



TOWN OF LONDONDERRY, NEW HAMPSHIRE

Annual Financial Statements
For the Year Ended June 30, 2023

(With Independent Auditors' Report Thereon)

Town of Londonderry, New Hampshire

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Londonderry, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Londonderry, New Hampshire (the Town), as of and for the year ended June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Londonderry, New Hampshire, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Governmental Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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'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'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 Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Merrimack, NH
March 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Londonderry, New Hampshire (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town of Londonderry for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Londonderry's basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

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 a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements summarize functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, conservation, and economic development. The business-type activities represent sewer operations.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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 Town's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, or (3) the pricing policies of the activity establish fees or charges designed to recover costs including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, the Town's enterprise fund is used to account for sewer operations, which is considered to be a major fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. 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 programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town's fiduciary funds consist of custodial funds, which account for resources held in a pure custodial capacity.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$24,203,563, a change of \$4,130,327 in comparison to the prior year, and net position in business-type activities was \$26,404,405, a change of \$250,474 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$18,025,982, a change of \$(508,461) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,690,599, a change of \$323,241 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of the Town's condensed government-wide financial data for the current and prior fiscal year.

	Summary of Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 74,401	\$ 71,997	\$ 7,089	\$ 6,228	\$ 81,490	\$ 78,225
Capital assets	64,548	62,881	19,565	20,102	84,113	82,983
Total assets	138,949	134,878	26,654	26,330	165,603	161,208
Deferred outflows of resources	10,431	10,752	-	-	10,431	10,752
Total assets and deferred outflows of resources	\$ 149,380	\$ 145,630	\$ 26,654	\$ 26,330	\$ 176,034	\$ 171,960
Liabilities:						
Other liabilities	\$ 8,073	\$ 6,072	\$ 250	\$ 176	\$ 8,323	\$ 6,248
Long-term liabilities	62,284	58,554	-	-	62,284	58,554
Total liabilities	70,357	64,626	250	176	70,607	64,802
Deferred inflows of resources	54,819	60,931	-	-	54,819	60,931
Net Position:						
Net investment in capital assets	55,757	52,391	19,565	20,102	75,322	72,493
Restricted	2,581	2,365	-	-	2,581	2,365
Unrestricted	(34,134)	(34,683)	6,839	6,052	(27,295)	(28,631)
Total net position	24,204	20,073	26,404	26,154	50,608	46,227
Total liabilities, deferred inflows of resources and net position	\$ 149,380	\$ 145,630	\$ 26,654	\$ 26,330	\$ 176,034	\$ 171,960

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$50,607,968, a change of \$4,380,801 in comparison to the prior year.

The largest portion of net position, \$75,321,850, reflects the Town's investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, vehicles and equipment, intangibles, improvements other than buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,581,288, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(27,295,170) primarily resulting from unfunded pension and OPEB liabilities.

	Change in Net Position (in thousands)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 4,906	\$ 5,828	\$ 2,731	\$ 2,525	\$ 7,637	\$ 8,353
Operating grants and contributions	3,002	1,804	-	-	3,002	1,804
General revenues:						
Property taxes	19,336	18,320	-	-	19,336	18,320
Interest, penalties and other taxes	1,201	1,307	-	-	1,201	1,307
Motor vehicle registrations	10,423	9,560	-	-	10,423	9,560
Grants and contributions not restricted to specific programs	2,302	1,959	-	-	2,302	1,959
Capital contributions	-	-	529	388	529	388
Investment income	1,152	55	-	-	1,152	55
Other	20	100	-	-	20	100
Total revenues	42,342	38,933	3,260	2,913	45,602	41,846
Expenses						
General government	5,259	3,658	-	-	5,259	3,658
Public safety	21,816	21,789	-	-	21,816	21,789
Highways and streets	5,624	4,902	-	-	5,624	4,902
Sanitation	2,592	2,118	-	-	2,592	2,118
Health and welfare	119	129	-	-	119	129
Culture and recreation	2,150	1,925	-	-	2,150	1,925
Conservation	13	40	-	-	13	40
Economic development	359	747	-	-	359	747
Interest	369	437	-	-	369	437
Sewer services	-	-	2,920	2,541	2,920	2,541
Total expenses	38,301	35,745	2,920	2,541	41,221	38,286
Change in net position before transfers	4,041	3,188	340	372	4,381	3,560
Transfers in (out)	90	81	(90)	(81)	-	-
Change in net position	4,131	3,269	250	291	4,381	3,560
Net position - beginning of year	20,073	16,804	26,154	25,863	46,227	42,667
Net position - end of year	\$ 24,204	\$ 20,073	\$ 26,404	\$ 26,154	\$ 50,608	\$ 46,227

Governmental Activities

Total governmental revenues for the year ending June 30, 2023 increased by 9% in comparison to the year ending June 30, 2022 while total expenses increased 7% in comparison to the previous year. The increase in revenues resulted primarily from:

- Increase in highway block grants received from the State of \$946K from the previous year for repairs and maintenance of roads.
- Increase in property taxes of \$1.0 million from the previous year due to tax rate increasing from \$18.38 to \$18.48 per \$1,000 of assessed value, as well as assessed value increasing 0.8%.
- Increase in investment income of \$1.1 million due to a new investment strategy and higher interest rates being available.

The increase in expenses resulted primarily from the increase in general government expenses mostly from:

- Increase in salary costs after the Town realized savings in the previous year due to retirements.
- Increase in consulting fees incurred during staffing transitions.
- Increase in expenses funded by grants.

Business-Type Activities

Total business-type revenues for the year ending June 30, 2023 increased by 12% in comparison the year ending June 30, 2022 while total expenses increased 15% in comparison to the previous year. The increase in revenues resulted primarily from the increase in property and commercial coming online, as well as a reimbursement for prior year cost adjustments.

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 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 the Town's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,690,599 while total fund balance was \$13,860,599. Unspent appropriations and appropriation carryforwards contributed to the increase in our total fund balance. Our unassigned fund balance increased by 6% from the prior year primarily from a decrease in assigned fund balance. Our committed fund balance for next year’s projects per the March 2023 Town Meeting increased to \$663,811 and committed fund balance related to capital reserves increased due to increased funding of the reserves. Our assigned fund balance for potential tax abatements remained the same while assigned fund balance related to budgetary encumbrances increased due to the carryover of prior year encumbrances.

The recommended level for unassigned fund balance of the General Fund, per the Town’s financial management policy, is to retain not less than 5% and not higher than 7% of the gross municipal General Fund appropriations. At the end of June 30, 2023, the unassigned fund balance of the General Fund exceeded the recommended level. Refer to the table below for fund balance as a percentage of gross municipal appropriations.

<u>General Fund</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>Change</u>	<u>Gross Municipal Appropriations</u>	<u>% of Gross Appropriations</u>
Unassigned fund balance	\$ 5,690,599	\$ 5,367,358	\$ 323,241	\$ 39,557,795	14.4%
Total fund balance ¹	\$ 13,860,599	\$ 14,214,418	\$ (353,819)	\$ 39,557,795	35.0%

¹Includes capital reserve funds.

The total fund balance of the General Fund changed during the current fiscal year as a result of the following:

Use of fund balance:	
For the reduction of taxes	\$ (200,000)
For capital articles and debt service	(728,198)
Revenues less than budget	(168,165) *
Expenditures less than budget	257,396 *
Excess of current year encumbrances over prior year	246,358
Other results	238,790
Total	\$ (353,819)

* See General Fund Budgetary Highlights Section for additional information

Included in the total fund balance of the General Fund are the Town’s capital reserve accounts with the following balances:

	<u>6/30/23</u>	<u>6/30/22</u>	<u>Change</u>
Roadway maintenance	\$ 1,788,148	\$ 2,305,489	\$ (517,341)
Fire equipment	458,566	426,818	31,748
Cable equipment	239,020	214,282	24,738
Other	<u>808,028</u>	<u>666,597</u>	<u>141,431</u>
Total	<u>\$ 3,293,762</u>	<u>\$ 3,613,186</u>	<u>\$ (319,424)</u>

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$(154,642) primarily from timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

Proprietary Fund

Proprietary fund statements provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

The Sewer Enterprise Fund was established in fiscal year 2020. The creation of the fund was approved in Article 6 of the March 12, 2019 Annual Town Meeting.

