

**TOWN OF NEW BOSTON,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Change in Accounting Principle

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

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

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

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

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

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

December 27, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

As management of the Town of New Boston, NH, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and (4) required supplementary information. This report also contains other 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 the Town's assets, liabilities, deferred outflows/inflows of resources, with the difference between reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the current year. All current revenues and expenditures are included regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include general government, public safety, roadways, cemetery, library, trust and capital reserve funds, grants, conservation, sanitation, culture and recreation.

Fund financial statements.

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

Governmental Funds. *Governmental funds* are used to report on the general operations of the Town. They are used to account for essentially the same functions reported as *governmental activities* in government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus only on *near-term inflows and outflows of spendable resources this year*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's current 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government, such as developer's performance bonds, capital reserve and expendable trust funds belonging to other governments, and trust funds for which the income is used for purposes that are not normally funded by the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because these funds are not available to support the Town's own programs. The accounting used for the fiduciary funds is much like that used for businesses.

Notes to the financial statements.

The notes provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements and can be found on pages 23-47.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

Required Supplementary Information

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information.

This section includes the following information:

- Schedule of the Town's Proportionate Share of Net Pension Liability
- Schedule of Town Contributions – Pensions
- Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability
- Schedule of Town Contributions – Other Postemployment Benefits
- Schedule of Changes in Town's Total Other Postemployment Benefits Liability and Related Ratios

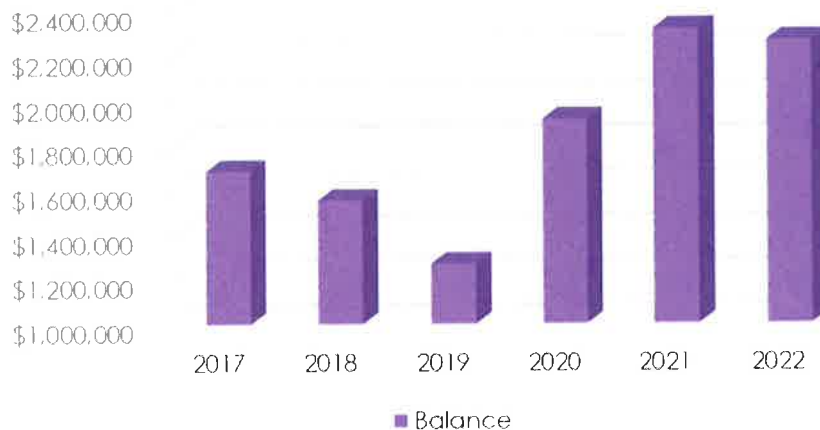
Other information.

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

FINANCIAL HIGHLIGHTS

- **Net Position:** The total assets and deferred outflows exceeded liabilities and deferred inflows of resources at year ending December 31, 2022, with an ending net position of \$17,729,032, an increase of \$1,233,076 or 7.48% from prior year ending net position of \$16,495,956.
- **Fund Balance:** The governmental funds reported combined ending fund balances at year-end December 31, 2022, of \$6,962,883 (Exhibit C-1). An increase of \$382,474 in comparison to the prior year balance of \$6,580,409.
- **Unassigned Fund Balance:** The unassigned fund balance for the general fund at year-end December 31, 2022, was \$2,272,034 (Exhibit D). A decrease of \$52,546 in comparison to the prior year balance of \$2,324,580.

Unassigned Fund Balance



TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position.

