year:	
Service cost	36,902
Interest	29,389
Differences between expected and actual experience	203,716
Changes of assumptions or other inputs	<u>(271,196)</u>
Net changes	<u>(1,189)</u>
Balance at December 31, 2022	<u>\$ 1,303,895</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.19% at December 31, 2021 to 3.44% at December 31, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,514,328	\$ 1,303,895	\$ 1,135,335

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,114,861	\$ 1,303,895	\$ 1,541,762

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Town recognized OPEB expense of \$1,189. The impact of differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings are recognized as a component of OPEB expense as they occur under the alternative measurement method.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2022

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for the NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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

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

<u>Years of Creditable Services as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Funding Policy

Covered police officers and firefighters are required to contribute 11.55% and 11.80%, respectfully, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town’s contribution rates for

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December 31, 2022

the covered payroll of general employees, police officers, and firefighters were 13.75%, 30.67%, and 29.78%, respectively, through December 31, 2022. The Town contributed 100% of the employer cost for general employees, police officers, and firefighters of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial funding policy. Contributions to the pension plan for the Town were \$181,543 for the year ended December 31, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Town reported a liability of \$1,625,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2021. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2022, the Town's proportion was approximately 0.0283 percent, which was an increase of .0037 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$149,699. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 30,515	\$ 6,242
Changes of assumptions	86,484	
Net difference between projected and actual earnings on pension plan investments	61,619	
Changes in proportion and differences between Town contributions and proportionate share of contributions	161,843	155,354
Town contributions subsequent to the measurement date	<u>96,050</u>	
Totals	<u>\$ 436,511</u>	<u>\$ 161,596</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$274,915. The Town reported \$96,050 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

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<u>June 30,</u>	
2023	\$ 56,842
2024	38,867
2025	(34,835)
2026	<u>117,991</u>
	<u>\$ 178,865</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments 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 rates 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 geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Public Equity	50%	7.60-7.90%
Private Market Equity	20%	6.60-8.85%
Private Debt	5%	7.25%
Fixed Income	<u>25%</u>	3.60%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2022

of current members only. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, 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 or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension liability	\$ 2,181,533	\$ 1,625,889	\$ 1,163,922

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town incurs various interfund balances throughout the year as a result of timing differences between when amounts expended are reimbursed by the various funds. At December 31, 2022, \$26,543 was due to the Nonmajor Governmental Funds from the General Fund as a result of such timing differences.

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2022 amounted to \$80,382 transferred from the Fire Department Equipment Fund to the General Fund.

NOTE 9—RESTRICTED NET POSITION

Net position of the governmental activities is restricted for specific purposes at December 31, 2022 as follows:

Permanent Funds - Principal	\$ 14,733
Permanent Funds - Income	26,926
SB401 Highway Block Grant	89,832
SB401 State Bridge Aid	56,166
Drug forfeiture funds	4,988
	<u>\$ 192,645</u>

NOTE 10—COMPONENTS OF FUND BALANCE

The components of the Town’s fund balance for its governmental funds at December 31, 2022 are as follows:

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Department Equipment Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Permanent Funds - Principal			\$ 14,733	\$ 14,733
Restricted for:				
Permanent Funds - Income			26,926	26,926
Drug Forfeiture Fund			4,988	4,988
SB401 Highway Block Grant	\$ 89,832			89,832
SB401 State Bridge Aid	56,166			56,166
Committed for:				
Continuing appropriations	38,702			38,702
Encumbrances	700			700
Fire Department Equipment Fund		\$ 312,978		312,978
Police Detail Fund			11,022	11,022
Conservation			97,561	97,561
Capital Reserve Fund	18,020			18,020
Expendable Trust Fund	222,706			222,706
Assigned:				
Subsequent years' expenditures	461,078			461,078
Unassigned	479,786			479,786
	<u>\$ 1,366,990</u>	<u>\$ 312,978</u>	<u>\$ 155,230</u>	<u>\$ 1,835,198</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$339,592,413 as of April 1, 2022) and were due in two installments on July 1, 2022 and December 10, 2022. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under state law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens accrue interest at 14% per annum for liens executed after April 1, 2019. Priority tax liens accrue interest at 18% per annum for liens executed prior to April 1, 2019. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with state law, the Town collects taxes for the Newfound Area School District and Belknap County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the School District. Total taxes appropriated during the year were \$3,826,669 and \$445,538 for the Newfound Area School District and Belknap County, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 12—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2022, the Town was a member of and participated in a public entity risk pool (Trust) for

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2022

property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2022.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 13—COMMITMENTS AND CONTINGENCIES

The Town's management estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

NOTE 14—CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2022, the Town implemented GASB Statement No. 87, *Leases*. Under GASB Statement No. 87, a lease liability and an intangible right to use asset is recognized for leasing arrangements where the Town is the lessee. The Town has entered into various rental agreements as lessee for office equipment. Management has determined that the effect of implementing GASB Statement No. 87 related to these leases is immaterial to its financial statements.