Unrestricted net position of the enterprise fund at the year amounted to \$6,838,997, a change of \$786,810 in comparison to the prior year, resulting primarily from \$529,011 in assessment and connection fees.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted from special warrant article appropriations, the Town accepting and appropriating miscellaneous revenue received throughout the year, and revised revenue estimates on the Town’s MS-434.

Significant budget to actual variances for General Fund revenues and expenditures include the following:

- Property taxes came under budget by \$881,352 due to reserve for abatements current year budget of \$165,009 and actual of \$1,385,783. The Town had an assignment in General Fund assigned fund balance that was used to offset a few significant refunds resulting from abatement of taxes.
- Licenses and permits revenue was over budget by \$1,387,962. This was primarily due to an increase in motor vehicle permit fees and general permits of \$863,056.

- Other revenue came under budget by \$993,758 primarily due to an unspent appropriation of \$750,000 for a sale of conservation rights per Town Meeting Warrant Article 18 that did not occur by June 30, 2023. This resulted in transfers out coming in under budget by \$750,000 as well.
- Expenditures coming in below budget was due to several factors. The Town reviewed expenditures on a closer level as the concern of higher inflation rates looming over the economy. In addition, there was difficulty hiring for several departments, which led to unspent appropriations in salaries and benefits.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$84,112,995 (net of accumulated depreciation/amortization), a change of \$1,130,430. This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, vehicles and equipment, intangibles, improvements other than buildings, and infrastructure.

Additional information on the Town's capital assets can be found in Note 8 on page 39 of this report.

Credit Rating

The Town's credit rating on outstanding bonded debt was Aa2 as rated by Moody's and AA+ as rated by Standard and Poor's, which was unchanged from the prior year, as no new debt was issued in the current year.

Long-Term Debt

At the end of the current fiscal year, total bonds payable were \$9,362,400, all of which were backed by the full faith and credit of the Town. In addition, the Town had outstanding equipment notes and lease payable totaling \$2,197,654.

Additional information on the Town's long-term debt can be found in Note 13 on pages 41 – 44 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town of Londonderry's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
Town of Londonderry
268B Mammoth Road
Londonderry, New Hampshire 03053

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Statement of Net Position

June 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Current:			
Cash and short-term investments	\$ 55,392,061	\$ -	\$ 55,392,061
Investments	1,574,715	-	1,574,715
Receivables, net of allowance for uncollectibles:			
Property taxes	13,945,333	-	13,945,333
User fees	1,567,657	104,368	1,672,025
Intergovernmental	429,748	-	429,748
Due from custodial fund	7,996,925	-	7,996,925
Internal balances	(6,984,944)	6,984,944	-
Property held for resale	113,464	-	113,464
Prepaid items	365,762	-	365,762
	74,400,721	7,089,312	81,490,033
Total current assets			
Noncurrent:			
Capital assets:			
Land and construction in progress	20,715,163	197,376	20,912,539
Other capital assets, net of accumulated depreciation	43,832,424	19,368,032	63,200,456
	64,547,587	19,565,408	84,112,995
Total noncurrent assets			
Total Assets	138,948,308	26,654,720	165,603,028
Deferred Outflows of Resources			
Related to pension	8,841,474	-	8,841,474
Related to OPEB	1,589,893	-	1,589,893
	10,431,367	-	10,431,367
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	\$ 149,379,675	\$ 26,654,720	\$ 176,034,395

(continued)

(continued)

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Statement of Net Position
June 30, 2023

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current:			
Accounts payable	\$ 1,609,446	\$ 250,315	\$ 1,859,761
Accrued liabilities	445,779	-	445,779
Tax refunds payable	1,749,463	-	1,749,463
Unearned revenue	2,578,431	-	2,578,431
Held for performance guarantees	1,101,846	-	1,101,846
Other liabilities	587,827	-	587,827
Current portion of long-term liabilities:			
Bonds and notes payable	1,550,800	-	1,550,800
Equipment notes payable	493,097	-	493,097
Lease payable	287,000	-	287,000
Compensated absences liability	300,000	-	300,000
Landfill post-closure liability	<u>19,833</u>	<u>-</u>	<u>19,833</u>
Total current liabilities	10,723,522	250,315	10,973,837
Noncurrent:			
Bonds and notes payable, net of current portion	7,811,600	-	7,811,600
Equipment notes payable, net of current portion	1,278,555	-	1,278,555
Compensated absences liability, net of current portion	1,632,449	-	1,632,449
Landfill post-closure liability, net of current portion	119,856	-	119,856
Net pension liability	37,942,452	-	37,942,452
Net OPEB liability	10,709,563	-	10,709,563
Lease payable, net of current portion	<u>139,002</u>	<u>-</u>	<u>139,002</u>
Total non-current liabilities	<u>59,633,477</u>	<u>-</u>	<u>59,633,477</u>
Total Liabilities	70,356,999	250,315	70,607,314
Deferred Inflows of Resources			
Related to pension	2,970,014	-	2,970,014
Related to OPEB	3,829,226	-	3,829,226
Related to taxes	13,165,239	-	13,165,239
Taxes collected in advance	<u>34,854,634</u>	<u>-</u>	<u>34,854,634</u>
Total Deferred Inflows of Resources	54,819,113	-	54,819,113
Net Position			
Net investment in capital assets	55,756,442	19,565,408	75,321,850
Restricted for:			
Cemetery:			
Nonexpendable	1,570,874	-	1,570,874
Expendable	166,170	-	166,170
Transportation	647,069	-	647,069
Library	74,166	-	74,166
Other purposes	123,009	-	123,009
Unrestricted	<u>(34,134,167)</u>	<u>6,838,997</u>	<u>(27,295,170)</u>
Total Net Position	<u>24,203,563</u>	<u>26,404,405</u>	<u>50,607,968</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ <u>149,379,675</u>	\$ <u>26,654,720</u>	\$ <u>176,034,395</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 5,258,964	\$ 264,702	\$ 587,585	\$ -	\$ (4,406,677)	\$ -	\$ (4,406,677)
Public safety	21,815,949	3,897,736	33,424	-	(17,884,789)	-	(17,884,789)
Highways and streets	5,624,643	-	1,553,540	-	(4,071,103)	-	(4,071,103)
Sanitation	2,591,793	157,499	80,807	-	(2,353,487)	-	(2,353,487)
Health and welfare	119,079	-	-	-	(119,079)	-	(119,079)
Culture and recreation	2,149,969	586,321	746,775	-	(816,873)	-	(816,873)
Conservation	13,477	-	-	-	(13,477)	-	(13,477)
Economic development	359,315	-	-	-	(359,315)	-	(359,315)
Interest	369,728	-	-	-	(369,728)	-	(369,728)
Total Governmental Activities	38,302,917	4,906,258	3,002,131	-	(30,394,528)	-	(30,394,528)
Business-Type Activities							
Sewer	2,919,883	2,731,347	-	529,011	-	340,475	340,475
Total	\$ 41,222,800	\$ 7,637,605	\$ 3,002,131	\$ 529,011	(30,394,528)	340,475	(30,054,053)
General Revenues and Transfers							
Property taxes					19,336,255	-	19,336,255
Interest, penalties and other taxes					1,201,494	-	1,201,494
Motor vehicle registrations					10,423,450	-	10,423,450
Grants and contributions not restricted to specific programs					2,301,927	-	2,301,927
Investment income					1,152,108	-	1,152,108
Miscellaneous					19,620	-	19,620
Transfers, net					90,001	(90,001)	-
Total general revenues and transfers					34,524,855	(90,001)	34,434,854
Change in net position					4,130,327	250,474	4,380,801
Net Position							
Beginning of year					20,073,236	26,153,931	46,227,167
End of year					\$ 24,203,563	\$ 26,404,405	\$ 50,607,968