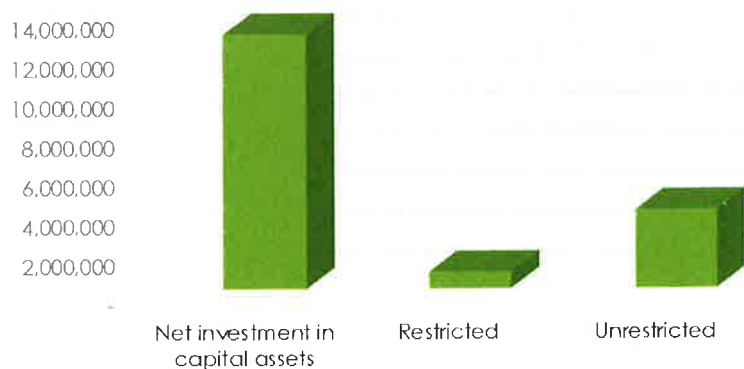
The following is a summary of condensed government-wide financial data for the current and prior years.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
Governmental Activities
Statement of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>\$</u>	<u>Change</u> <u>%</u>
Assets and deferred outflow of resources:				
Current and other assets	\$ 13,528,333	\$ 12,815,836	\$ 712,497	5.56
Capital assets	12,909,860	12,121,415	788,445	6.50
Total assets	26,438,193	24,937,251	1,500,942	6.02
Deferred outflows of resources	406,831	449,004	(42,173)	(9.39)
Total assets and deferred outflows of resources	26,845,024	25,386,255	1,458,769	5.75
Liabilities and deferred inflows of resources:				
Current liabilities	5,726,023	5,895,152	(169,129)	(2.87)
Noncurrent liabilities	2,413,143	2,134,918	278,225	13.03
Total liabilities	8,139,166	8,030,070	109,096	1.36
Deferred inflows of resources	976,826	860,229	116,597	13.55
Total liabilities and deferred inflows of resources	9,115,992	8,890,299	225,693	2.54
Net position:				
Net investment in capital assets	12,896,388	12,068,614	827,774	6.86
Restricted	851,034	977,680	(126,646)	(12.95)
Unrestricted	3,981,610	3,449,662	531,948	15.42
Total net position	\$ 17,729,032	\$ 16,495,956	\$ 1,233,076	7.48

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year total net position was \$17,729,032, a change of \$1,233,076 from the prior year or 7.48% when compared to the end of the previous year net position of \$16,495,956.

Net Position - Year Ended December 31, 2022



By far the largest portion of the Town of New Boston's net position of \$17,729,032 reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, infrastructure) in the amount of \$12,896,388. The Town of New Boston uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the 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 in the amount of \$851,034 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$3,981,610 may be used to meet the

TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

government's ongoing obligations to citizens and creditors. The Town received \$308,782 of deferred inflows, the first tranche payment in 2021 from the American Rescue Plan Act (ARPA) of a total award amount of \$617,564. The second tranche of \$308,782 was received in August 2022. The Select Board has until December 31, 2024 to commit these funds and to expend no later than December 31, 2026. The 2023 Town Warrant included a warrant article for a police department building addition that will be funded utilizing \$607,000 of ARPA funds to complete the project. The remaining \$10,200 was used to complete the police department's roof in 2022.

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
Summary of Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>\$</u>	<u>Change</u> <u>%</u>
Revenues				
Program Revenues				
Charges for services	\$ 584,877	\$ 550,584	\$ 34,293	6.23
Operating grants and contributions	133,376	221,008	(87,632)	(39.65)
Capital grants and contributions	204,176	287,793	(83,617)	(29.05)
Total program revenues	<u>922,429</u>	<u>1,059,385</u>	<u>(136,956)</u>	<u>(12.93)</u>
General revenues				
Taxes	4,189,727	3,814,880	374,847	9.83
Motor vehicle permit fees	1,428,006	1,468,667	(40,661)	(2.77)
Licenses and other fees	149,210	129,141	20,069	15.54
Intergovernmental	717,008	443,598	273,410	61.63
Miscellaneous	156,980	387,802	(230,822)	(59.52)
Total general revenues	<u>6,640,931</u>	<u>6,244,088</u>	<u>396,843</u>	<u>6.36</u>
Total revenues	<u>\$ 7,563,360</u>	<u>\$ 7,303,473</u>	<u>\$ 259,887</u>	<u>3.56</u>
Expenses				
General government	\$ 1,854,889	\$ 1,077,043	\$ 777,846	72.22
Public safety	1,779,085	2,062,352	(283,267)	(13.74)
Highway and streets	1,512,262	1,225,891	286,371	23.36
Sanitation	431,000	438,457	(7,457)	(1.70)
Health	9,533	12,396	(2,863)	(23.10)
Welfare	37,930	4,598	33,332	724.92
Culture and recreation	634,234	599,726	34,508	5.75
Conservation	71,351	40,044	31,307	78.18
Total expenses	<u>6,330,284</u>	<u>5,460,507</u>	<u>869,777</u>	<u>15.93</u>
Change in net position	<u>1,233,076</u>	<u>1,842,966</u>	<u>(609,890)</u>	<u>(33.09)</u>
Beginning net position	<u>16,495,956</u>	<u>14,652,990</u>	<u>1,842,966</u>	<u>12.58</u>
Ending net position	<u>\$ 17,729,032</u>	<u>\$ 16,495,956</u>	<u>\$ 1,233,076</u>	<u>7.48</u>