NOTE 15—SUBSEQUENT EVENTS

In April 2023, the Town entered into a financed purchase obligation for highway equipment totaling \$110,000. An advance payment of \$26,000 was made and annual payments are \$23,794, including interest at 5.19%, through April 2027.

SCHEDULE 1
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,284,667	\$ 2,284,667	\$ 2,088,737	\$ (195,930)
Licenses and permits	631,650	631,650	629,723	(1,927)
Intergovernmental	1,222,501	934,251	704,370	(229,881)
Charges for services	68,443	68,443	62,893	(5,550)
Interest income	18,000	18,000	32,752	14,752
Miscellaneous	44,023	44,023	57,616	13,593
Total Revenues	<u>4,269,284</u>	<u>3,981,034</u>	<u>3,576,091</u>	<u>(404,943)</u>
Expenditures:				
Current operations:				
General government	787,635	787,635	742,868	44,767
Public safety	1,239,295	1,239,295	1,086,048	153,247
Highways and streets	738,641	738,641	777,887	(39,246)
Health and welfare	14,794	14,794	5,869	8,925
Sanitation	226,266	226,266	214,470	11,796
Culture and recreation	3,382	3,382	2,118	1,264
Conservation	1,324	1,324	1,323	1
Capital outlay	1,546,644	1,219,692	781,041	438,651
Debt service:				
Principal retirement	287,136	287,136	262,308	24,828
Interest and fiscal charges	500	500	20,314	(19,814)
Total Expenditures	<u>4,845,617</u>	<u>4,518,665</u>	<u>3,894,246</u>	<u>624,419</u>
Excess revenues over (under) expenditures	<u>(576,333)</u>	<u>(537,631)</u>	<u>(318,155)</u>	<u>219,476</u>
Other financing sources (uses):				
Transfers in	105,393	105,393	80,382	(25,011)
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>75,393</u>	<u>75,393</u>	<u>50,382</u>	<u>(25,011)</u>
Net change in fund balance	(500,940)	(462,238)	(267,773)	194,465
Fund Balance at beginning of year				
- Budgetary Basis	<u>1,520,309</u>	<u>1,520,309</u>	<u>1,520,309</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 1,019,369</u>	<u>\$ 1,058,071</u>	<u>\$ 1,252,536</u>	<u>\$ 194,465</u>

See accompanying notes to the required supplementary information

SCHEDULE 2
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability
For the Year Ended December 31, 2022

Cost-Sharing Multiple Employer Plan Information Only					
<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	0.02967061%	\$ 112,122	\$ 769,059	14.58%	10.64%
June 30, 2021	0.02348553%	\$ 94,049	\$ 681,184	13.81%	11.06%
June 30, 2020	0.02899787%	\$ 126,926	\$ 778,143	16.31%	7.74%
June 30, 2019	0.03215447%	\$ 140,969	\$ 750,108	18.79%	7.75%
June 30, 2018	0.03205301%	\$ 146,753	\$ 668,027	21.97%	7.53%
June 30, 2017	0.02236710%	\$ 102,270	\$ 664,844	15.38%	7.91%
June 30, 2016	0.02410590%	\$ 116,698	\$ 672,674	17.35%	5.21%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions					
<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2022

<u>Year Ended</u>	Cost- Sharing Multiple Employer Plan Information Only				
	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2022	\$ 13,689	\$ (13,689)	\$ -	\$ 856,696	1.60%
December 31, 2021	\$ 11,801	\$ (11,801)	\$ -	\$ 719,171	1.64%
December 31, 2020	\$ 12,148	\$ (12,148)	\$ -	\$ 700,024	1.74%
December 31, 2019	\$ 14,872	\$ (14,872)	\$ -	\$ 824,412	1.80%
December 31, 2018	\$ 13,977	\$ (13,977)	\$ -	\$ 683,116	2.05%
December 31, 2017	\$ 13,176	\$ (13,176)	\$ -	\$ 653,903	2.01%
December 31, 2016	*	*	*	*	*
December 31, 2015	*	*	*	*	*
December 31, 2014	*	*	*	*	*
December 31, 2013	*	*	*	*	*