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
June 30, 2023

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and short-term investments	\$ 53,962,722	\$ 1,429,339	\$ 55,392,061
Investments	-	1,574,715	1,574,715
Receivables, net of allowance for uncollectibles:			
Property taxes	13,711,356	233,977	13,945,333
User fees	1,058,311	509,346	1,567,657
Intergovernmental	1,887	427,861	429,748
Due from other funds	-	2,932,729	2,932,729
Due from custodial fund	7,996,925	-	7,996,925
Property held for resale	113,464	-	113,464
Prepaid items	<u>365,762</u>	<u>-</u>	<u>365,762</u>
Total Assets	\$ <u>77,210,427</u>	\$ <u>7,107,967</u>	\$ <u>84,318,394</u>
Liabilities			
Accounts payable	\$ 1,602,198	\$ 7,248	\$ 1,609,446
Accrued liabilities	592,063	-	592,063
Tax refunds payable	1,749,463	-	1,749,463
Unearned revenue	133,923	2,444,508	2,578,431
Due to other funds	9,426,845	490,828	9,917,673
Held for performance guarantees	1,101,846	-	1,101,846
Other liabilities	<u>587,827</u>	<u>-</u>	<u>587,827</u>
Total Liabilities	15,194,165	2,942,584	18,136,749
Deferred Inflows of Resources			
Taxes collected in advance	34,854,634	-	34,854,634
Unavailable revenues	<u>13,301,029</u>	<u>-</u>	<u>13,301,029</u>
Total Deferred Inflows of Resources	48,155,663	-	48,155,663
Fund Balances			
Nonspendable	479,226	1,570,874	2,050,100
Restricted	105,399	1,415,051	1,520,450
Committed	3,957,573	1,179,458	5,137,031
Assigned	3,627,802	-	3,627,802
Unassigned	<u>5,690,599</u>	<u>-</u>	<u>5,690,599</u>
Total Fund Balances	<u>13,860,599</u>	<u>4,165,383</u>	<u>18,025,982</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>77,210,427</u>	\$ <u>7,107,967</u>	\$ <u>84,318,394</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
June 30, 2023

Total Governmental Fund Balances	\$ 18,025,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	64,547,587
Tax receivables that are not available to pay for current period expenditures and, therefore, are deferred in the funds, but are recognized as revenue in governmental activities.	135,790
Deferred inflows and outflows of pension resources are not financial resources nor are they available to pay current-period expenditures. Pension related inflows and outflows consist of:	
Deferred outflows	8,841,474
Deferred inflows	(2,970,014)
Deferred inflows and outflows of OPEB resources are not financial resources nor are they available to pay current-period expenditures. OPEB related inflows and outflows consist of:	
Deferred outflows	1,589,893
Deferred inflows	(3,829,226)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(153,716)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and notes payable	(9,362,400)
Equipment notes payable	(1,771,652)
Lease payable	(426,002)
Compensated absences liability	(1,632,449)
Landfill liability	(139,689)
Net pension liability	(37,942,452)
Net OPEB liability	<u>(10,709,563)</u>
Net Position of Governmental Activities	\$ <u>24,203,563</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 19,900,947	\$ -	\$ 19,900,947
Interest, penalties and other taxes	927,553	354,748	1,282,301
Licenses and permits	10,877,212	-	10,877,212
Intergovernmental	3,888,891	1,115,628	5,004,519
Charges for services	1,537,133	2,915,311	4,452,444
Investment income	1,005,883	146,224	1,152,107
Other revenues	<u>129,953</u>	<u>108,447</u>	<u>238,400</u>
Total Revenues	38,267,572	4,640,358	42,907,930
Expenditures			
General government	4,330,894	821,013	5,151,907
Public safety	20,538,316	2,524,268	23,062,584
Highways and streets	6,345,089	-	6,345,089
Sanitation	2,570,978	40,249	2,611,227
Health and welfare	119,079	-	119,079
Culture and recreation	1,964,191	80,099	2,044,290
Conservation	3,202	10,275	13,477
Economic development	379,930	449	380,379
Capital outlay	762,424	1,234,160	1,996,584
Debt service	<u>2,240,502</u>	<u>-</u>	<u>2,240,502</u>
Total Expenditures	<u>39,254,605</u>	<u>4,710,513</u>	<u>43,965,118</u>
Deficiency of revenues under expenditures	(987,033)	(70,155)	(1,057,188)
Other Financing Sources (Uses)			
Issuance of leases	458,726	-	458,726
Transfers in	185,638	11,150	196,788
Transfers out	<u>(11,150)</u>	<u>(95,637)</u>	<u>(106,787)</u>
Total Other Financing Sources (Uses)	<u>633,214</u>	<u>(84,487)</u>	<u>548,727</u>
Net changes in fund balances	(353,819)	(154,642)	(508,461)
Fund Balances, beginning of year	<u>14,214,418</u>	<u>4,320,025</u>	<u>18,534,443</u>
Fund Balances, end of year	<u>\$ 13,860,599</u>	<u>\$ 4,165,383</u>	<u>\$ 18,025,982</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, 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 June 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$	(508,461)
<p>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 and reported as depreciation expense:</p>		
Capital outlay		4,726,843
Depreciation		(3,060,078)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for property taxes accounts receivable differ between the two statements.</p>		
		(564,688)
<p>The issuance of leases provides current financial resources to governmental funds, while the repayment of the principal of long-term leases consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
		(458,726)
<p>Repayment of principal on bonds, notes and leases is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		2,333,241
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</p>		
		28,974
<p>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 governmental funds:</p>		
Change in pension expense from GASB 68		747,414
Change in OPEB expense from GASB 75		791,463
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.</p>		
Change in compensated absences liability		74,912
Change in landfill post-closure liability		19,433
Change in Net Position of Governmental Activities	\$	<u>4,130,327</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Proprietary Fund
Statement of Net Position
June 30, 2023

	Sewer Enterprise <u>Fund</u>
Assets	
Current:	
User fees receivable	\$ 104,368
Due from other fund	<u>6,984,944</u>
Total current assets	7,089,312
Noncurrent:	
Capital assets:	
Land and construction in progress	197,376
Capital assets, net of accumulated depreciation	<u>19,368,032</u>
Total noncurrent assets	<u>19,565,408</u>
Total Assets	\$ <u>26,654,720</u>
 Liabilities and Net Position	
 Liabilities	
Current:	
Accounts payable	\$ 250,315
 Net Position	
Net investment in capital assets	19,565,408
Unrestricted	<u>6,838,997</u>
Total Net Position	<u>26,404,405</u>
Total Liabilities and Net Position	\$ <u>26,654,720</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Sewer Enterprise Fund
Operating Revenues	
Charges for services	\$ <u>2,731,347</u>
Total Operating Revenues	2,731,347
Operating Expenses	
Personnel services	172,661
Non-personnel services	1,957,721
Depreciation	<u>789,501</u>
Total Operating Expenses	<u>2,919,883</u>
Operating loss	(188,536)
Loss Before Contributions and Transfers	(188,536)
Capital contributions	529,011
Transfers out	<u>(90,001)</u>
Change in Net Position	250,474
Net Position at Beginning of Year	<u>26,153,931</u>
Net Position at End of Year	\$ <u><u>26,404,405</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2023