Changes in Net Position

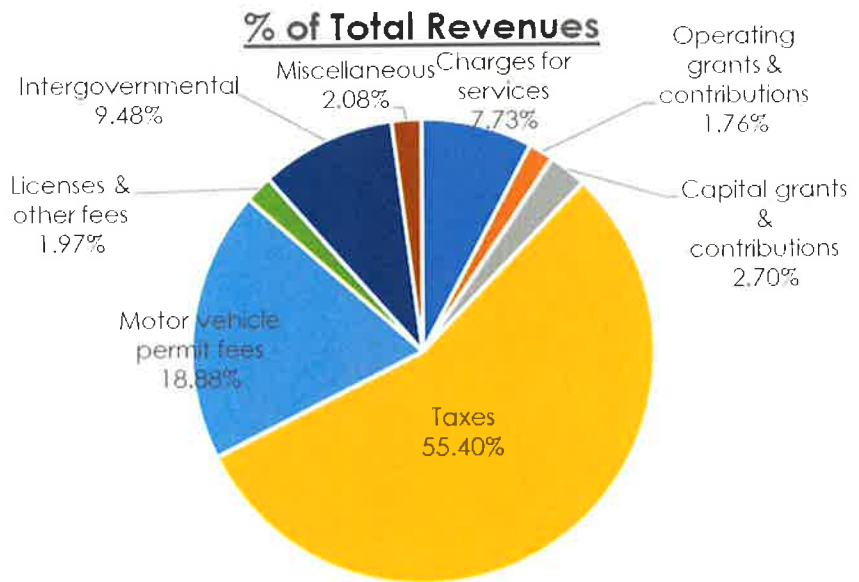
During the current year the Town's net position increased by \$1,233,076 or 7.48% in 2022. Revenues for the year ending December 31, 2022, totaled \$7,563,360, an increase of \$259,887 or 3.56%, exceeding total expenses of \$6,330,284.

➤ **Revenue Changes**

- **Charges for services** reported an increase of \$34,293 or 6.23% mainly due to an increase in activity at the Recreation Department of \$44,613, an \$13,159 increase in Public Safety offset with a decrease of \$23,481 in Transfer Station Recycling Revolving Fund mainly from a decrease in plastics. Recreation income increased mainly from increase Camp Coolio summer camp registration and After School enrollment.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

- **Operating grants and contributions** decreased \$87,632 or 39.65%. The sources of the grants comprised of the State Land and Water Conservation Fund (LWCF) grant for the Conservation Commission Rail Trail project in the amount of \$75,000, Fire Department was granted \$25,000 from the Locality Grant Equipment Purchase Grant Program administered by the Governor's Office For Emergency Relief and Recovery (GOFERR) grant, the State of NH granted \$13,777 for the Town's NH Retirement System contributions, American Rescue Plan Act (ARPA) funds of \$10,200, State of NH Hazard Mitigation Grant of \$7,000, and the NH Police Standards and Training Council grant of \$2,400 for the Police Department.
- **Capital grants and contributions** decreased \$83,617 or 29.05% was due to a decrease in the New Hampshire State Highway Block Grant funding received by the Town.
- **Property and other taxes** generated \$4,189,727 which represents 55.4% of total revenues. Taxes increased \$374,847 or 9.83% from the prior year. The increase is mainly due to an increase of \$503,014 in current year property taxes. The increase was offset by a decrease in Land Use Change Taxes of \$96,459. In 2022 the Town voted yes on warrant article #30 to increase the percentage of Land Use Change Tax from 60% to 100% to the Conservation Commission pursuant to RSA 79-A:25 combined with 20 few parcels in Current Use. Additionally, there were decreases of \$19,793 in Timber Taxes, Gravel Taxes of \$518 and a \$11,397 decrease of Interest & Penalties due to fewer late payments. The tax collection rate for the Town is approximately 98%.
- **Motor vehicles permit fees** generated \$1,428,006 which represents 18.88% of total revenues for the Town. Motor vehicle permit fees decreased \$40,661 or 2.77% from prior year.
- **Licenses and other fees** consist of charges for U.C.C. Filings, Building Department permits, Town Clerk license fees (dog licenses, vital records, agent fees), Planning Board and Zoning Board fees and other permits/fees totaling \$149,210 or 1.97% of total revenues. The increase of \$20,069 is mainly due to an increase of \$17,554 in building permits revenue. The total number of permits in 2022 was 687, mainly from plumbing, electrical, fuel-fired mechanical permits.
- **Intergovernmental** increased \$273,410 or 61.63% from prior year due to an increase of \$108,212 in the New Hampshire State Rooms & Meals Tax funding received by the Town plus an additional \$175,099 from the State Highway Block Grant. Intergovernmental represents 9.48% of total revenues.
- **Miscellaneous** comprised mainly of interest, sale of Town equipment, insurance refunds & reimbursements, cable TV royalties and other fund revenues such as Conservation Commission Rail Trail donations. The decrease of \$230,822 or 59.52% is mainly due decreases in Conservation Rail Trail donations, sale of Town equipment, Police donations and decrease in the permanent trust fund fair market value.