* 10 Year Schedule, historical information not available

SCHEDULE 4
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
For the Year Ended December 31, 2022

<u>Single Employer Plan Information Only</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total OPEB Liability:										
Service cost	\$ 36,902	\$ 35,210	\$ 113,052	\$ 118,917	\$ 118,918	*	*	*	*	*
Interest	29,389	30,891	43,216	58,123	53,180	*	*	*	*	*
Changes of assumptions or other inputs	(271,196)	(13,933)	121,444	262,365	(117,231)	*	*	*	*	*
Differences between expected and actual experience	203,716	(168,974)	(228,440)	(36,692)	-	*	*	*	*	*
Benefit payments	-	-	(181,849)	(160,318)	(160,318)	*	*	*	*	*
Net change in total OPEB liability	(1,189)	(116,806)	(132,577)	242,395	(105,451)	*	*	*	*	*
Total OPEB Liability at beginning of year	<u>1,305,084</u>	<u>1,421,890</u>	<u>1,554,467</u>	<u>1,312,072</u>	<u>1,417,523</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability at end of year	<u>\$ 1,303,895</u>	<u>\$ 1,305,084</u>	<u>\$ 1,421,890</u>	<u>\$ 1,554,467</u>	<u>\$ 1,312,072</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Covered employee payroll	\$ 945,453	\$ 817,253	\$ 795,073	\$ 841,327	\$ 617,816	*	*	*	*	*
Total OPEB liability as a percentage of covered employee payroll	137.91%	159.69%	178.84%	184.76%	212.37%	*	*	*	*	*
<u>Significant Actuarial Assumptions</u>										
Discount rate	3.44%	2.19%	2.12%	2.74%	4.30%	*	*	*	*	*
Health cost trend rates:										
Initial	4.70% - 2022	4.90% - 2020	4.90% - 2020	4.60% - 2018	4.60% - 2018	*	*	*	*	*
Ultimate	4.20% - 2032	4.30% - 2030	4.30% - 2030	4.70% - 2028	4.70% - 2028	*	*	*	*	*
Mortality improvement scale	Pub-2010	Pub-2010	Pub-2010	RP-2000	RP-2000	*	*	*	*	*

Note To Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

* 10 Year schedule, historical information not available

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF NEW HAMPTON, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2022

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.02834469%	\$ 1,625,889	\$ 769,059	211.41%	65.12%
June 30, 2021	0.02465118%	\$ 1,092,520	\$ 681,184	160.39%	72.22%
June 30, 2020	0.02945241%	\$ 1,883,821	\$ 778,143	242.09%	58.72%
June 30, 2019	0.02980388%	\$ 1,434,060	\$ 750,108	191.18%	65.59%
June 30, 2018	0.02831322%	\$ 1,363,339	\$ 668,027	204.08%	64.73%
June 30, 2017	0.02990282%	\$ 1,470,619	\$ 664,844	221.20%	62.66%
June 30, 2016	0.03141680%	\$ 1,670,618	\$ 672,674	248.35%	58.30%
June 30, 2015	0.03100932%	\$ 1,228,443	\$ 658,388	186.58%	65.47%
June 30, 2014	0.03036785%	\$ 1,139,883	\$ 624,695	182.47%	66.32%
June 30, 2013	0.02813032%	\$ 1,210,668	\$ 585,598	206.74%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2022

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2022	\$ 181,543	\$ (181,543)	\$ -	\$ 856,696	21.19%
December 31, 2021	\$ 137,077	\$ (137,077)	\$ -	\$ 719,171	19.06%
December 31, 2020	\$ 118,252	\$ (118,252)	\$ -	\$ 700,024	16.89%
December 31, 2019	\$ 139,349	\$ (139,349)	\$ -	\$ 824,412	16.90%
December 31, 2018	\$ 120,069	\$ (120,069)	\$ -	\$ 683,116	17.58%
December 31, 2017	\$ 111,462	\$ (111,462)	\$ -	\$ 653,903	17.05%
December 31, 2016	\$ 108,264	\$ (108,264)	\$ -	\$ 666,524	16.24%
December 31, 2015	\$ 114,878	\$ (114,878)	\$ -	\$ 702,229	16.36%
December 31, 2014	\$ 102,176	\$ (102,176)	\$ -	\$ 646,046	15.82%
December 31, 2013	\$ 81,217	\$ (81,217)	\$ -	\$ 585,852	13.86%