	Sewer Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 2,680,162
Payments to employees for salaries and related benefits	(172,661)
Payments to suppliers for goods and services	(1,883,373)
Payments for interfund services provided	<u>(809,974)</u>
Net Cash Used By Operating Activities	(185,846)
Cash Flows From Noncapital Financing Activities:	
Transfers to other funds	<u>(90,001)</u>
Net Cash Used For Noncapital Financing Activities	(90,001)
Cash Flows From Capital and Related Financing Activities	
Capital contributions	529,011
Acquisition and construction of capital assets	<u>(253,164)</u>
Net Cash Provided For Capital and Related Financing Activities	<u>275,847</u>
Net Change in Cash and Short-Term Investments	-
Cash and Short-Term Investments, Beginning of Year	<u>-</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>-</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (188,536)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	789,501
Changes in assets and liabilities:	
User fees receivable	(51,185)
Accounts payable	74,348
Interfund receivables and payables	<u>(809,974)</u>
Net Cash Used By Operating Activities	\$ <u><u>(185,846)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	Custodial Funds
Assets	
Cash and short-term investments	\$ 643,395
Prepaid taxes	<u>8,055,000</u>
Total Assets	\$ <u><u>8,698,395</u></u>
Liabilities	
Due to other governments	\$ 79,535
Due to primary government	<u>7,996,925</u>
Total Liabilities	8,076,460
Net Position	
Restricted for:	
Other governments	<u>621,935</u>
Total Liabilities and Net Position	\$ <u><u>8,698,395</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Custodial <u>Funds</u>
Additions	
Taxes collected for Londonderry School District	\$ 68,666,589
Taxes collected for Rockingham County	3,798,204
Fees collected for State of New Hampshire	2,773,909
Contributions from Londonderry School District	<u>871,233</u>
Total Additions	76,109,935
Deductions	
Payments of taxes to Londonderry School District	68,666,589
Payment of taxes to Rockingham County	3,798,204
Payment of fees to State of New Hampshire	2,799,812
Payments on behalf of Londonderry School District	<u>736,314</u>
Total Deductions	<u>76,000,919</u>
Change in Net Position	109,016
Restricted Net Position	
Beginning of year	<u>512,919</u>
End of year	\$ <u><u>621,935</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Notes to Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Londonderry, New Hampshire (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies:

Reporting Entity

The Town is a municipal corporation governed by a 5-member elected Town Council. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2023, it was determined that no entities met the component unit requirements of GASB 14 (as amended).

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other charges, including ambulance, police detail and police airport services, are recognized as revenue after services have been performed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the General Fund as a major governmental fund. The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The proprietary fund financial statements are reported under the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the Sewer Fund as a major proprietary fund. The Sewer Fund is used to account for all of the activity associated with the management and operation of the Town's sewer systems, which are funded by sewer use charges and sewer connection fees.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the Custodial Funds as fiduciary funds. The Custodial Funds account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds represent taxes and fees collected on behalf of other governments and the Londonderry School District's capital reserve funds.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, money markets and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

The Town invests in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool managed by the New Hampshire Banking Commission and Advisory Committee. The portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and investments are valued at amortized cost. Participation units of the NHDIP are considered short-term for financial presentation purposes due to their high liquidity.

Investments are carried at fair value.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund balances.”

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles and machinery	5
Right to use vehicles	5
Office equipment	5
Computer equipment	5
Software	3

Leases (Lessee)

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The Town uses the interest rate charged by the lessor as the discount rate.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term liabilities are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance

In general, fund balance represents the difference between current assets and current liabilities and deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

Nonspendable

Represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose.

Unassigned

Represents amounts that are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the annual Town Meeting, the Town Council presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenue sources. The original budget can be amended during the fiscal year by special town meetings as required by changing conditions.

The Town's legal level of budgetary control is the total appropriation by fund, as voted by Town Meeting.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent fiscal year.

3. Deposits and Investments

New Hampshire RSA 41:29 places certain limitation on the nature of deposits and investments available to the Town. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), in New Hampshire Banks or banks outside the State of New Hampshire if such banks pledge and deliver to a third-party custodial bank with various collateralized security, in accordance with RSA 383:22.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town's deposit policy for custodial credit risk requires a comprehensive review of the credit worthiness and capital ratios of the institutions. The Town's deposit policy limits the investment of Town assets to U.S. Treasury securities maturing in less than one year, fully insured or collateralized certificates of deposits at commercial banks of the State of New Hampshire, New England Region and the State of New York, repurchase agreements fully collateralized by U.S. Treasury securities or agencies, and any state approved pool or instrument. The Town's policy further stipulates that all Town assets be secured through third-party custody and safekeeping procedures.

As of June 30, 2023, none of the Town’s bank balance of \$46,191,456 was exposed to custodial credit risk as uninsured, uncollateralized, or collateral held by pledging bank’s trust department not in the Town’s name. Additionally, \$1,189,733 was invested in the New Hampshire Public Deposit Investment Pool (NHPDIP), which is not subject to this disclosure.

The Town also maintains various trust funds that are managed by the Trustees of Trust Funds. As of June 30, 2023, the Trust Funds’ investment in government obligations institutional portfolio of \$179,829 included at least 99.5% in cash, U.S. Government securities and/or repurchased agreements that were fully collateralized. This is a money market fund that seeks to maintain a stable net asset value (NAV) of \$1 per share and therefore, is excluded from level 1 disclosure in fair value table.

Investment Summary

The following is a summary of the investments as of June 30, 2023:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 244,430
Corporate equities	935,845
Federal agency obligations	90,164
U.S. Treasury notes	132,306
Fixed income mutual funds	147,459
Alternatives	<u>24,511</u>
Total investments	<u>\$ 1,574,715</u>

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in possession of another party. The investment policy follows the guidelines of New Hampshire RSA 31.

The Town’s investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and held by the Town’s brokerage firm, which is also the counterparty to these securities. Investments are held by the counterparty’s agent.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the “prudent investor rule” whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Town’s policy does not specifically address investment credit risk.

U.S. Treasury notes have an implied rating of AAA. The remaining fixed income investments were rated as follows by Standard & Poor’s at June 30, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year-End</u>		
		<u>AA+ - AA</u>	<u>AA- - A</u>	<u>Unrated</u>
Corporate bonds	\$ 244,430	\$ 24,843	\$ 219,587	\$ -
Federal agency obligations	90,164	90,164	-	-
Fixed income mutual funds	<u>147,459</u>	<u>-</u>	<u>-</u>	<u>147,459</u>
Total	<u>\$ 482,053</u>	<u>\$ 115,007</u>	<u>\$ 219,587</u>	<u>\$ 147,459</u>

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributable to the magnitude an investment in a single issuer. The Town does not place limits on the amount that may be invested in any one issuer. At June 30, 2023, there were no investments in any one issuer that exceeded 5% of total investments.

Investment Rate Risk – Investments in Debt Securities

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 formal investment policy limiting investment maturities as a means of managing their exposure to fair value losses arising from changing interest rates.

Information about the sensitivity of the fair values of investments to market interest rate fluctuations were as follows at June 30, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (Years)</u>
Debt-related securities:		
Corporate bonds	\$ 244,430	3.56
Federal agency securities	90,164	7.15
U.S. Treasury notes	<u>132,306</u>	5.99
Total	<u>\$ 466,900</u>	

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. At June 30, 2023, there were no investments in foreign securities.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of an asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of June 30, 2023:

Description	Fair Value Measurements Using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:			
Debt securities:			
Corporate bonds	\$ 244,430	\$ -	\$ 244,430
Federal agency obligations	90,164	-	90,164
U.S. Treasury notes	132,306	132,306	-
Fixed income mutual funds	147,459	-	147,459
Equity securities	935,845	935,845	-
Alternatives	24,511	24,511	-
Total	\$ <u>1,574,715</u>	\$ <u>1,092,662</u>	\$ <u>482,053</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property tax receivables at June 30, 2023 consisted of the following, net of an estimated allowance for doubtful accounts:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
Real estate taxes	\$ 13,165,239	\$ -	\$ 13,165,239
Yield taxes	5,751	0	5,751
Land use change taxes	233,977	0	233,977
Tax liens	566,898	(79,357)	487,541
Tax deferrals	<u>52,825</u>	<u>-</u>	<u>52,825</u>
Total property taxes	<u>\$ 14,024,690</u>	<u>\$ (79,357)</u>	<u>\$ 13,945,333</u>

Taxes Collected for Others

The Town collects property taxes for the Londonderry School District and for Rockingham County. Payments to the Londonderry School District are normally made throughout the year and payment to the Rockingham County is normally made in December. However, ultimate responsibility for the collection of these taxes rests with the Town.