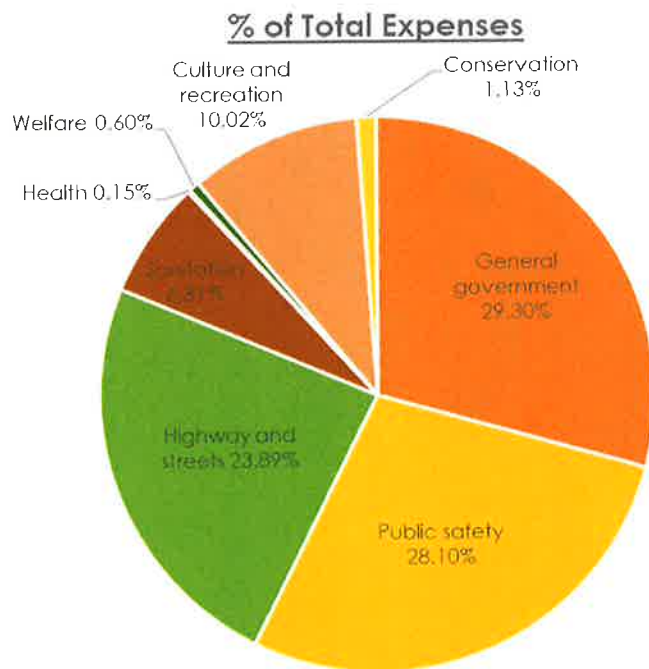


TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

The majority of expenses were incurred for general government (29.30%), public safety (28.10%), and highway and streets (23.89%), which accounted for 81.30% of total expenditures of \$6,330,284. Total expenses for 2022 increased \$869,777 or 15.93% from prior year total expenses of \$5,460,507.

➤ **Expense Changes**

- **General Government** reported an increase of \$777,846 or 72.22% mainly due to relocating all health insurances out of individual departments into the Personnel Administration department, an increase of \$669,224. Additionally, increases in the office clerical wages of \$52,693 in the Select Board's department due to creating two full-time positions by combining the Building Assistant and Planning Assistant and the part-time Assessing and A/P & Payroll Coordinator as well as increases of \$139,957 in the permanent funds, offset by decreases in general government repairs & maintenance of (\$50,355) and decrease in legal settlement costs of approximately (\$49,803).
- **Public Safety** reported a decrease of (\$283,267) or (13.74%) mainly due to a relocating all health insurances and retirement expenses out of the individual departments into the Personnel Administration Department, a decrease of (\$359,419) and a decrease of Compensated Absences of (\$42,984). Offset by an increase of \$22,122 in the Ambulance Revolving account, an increase of \$32,503 for Fire Per Diem, an increase \$24,444 in Emergency Call Wages, an increase in Capital Asset Additions / Depreciation of \$28,926 and an increase in Police Donation expense of \$10,000 for the body camera donation.
- **Highway and streets** increased \$286,371 or 23.36% mainly due to an increase of \$542,965 Capital Asset Additions, an increase of \$183,171 for lease & lease interest and Capital Asset Depreciation of \$85,553. There were decreases of (\$95,427) due to relocating all health insurances out of individual departments into the Personnel Administration Department, decrease of (\$285,274) in encumbrances and a decrease of (\$352,218) in Highway Block Grant expense.
- **Sanitation** decreased (\$7,457) or (1.70%) in total expenses of \$431,000 from prior year expenses of \$438,457. The decrease is mainly due to relocating all health and other insurances offset by an increase of capital asset depreciation.
- **Health** had a decrease of (\$2,863) or (23.10%) due to a decrease in charitable donations and Health Officer expenses.
- **Welfare** increased \$33,332 or 724.92% mainly due to an increase in housing expenses of \$18,330.
- **Culture and recreation** are comprised of the Recreation Department, Recreation Revolving Account (User Fee based programs such as After-School Care and Summer Camp), Patriotic Purposes and the Whipple Free Library. There was an increase of \$34,508 or 5.75% in total expenses in the sum of \$634,234 from prior year expenses of \$599,726. There was an increase of \$77,599 in Recreation Revolving Account programs for increased enrollment and participation offset by relocation of all health and other insurances to the Personnel Administration department of (\$25,695). The Whipple Free Library decreased expenses of (\$22,530) and the relocation of all health and other insurances to the Personnel Administration Department of (\$22,068) offset by an increase in wages of \$18,077.
- **Conservation** increased \$31,307 or 78.18% mainly due to an increase in Capital Asset Additions.



TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

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

Governmental Fund

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 financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. At the end of the current year, unassigned fund balance was \$2,265,175 per Exhibit C-1, while total fund balance was \$6,962,883 per Exhibit C-1. The general fund unassigned balance decreased in the amount of (\$61,985) from the prior year balance of \$2,327,160.

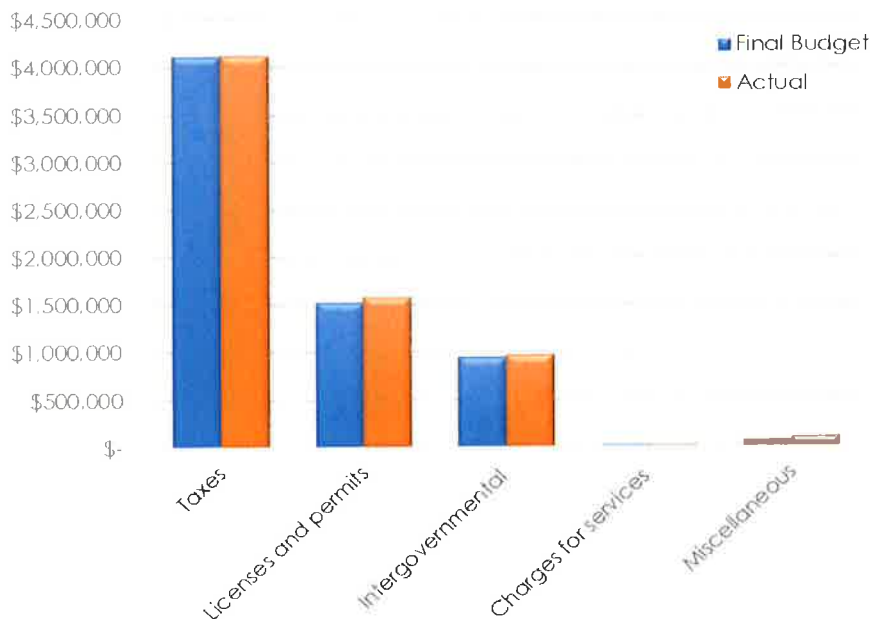
General Fund Budgetary Highlights

Significant budget to actual variances for general fund revenues and expenditures include the following (See Schedule 1 and 2):

➤ **Revenue Highlights**

- **Taxes** revenues exceeded the budget by \$10,924 or 0.3% mainly due to an increase of \$20,148 in property taxes offset by decreases of (\$13,890) of Land Use Change and (\$5,443) in Interest and Penalties.
- **Licensing and permitting** revenues exceeded the budget by \$55,905 or 3.7% mainly due to a \$29,670 increase in motor vehicle registrations over budget, an increase of \$15,179 in building permits and an increase of \$10,066 in other fees.
- **Intergovernmental** revenues exceeded the budget by \$31,103 or 3.3% due to grants received from the New Hampshire State Governor's Office for Emergency Relief and Recovery (GOFERR) of \$25,000 and Emergency Management Performance Grant (EMPG) of \$7,000 from the Federal Emergency Management Agency (FEMA).
- **Charges for Services** revenues exceeded the budget by \$3,788 or 47.8% mainly due an increase in Fire Dept income and Police Training Reimbursement compared to budget.
- **Miscellaneous** revenues exceeded the budget by \$38,364 or 68.9% mainly due to increases in sale of municipal equipment of \$26,900 and interest on investments of \$24,981 offset by a decrease in other of (\$13,517).