See accompanying notes to the required supplementary information

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances, non-budgetary revenue and expenditures, bond refunding activity, and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 4,342,836	\$ 4,561,642
Difference in property taxes meeting susceptible to accrual criteria	(26,935)	
Encumbrances - December 31, 2022		700
Non-budgetary revenues and expenditures	(2,100)	(10,768)
Bond refunding activity	(657,328)	(657,328)
Budgetary transfers		30,000
Per Schedule 1	<u>\$ 3,656,473</u>	<u>\$ 3,924,246</u>

Major Special Revenue Fund

The Town adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Fire Department Equipment Fund, as the information is neither practical nor meaningful.

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2022 are as follows:

<i>Restricted for:</i>	
SB401 Highway Block Grant	\$ 89,832
SB401 State Bridge Aid	56,166
<i>Committed for:</i>	
Continuing appropriations	38,702
<i>Assigned for:</i>	
Subsequent years' expenditures	461,078
<i>Unassigned</i>	<u>606,758</u>
	<u>\$ 1,252,536</u>

SCHEDULE A
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2022

	Special Revenue Funds					
	Conservation Fund	Drug Forfeiture Fund	Police Details Fund	Total Special Revenue Funds	Permanent Funds	Combining Nonmajor Funds
ASSETS						
Cash and cash equivalents	\$ 4,235	\$ 1,539		\$ 5,774		\$ 5,774
Investments	74,644			74,644	\$ 41,659	116,303
Accounts receivable			\$ 3,900	3,900		3,900
Due from other governments			2,710	2,710		2,710
Due from other funds	18,682	3,449	4,412	26,543		26,543
Total Assets	<u>97,561</u>	<u>4,988</u>	<u>11,022</u>	<u>113,571</u>	<u>41,659</u>	<u>155,230</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 97,561</u>	<u>\$ 4,988</u>	<u>\$ 11,022</u>	<u>\$ 113,571</u>	<u>\$ 41,659</u>	<u>\$ 155,230</u>
LIABILITIES						
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable					14,733	14,733
Restricted		4,988		4,988	26,926	31,914
Committed	97,561		11,022	108,583		108,583
Total Fund Balances	<u>97,561</u>	<u>4,988</u>	<u>11,022</u>	<u>113,571</u>	<u>41,659</u>	<u>155,230</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 97,561</u>	<u>\$ 4,988</u>	<u>\$ 11,022</u>	<u>\$ 113,571</u>	<u>\$ 41,659</u>	<u>\$ 155,230</u>

SCHEDULE B
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2022

	Special Revenue Funds					Combining Nonmajor Funds
	Conservation Fund	Drug Forfeiture Fund	Police Details Fund	Total Special Revenue Funds	Permanent Funds	
Revenues:						
Taxes	\$ 17,765			\$ 17,765		\$ 17,765
Intergovernmental			\$ 3,130	3,130		3,130
Charges for services			19,455	19,455		19,455
Interest and investment income (loss)	1,259			1,259	\$ (9,854)	(8,595)
Miscellaneous	1,517	\$ 3,449		4,966		4,966
Total Revenues	<u>20,541</u>	<u>3,449</u>	<u>22,585</u>	<u>46,575</u>	<u>(9,854)</u>	<u>36,721</u>
Expenditures:						
Current operations:						
General government					1,567	1,567
Public safety			15,416	15,416		15,416
Conservation	15,065			15,065		15,065
Total Expenditures	<u>15,065</u>	<u>-</u>	<u>15,416</u>	<u>30,481</u>	<u>1,567</u>	<u>32,048</u>
Net change in fund balances	5,476	3,449	7,169	16,094	(11,421)	4,673
Fund Balances at beginning of year	<u>92,085</u>	<u>1,539</u>	<u>3,853</u>	<u>97,477</u>	<u>53,080</u>	<u>150,557</u>
Fund Balances at end of year	<u>\$ 97,561</u>	<u>\$ 4,988</u>	<u>\$ 11,022</u>	<u>\$ 113,571</u>	<u>\$ 41,659</u>	<u>\$ 155,230</u>