5. User Fees Receivable

The Town reports the following user fees receivable at June 30, 2023:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
Ambulance fees	\$ 577,063	\$ (250,000)	\$ 327,063
Police detail and contracted fees	509,346	-	509,346
Other receivables	<u>731,248</u>	<u>-</u>	<u>731,248</u>
Total	<u>\$ 1,817,657</u>	<u>\$ (250,000)</u>	<u>\$ 1,567,657</u>

The Town reports the sewer fee receivables in user fees receivable in the enterprise fund. The Town provides sewer services, but does not supply public water. Residential sewer user charges are based on a flat rate per quarter. Commercial and industrial sewer user charges have a minimum quarterly charge in addition to usage charges. Sewer bills are mailed quarterly covering September through November, December through February, March through May, and June through August.

6. Intergovernmental Receivables

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2023.

7. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. At June 30, 2023, balances in interfund receivable and payable accounts were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 9,426,845
Major Sewer Enterprise Fund	6,984,944	-
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Police outside detail	-	98,585
Police airport division	-	372,087
Conservation commission	-	2,656
Reclamation fund	7,960	-
Town grants	2,054,172	-
Grants	2,500	-
Other special revenue funds	89,441	-
Capital Project Funds:		
Exit 4A	366,749	-
Emergency Communications		
Systems Upgrade	-	-
Rail Trail	411,907	
Permanent Trust Fund	-	17,500
Subtotal Nonmajor Governmental Funds	<u>2,932,729</u>	<u>490,828</u>
Total	<u>\$ 9,917,673</u>	<u>\$ 9,917,673</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 185,638	\$ 11,150
Major Sewer Enterprise Fund	-	90,001
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Police airport division	-	78,137
Other special funds	11,150	-
Permanent funds	-	17,500
Subtotal Nonmajor Governmental Funds	<u>11,150</u>	<u>95,637</u>
Total	<u>\$ 196,788</u>	<u>\$ 196,788</u>

The Sewer Fund transfer was made to reimburse costs incurred in the General Fund. Police airport division reimbursed the General Fund for administrative fees. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the General Fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

8. Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Buildings and building improvements	\$ 25,240	\$ -	\$ -	\$ 25,240
Machinery, vehicles, and equipment	12,449	751	(558)	12,642
Right to use machinery, vehicles, and equipment	504	459	-	963
Intangibles	729	-	-	729
Infrastructure	61,861	1,417	-	63,278
Improvements other than buildings	1,311	-	-	1,311
Total capital assets, being depreciated	102,094	2,627	(558)	104,163
Less accumulated depreciation/amortization for:				
Buildings and building improvements	(8,210)	(632)	-	(8,842)
Machinery, vehicles, and equipment	(10,120)	(642)	558	(10,204)
Right to use machinery, vehicles, and equipment	(8)	(159)	-	(167)
Intangibles	(719)	(10)	-	(729)
Infrastructure	(37,956)	(1,518)	-	(39,474)
Improvements other than buildings	(816)	(99)	-	(915)
Total accumulated depreciation/amortization	(57,829)	(3,060)	558	(60,331)
Total capital assets, being depreciated, net	44,265	(433)	-	43,832
Capital assets, not being depreciated:				
Land and land improvements	16,711	1,228	-	17,939
Construction in progress	1,905	945	(73)	2,777
Total capital assets, not being depreciated	18,616	2,173	(73)	20,716
Governmental activities capital assets, net	\$ 62,881	\$ 1,740	\$ (73)	\$ 64,548
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,742	\$ -	\$ -	\$ 3,742
Machinery, equipment, and furnishings	227	56	-	283
Infrastructure	31,458	191	-	31,649
Improvements other than buildings	4	-	-	4
Total capital assets, being depreciated	35,431	247	-	35,678
Less accumulated depreciation for:				
Buildings and improvements	(507)	(94)	-	(601)
Machinery, equipment, and furnishings	(203)	(8)	-	(211)
Infrastructure	(14,808)	(688)	-	(15,496)
Improvements other than buildings	(2)	-	-	(2)
Total accumulated depreciation	(15,520)	(790)	-	(16,310)
Total capital assets, being depreciated, net	19,911	(543)	-	19,368
Capital assets, not being depreciated:				
Construction in progress	191	197	(191)	197
Business-type activities capital assets, net	\$ 20,102	\$ (346)	\$ (191)	\$ 19,565

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities	
General government	\$ 198,511
Public safety	1,325,517
Highways and streets	1,404,950
Culture and recreation	131,003
Economic development	<u>97</u>
Total governmental activities	\$ <u>3,060,078</u>
 Business-Type Activities	
Sewer	\$ <u>789,501</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows or resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

10. Accrued Liabilities

Accrued liabilities on the governmental fund Balance Sheet primarily consist of accrued payroll and the current portion of compensated absences liability, while accrued liabilities on the Statement of Net Position include accrued payroll and interest on long-term debt at June 30, 2023.

11. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential future abatements. These cases are currently in litigation or pending with the state Board of Tax and Land Appeals.

12. Other Liabilities

This balance primarily consists of payroll withholdings and unclaimed property resulting from uncashed payroll and accounts payable checks that have been voided and segregated pending future resolution.

13. Long-Term Debt

General Obligation Bonds

The Town issues general obligation bonds (including direct placements) to provide funds for the construction of major capital facilities and roadway improvements and expansions. General obligation bonds outstanding are as follows:

Governmental Activities	Original Issue	Issue Date	Serial Maturities Through	Interest Rate %	Amount Outstanding as of 6/30/23
Public offering bonds:					
Multi-purpose bond	\$ 13,652,674	07/01/03	07/01/23	3.83%	\$ 680,000
Exit 4A (2018)	1,250,000	04/04/18	10/01/29	2.35%	750,000
Exit 4A (2019) and Central Fire Station	8,490,000	12/12/18	01/15/39	3.06%	6,790,000
			Total public offering bonds		8,220,000
Direct placement bonds:					
Refunding bonds	2,256,000	11/05/15	08/15/26	2.00%	795,000
Exit 4A (2016)	1,158,000	05/09/16	03/01/26	3.49%	347,400
			Total direct placement bonds		1,142,400
Total Governmental Activities					\$ 9,362,400

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2023 were as follows:

Fiscal Year	Public Offering Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,230,000	\$ 310,168	\$ 320,800	\$ 25,974	\$ 1,886,942
2025	550,000	269,794	315,800	17,883	1,153,477
2026	550,000	243,856	310,800	9,891	1,114,547
2027	550,000	217,763	195,000	1,950	964,713
2028	550,000	191,513	-	-	741,513
2029-2033	2,250,000	633,563	-	-	2,883,563
2034-2038	2,120,000	275,656	-	-	2,395,656
2039	420,000	14,175	-	-	434,175
Total	\$ 8,220,000	\$ 2,156,488	\$ 1,142,400	\$ 55,698	\$ 11,574,586

Bond Authorizations/Unissued

Long-term debt authorizations, which have not been issued or rescinded as of June 30, 2023 were as follows:

<u>Purpose</u>	<u>Amount</u>
Mammoth Road Sewer	\$ 225,000
Auburn Road Water Line	49,600
Auburn Road Landfill Site	<u>900,000</u>
Total Unissued Bond Authorizations	\$ <u>1,174,600</u>

Equipment Notes Payable

The Town had the following equipment notes outstanding at June 30, 2023:

	<u>Annual Payment</u>	<u>Interest Rate</u>	<u>Balance</u>
Pierce Pumper - Engine 3	\$ 61,162	2.15%	\$ 118,489
Pierce Pumper - Engine 4	79,752	3.49%	425,102
Loader/Chipper	25,288	3.89%	133,040
Volvo EW160E	24,729	3.14%	91,613
2018 Ford F350	6,747	2.93%	6,555
Pierce Aerial Ladder 2	102,276	1.90%	295,528
Ambulance Medic 2	35,955	2.89%	101,919
Tower Refurbishment	63,266	2.43%	122,064
F350 Truck	10,330	2.67%	29,406
Two Six Wheelers	36,849	2.54%	202,698
Exhaust System	14,686	3.89%	77,265
Fire Department Equipment	35,520	3.08%	34,459
Other Equipment			<u>133,514</u>
Total			\$ <u>1,771,652</u>

The annual payments to retire all equipment notes outstanding as of June 30, 2023 are as follows:

Fiscal			
<u>Year</u>		<u>Principal</u>	<u>Interest</u>
2024	\$	493,097	\$ 49,625
2025		463,656	36,799
2026		351,118	24,910
2027		165,757	15,548
2028		146,547	10,029
2029-2032		<u>151,477</u>	<u>5,099</u>
Total	\$	<u>1,771,652</u>	\$ <u>142,010</u>

Lease Payable

GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

On November 15, 2021, the Town entered into a 78-month lease as lessee for the use of various vehicles by the Department of Public Works. The lease is structured on a draw-down basis where the Town purchased vehicles in fiscal years 2022 and 2023. As of June 30, 2023, the value of the lease liability was \$426,002. The lease has an interest rate of 0.98%. The Town has the option to purchase the vehicles for \$1 at the end of the lease term. The Town has designated various capital reserve funds reported within the General Fund as the primary source to repay the obligations incurred under this lease agreement.

Changes in General Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	Beginning			Ending	Less	Equals
Governmental Activities	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Bonds payable - public offerings	\$ 9,450	\$ -	\$ (1,230)	\$ 8,220	\$ (1,230)	\$ 6,990
Bonds payable - direct placement	<u>1,468</u>	<u>-</u>	<u>(325)</u>	<u>1,143</u>	<u>(321)</u>	<u>822</u>
Subtotal bonds payable	10,918	-	(1,555)	9,363	(1,551)	7,812
Equipment notes payable	2,263	-	(491)	1,772	(493)	1,279
Lease payable	253	459	(286)	426	(287)	139
Compensated absences liability	2,007	-	(75)	1,932	(300)	1,632
Landfill post-closure liability	159	-	(20)	139	(19)	120
Net pension liability	32,098	5,844	-	37,942	-	37,942
Net OPEB liability	<u>10,854</u>	<u>-</u>	<u>(144)</u>	<u>10,710</u>	<u>-</u>	<u>10,710</u>
Totals	\$ <u>58,552</u>	\$ <u>6,303</u>	\$ <u>(2,571)</u>	\$ <u>62,284</u>	\$ <u>(2,650)</u>	\$ <u>59,634</u>

Bonds, notes and leases are approved by Town Meeting. The General Fund will be used to liquidate all long-term liabilities.

14. Landfill Post-closure Care Costs

The Town’s landfill has been closed and capped. However, State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at its capped landfill site for thirty years after closure. The \$139,689 reported as landfill post-closure care liability at June 30, 2023 represents the remaining estimated post-closure maintenance costs. This amount is based on what it would cost to perform all post-closure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Town estimates that monitoring will take an additional five years.

15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are described in the corresponding pension and OPEB notes.

Taxes collected in advance are reported in the governmental funds Balance Sheet in connection with May tax bills due July 1 for subsequent fiscal year that were collected prior to June 30.

Unavailable revenues are reported in the governmental funds Balance Sheet in connection with tax receivables for which revenues are not considered available to liquidate liabilities of the current year.

16. Fund Balances of Governmental Funds

The following types of fund balances are reported at June 30, 2023:

Nonspendable

This fund balance classification includes a General Fund offset for prepaid items and property held for resale, as well as nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

This fund balance classification includes various special revenue funds and the income portion of permanent trust funds.

Committed

This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, and capital reserve and expendable trust funds set aside by Town Meeting vote for future capital acquisitions and improvements.

Assigned

This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned

This fund balance classification includes the residual classification for the General Fund and temporary fund balance deficits in other governmental funds.

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid and held for resale	\$ 479,226	\$ -	\$ 479,226
Nonexpendable permanent funds	<u>-</u>	<u>1,570,874</u>	<u>1,570,874</u>
Total Nonspendable	479,226	1,570,874	2,050,100
Restricted			
Debt service	105,399	-	105,399
Special revenue funds:			
Leach Library	-	74,166	74,166
Police outside detail	-	36,284	36,284
Reclamation fund	-	647,069	647,069
Other special revenue funds	-	124,613	124,613
Capital project funds:			
Exit 4A	-	366,749	366,749
Expendable permanent funds	<u>-</u>	<u>166,170</u>	<u>166,170</u>
Total Restricted	105,399	1,415,051	1,520,450
Committed			
Subsequent year appropriations:			
Town facilities and infrastructure	90,000	-	90,000
Fire dept equipment	50,000	-	50,000
Pillsbury cemetery	25,000	-	25,000
Lease with School District	300,000	-	300,000
Restoration of former School District Offices	145,204	-	145,204
Public Water System Study	53,607	-	53,607
Capital reserves:			
Cemetery land	43,334	-	43,334
Geographic information system	92,648	-	92,648
Pillsbury cemetery	275,085	-	275,085
Fire department equipment	458,566	-	458,566
Cable division equipment	239,020	-	239,020
Master plan	68,553	-	68,553
Maintenance reserve	221,019	-	221,019
Roadway maintenance	1,788,148	-	1,788,148
ECO Park and other recreation purposes	7,297	-	7,297
Town IT Infrastructure	100,092	-	100,092
Special revenue funds:			
Conservation commission	-	767,551	767,551
Capital project funds:			
Rail trail	<u>-</u>	<u>411,907</u>	<u>411,907</u>
Total Committed	3,957,573	1,179,458	5,137,031
Assigned			
Management assignment for BTLA cases	1,749,454	-	1,749,454
Budgetary encumbrances	<u>1,878,348</u>	<u>-</u>	<u>1,878,348</u>
Total Assigned	3,627,802	-	3,627,802
Unassigned			
	<u>5,690,599</u>	<u>-</u>	<u>5,690,599</u>
Total Fund Balances	<u>\$ 13,860,599</u>	<u>\$ 4,165,383</u>	<u>\$ 18,025,982</u>

17. New Hampshire Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

The following pension disclosures for the New Hampshire Retirement System pension plan are based upon an actuarial valuation performed as of June 30, 2021, using a measurement date of June 30, 2022.

Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer, defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. NHRS is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in NHRS. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at nhrs.org.

Benefits Provided

Group 1 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:

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 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%

Contributions

Plan members are required to contribute a percentage of their earnable compensation to the pension plan, which the contribution rates are 7% for employees, 11.55% for police and 11.80% for fire. The Town makes contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, III, which is 13.75% for employees, 30.67% for police, and 29.78% for fire. The Town’s contribution to NHRS for the year ended June 30, 2023 was \$3,829,977, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS’ 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 benefit terms. Investments are reported at fair value.

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

At June 30, 2023, the Town reported a liability of \$37,942,452 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the most recent measurement date of June 30, 2022, the Town’s proportion was 0.66% percent, which was a decrease of 0.06% from its previous year proportion.

For the year ended June 30, 2023, the Town recognized pension expense of \$3,201,947. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 712,112	\$ 145,655
Changes of assumptions	2,018,235	-
Difference between projected and actual earnings on pension plan investments	1,437,970	-
Changes in proportion and differences between contributions and proportionate share of contributions	741,625	2,824,359
Contributions subsequent to the measurement date	<u>3,931,532</u>	<u>-</u>
Total	<u>\$ 8,841,474</u>	<u>\$ 2,970,014</u>

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase (decrease) in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 861,103
2025	780,733
2026	(1,118,845)
2027	<u>1,416,937</u>
Total	<u>\$ 1,939,928</u>

Actuarial Assumptions and Other Inputs

The collective total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75%
Salary increases	5.40% average, including inflation
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates were updated to be 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.

Target Allocation

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.

The following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long-Term Expected Real Rate of Return</u>
Broad US Equity	30.00 %	7.60%
Global Ex-US Equity	<u>20.00</u>	7.90%
Total Public Equity	50.00	
Real Estate Equity	10.00	6.60%
Private Equity	<u>10.00</u>	8.85%
Total Private Market Equity	20.00	
Core US Fixed Income	25.00	3.60%
Private debt	<u>5.00</u>	7.25%
Total	<u><u>100.00</u> %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and

employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan’s actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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%, as well as what the Town’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$50,909,204	\$37,942,452	\$ 27,161,797

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued NHRS financial report.

18. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Town OPEB Plan

The following OPEB disclosures for the Town OPEB Plan are based on an actuarial valuation performed as of July 1, 2023, with a measurement date of June 30, 2023.

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town’s healthcare program. Since they are included in the same pool as active employees,

the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

The benefits, benefit levels, employee contributions, and employer contributions are based on requirements of the New Hampshire Retirement System (NHRS) and governed by RSA 100-A:50.

The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	14
Active employees	<u>165</u>
Total	<u><u>179</u></u>

Funding Policy

The Town’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Salary increases	2.75% for general wage inflation plus merit and productivity increases
Discount rate	4.13%, previously 4.09%
Healthcare cost trend rates	7.50% decreasing by 0.5% annually to an ultimate rate of 4.5%

Mortality rates were based on SOA Pub-2010 Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Discount Rate

The discount rate was based on the 20-year tax-exempt general obligation municipal bond indices at June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year:

	<u>Total OPEB Liability</u>
Balance, beginning of year	\$ 7,413,228
Changes for the year:	
Service cost	392,301
Interest	314,097
Change in benefit terms	17,808
Differences between expected and actual experience	(487,037)
Changes in assumptions	160,317
Benefit payments	<u>(254,321)</u>
Net Changes	<u>143,165</u>
Balance, end of year	<u>\$ 7,556,393</u>

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

The following presents the total OPEB liability calculated using the discount rate of 4.13%, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% <u>Decrease</u>	Current Discount Rate	1% <u>Increase</u>
\$8,293,164	\$7,556,393	\$6,893,512

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

The following presents the total OPEB liability calculated using the current healthcare cost trend rates of 7.5%, as well as what the total OPEB liability would be if it was calculated

using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	Current Healthcare Cost Trend <u>Rates</u>	<u>1% Increase</u>
\$6,683,295	\$7,556,393	\$ 8,596,301

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

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$(186,167). At June 30, 2023 the Town reported deferred outflows and (inflows) related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 257,078	\$ 2,589,808
Change in assumptions	<u>942,464</u>	<u>1,239,418</u>
Total	<u>\$ 1,199,542</u>	<u>\$ 3,829,226</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ (910,373)
2025	(332,407)
2026	(230,935)
2027	(311,347)
2028	(329,754)
Thereafter	<u>(514,868)</u>
Total	<u>\$ (2,629,684)</u>

New Hampshire Retirement System Medical Subsidy Plan Description

The following OPEB disclosure for the New Hampshire Retirement System Medical Subsidy Plan are based upon an actuarial valuation performed as of June 30, 2021, using a measurement date of June 30, 2022.

Plan Description

In addition to the OPEB plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer, defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at nhrs.org.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The OPEB plan is closed to new entrants.

The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

- 1 Person - \$375.56
- 2 Person - \$751.12
- 1 Person Medicare Supplement - \$236.84
- 2 person Medicare Supplement - \$473.68

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of earnable compensation. The Town contributed 0.31% of earnable compensation for Group I employees, 3.21% of earnable compensation for Group II fire and police department members, respectively. Employees are not required to contribute. The Town's contribution to NHRS for the medical subsidy for the year ended June 30, 2023 was \$381,734, which was equal to its

annual required contribution. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same in the Retirement System footnote, which is disclosed in Note 17.

Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The Town’s proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2022 was \$3,153,170 representing 0.83%, a decrease of 0.03% from the previous year.

For the year ended June 30, 2023, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$12,049. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 381,734	\$ -
Net difference between projected and actual OPEB investment earnings	<u>8,617</u>	<u>-</u>
Total	<u>\$ 390,351</u>	<u>\$ -</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ 1,433
2025	372
2026	(3,390)
2027	<u>10,202</u>
Total	<u>\$ 8,617</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate
 The following presents the net OPEB liability using the discount rate of 6.75%, as well as what the net OPEB liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 3,423,303	\$3,153,170	\$2,917,905

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and (Inflows)

Below is a summary of all OPEB related items in the aggregate as of June 30, 2023. Details related to these items are presented separately for each plan on the previous pages.

	<u>Net</u> <u>OPEB</u> <u>Liability</u>	<u>Total</u> <u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Total</u> <u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Total</u> <u>OPEB</u> <u>Expense</u>
Town OPEB Plan	\$ 7,556,393	\$ 1,199,542	\$ 3,829,226	\$ (186,167)
Proportionate share of NHRS Medical Subsidy Plan	<u>3,153,170</u>	<u>390,351</u>	<u>-</u>	<u>12,049</u>
Total	<u>\$ 10,709,563</u>	<u>\$ 1,589,893</u>	<u>\$ 3,829,226</u>	<u>\$ (174,118)</u>

19. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts to be immaterial.

Abatements

In addition to the Town's estimated tax refunds payable, there are certain other cases pending before the BTLA and Superior Court of New Hampshire in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cases at the present time is indeterminable.

Encumbrances

At June 30, 2023, the Town's General Fund had \$1,878,348 in encumbrances that will be honored in the next fiscal year.

20. Subsequent Events

Management has evaluated subsequent events through March 26, 2024, which is the date the financial statements were available to be issued.

21. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 101, *Compensated Absences*, effective for the Town beginning with its fiscal year ending June 30, 2025. This statement establishes revised reporting and disclosure requirements related to compensated absences in the financial statements. Management has not yet evaluated the impact of implementing these GASB pronouncements.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual
For the Year Ended June 30, 2023
(Unaudited)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original <u>Budget</u>	Final <u>Budget</u>		
Revenues				
Property taxes	\$ 20,782,299	\$ 20,782,299	\$ 19,900,947	\$ (881,352)
Interest, penalties, and other taxes	932,668	932,668	927,553	(5,115)
Licenses and permits	9,489,250	9,489,250	10,877,212	1,387,962
Intergovernmental	3,860,545	3,860,545	3,888,891	28,346
Charges for services	1,766,900	1,766,900	1,537,133	(229,767)
Investment income	480,364	480,364	1,005,883	525,519
Other revenues	<u>1,122,385</u>	<u>1,122,385</u>	<u>128,627</u>	<u>(993,758)</u>
Total Revenues	38,434,411	38,434,411	38,266,246	(168,165)
Expenditures				
General government	7,434,780	7,434,780	7,114,648	320,132
Public safety	17,721,675	17,721,675	18,078,015	(356,340)
Highways and streets	5,193,669	5,193,669	5,093,590	100,079
Sanitation	2,306,312	2,306,312	2,371,016	(64,704)
Health	386,936	386,936	343,856	43,080
Welfare	86,250	86,250	71,864	14,386
Culture and recreation	1,611,001	1,611,001	1,598,988	12,013
Conservation	3,350	3,350	3,202	148
Economic development	462,448	462,448	325,452	136,996
Capital outlay	1,380,000	1,380,000	1,328,966	51,034
Debt service	<u>1,955,074</u>	<u>1,955,074</u>	<u>1,954,502</u>	<u>572</u>
Total Expenditures	<u>38,541,495</u>	<u>38,541,495</u>	<u>38,284,099</u>	<u>257,396</u>
Excess (deficiency) of revenue over (under) expenditures	(107,084)	(107,084)	(17,853)	89,231
Other Financing Sources (Uses)				
Transfers in	195,186	195,186	218,443	23,257
Transfers out	(1,016,300)	(1,016,300)	(265,300)	751,000
Use of fund balance:				
Reduce taxes	200,000	200,000	-	(200,000)
Bond premium use	105,398	105,398	-	(105,398)
Capital articles	622,800	622,800	-	(622,800)
Transfers to capital reserve funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>107,084</u>	<u>107,084</u>	<u>(46,857)</u>	<u>(153,941)</u>
Overall Budgetary Deficiency	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(64,710)</u>	\$ <u>(64,710)</u>

See Independent Auditors' Report.

**Notes to Required Supplementary Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP basis	\$ 38,267,572	\$ 39,254,605	\$ 633,214
Subtract expenditures of prior year appropriation carryforwards	-	(1,794,666)	-
Add end-of-year appropriation carryforwards to expenditures	-	2,041,024	-
Reverse effect of combining General Fund and capital reserve funds (GASB 54)	(1,326)	(758,138)	(221,345)
To remove gross up for issuance of leases	<u>-</u>	<u>(458,726)</u>	<u>(458,726)</u>
Budgetary basis	<u>\$ 38,266,246</u>	<u>\$ 38,284,099</u>	<u>\$ (46,857)</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Proportionate Share
of the Net Pension Liability
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2023	June 30, 2022	0.66%	\$37,942,452	\$ 15,690,719	241.81%	65.12%
June 30, 2022	June 30, 2021	0.72%	\$32,098,356	\$ 15,230,376	210.75%	72.22%
June 30, 2021	June 30, 2020	0.70%	\$44,793,846	\$ 15,945,027	280.93%	58.72%
June 30, 2020	June 30, 2019	0.71%	\$34,204,283	\$ 14,944,001	228.88%	65.59%
June 30, 2019	June 30, 2018	0.72%	\$34,674,750	\$ 14,565,823	238.06%	64.73%
June 30, 2018	June 30, 2017	0.72%	\$35,505,975	\$ 14,309,916	248.12%	62.66%
June 30, 2017	June 30, 2016	0.72%	\$38,506,601	\$ 13,693,056	281.21%	58.30%
June 30, 2016	June 30, 2015	0.73%	\$38,506,601	\$ 13,298,078	289.57%	65.47%
June 30, 2015	June 30, 2014	0.73%	\$28,310,207	\$ 13,332,262	212.34%	66.32%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

New Hampshire Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	\$ 3,829,977	\$ 3,829,977	\$ -	\$ 15,690,719	24.41%
June 30, 2022	\$ 3,327,414	\$ 3,327,414	\$ -	\$ 15,230,376	21.85%
June 30, 2021	\$ 3,111,138	\$ 3,111,138	\$ -	\$ 15,945,027	19.51%
June 30, 2020	\$ 3,093,546	\$ 3,093,546	\$ -	\$ 14,944,001	20.70%
June 30, 2019	\$ 3,093,138	\$ 3,093,138	\$ -	\$ 14,565,823	21.24%
June 30, 2018	\$ 3,043,600	\$ 3,043,600	\$ -	\$ 14,309,916	21.27%
June 30, 2017	\$ 2,644,855	\$ 2,644,855	\$ -	\$ 13,693,056	19.32%
June 30, 2016	\$ 2,592,978	\$ 2,592,978	\$ -	\$ 13,298,078	19.50%
June 30, 2015	\$ 2,538,386	\$ 2,538,386	\$ -	\$ 13,332,262	19.04%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contributions of the Net OPEB Liability
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Measurement Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total OPEB Liability
June 30, 2023	June 30, 2022	0.83%	\$ 3,153,170	\$ 15,690,719	20.10%	10.64%
June 30, 2022	June 30, 2021	0.86%	\$ 3,441,237	\$ 15,230,376	22.59%	11.06%
June 30, 2021	June 30, 2020	0.83%	\$ 3,633,062	\$ 15,945,027	22.78%	7.74%
June 30, 2020	June 30, 2019	0.91%	\$ 3,972,219	\$ 14,944,001	26.58%	7.75%
June 30, 2019	June 30, 2018	0.92%	\$ 4,213,285	\$ 14,565,823	28.93%	7.53%
June 30, 2018	June 30, 2017	0.61%	\$ 2,785,822	\$ 14,309,916	19.47%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

Fiscal Year	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	\$ 381,734	\$ 381,734	\$ -	\$ 15,690,719	2.43%
June 30, 2022	\$ 370,075	\$ 370,075	\$ -	\$ 15,230,376	2.43%
June 30, 2021	\$ 385,271	\$ 385,271	\$ -	\$ 15,945,027	2.42%
June 30, 2020	\$ 413,484	\$ 413,484	\$ -	\$ 14,944,001	2.77%
June 30, 2019	\$ 407,050	\$ 407,050	\$ -	\$ 14,565,823	2.79%
June 30, 2018	\$ 361,119	\$ 361,119	\$ -	\$ 14,309,916	2.52%

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See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Changes in the Total OPEB Liability (Town Plan)
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 392,301	\$ 565,423	\$ 607,299	\$ 518,950	\$ 437,840	\$ 469,307	\$ 760,208
Interest	314,097	198,584	249,188	302,518	288,252	277,709	321,717
Differences between expected and actual experience	(487,037)	(279,364)	(1,583,292)	(519,920)	685,548	(605,038)	(4,107,331)
Changes in assumptions	160,317	(1,449,439)	743,341	667,184	(42,245)	(206,788)	(342,961)
Change of benefit terms	17,808	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(254,321)</u>	<u>(247,291)</u>	<u>(301,793)</u>	<u>(313,225)</u>	<u>(247,391)</u>	<u>(264,946)</u>	<u>(370,327)</u>
Net change in total OPEB liability	143,165	(1,212,087)	(285,257)	655,507	1,122,004	(329,756)	(3,738,694)
Total OPEB liability - beginning	<u>7,413,228</u>	<u>8,625,315</u>	<u>8,910,572</u>	<u>8,255,065</u>	<u>7,133,061</u>	<u>7,462,817</u>	<u>11,201,511</u>
Total OPEB liability - ending	<u>\$ 7,556,393</u>	<u>\$ 7,413,228</u>	<u>\$ 8,625,315</u>	<u>\$ 8,910,572</u>	<u>\$ 8,255,065</u>	<u>\$ 7,133,061</u>	<u>\$ 7,462,817</u>
Covered employee payroll	\$ 12,705,715	\$ 11,563,546	\$ 11,519,082	\$ 13,365,329	\$ 12,838,471	\$ 11,407,455	\$ 11,048,383
Net OPEB Liability as a % of covered payroll	59.5%	64.1%	74.9%	66.7%	64.3%	62.5%	67.5%

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