Revenue Budget vs Actuals
Year Ending December 31, 2022



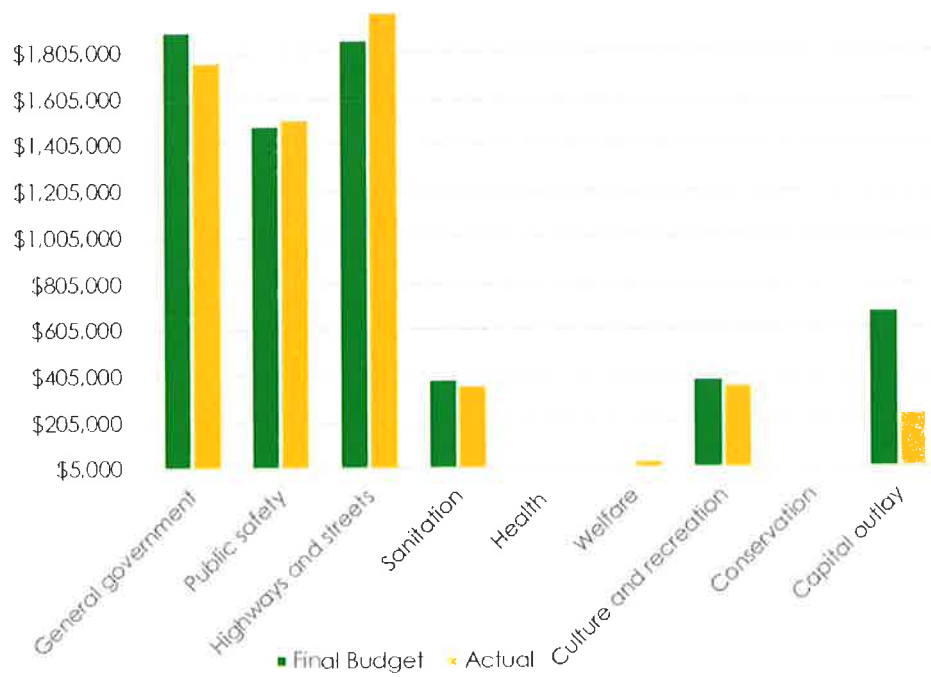
TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

➤ **Expense Highlights**

- **General government** had underspend of \$126,846 or 6.69% compared to budget predominantly from underspend in the following categories: \$121,962 in personnel administration dept for medical/dental insurances and retirement expenses and \$29,197 in planning and zoning from clerical wages and planning consultant. The underspend was offset by overages in general government buildings of (\$23,733) for groundskeeping wages and repairs & maintenance and executive administration of (\$8,897) for engineering expenses and misc.
- **Public safety** exceeded budget of (\$27,805) or (1.86%) compared to budget predominantly due to police detail and building inspection offset by fire and emergency management underspend.
- **Highways and streets** exceeded budget by (\$120,470) or (6.47%) due to overspend in highways and streets of (\$68,665) in the areas of fuel, culverts, salt and hired trucks for snow plowing, bridges of (\$88,478) for Lyndeborough Rd, street lighting of (\$7,176) for installation of the LED streetlights because the State rebate was less than anticipated. This was offset by underspend in administration of \$60,406 in the areas of wages, equipment and equipment repairs.

- **Sanitation** had underspend of \$24,596 or 6.29% mainly due to savings in solid waste disposal of \$33,362 in the areas of Municipal Solid Waste (MSW) tipping fees in the amount of \$20,768 and trucking fees in the amount of \$11,330 due to a decrease in volume of solid waste with all furniture and bulky waste processed in the Transfer Station Recycling Revolving Account established in 2021, user fees pay for these disposals. Total tons processed and shipped in 2022: 630 tons of solid waste and 410 tons of recycling. Compared to 2021 tons processed and shipped: 713 tons of solid waste and 444 tons of recycling.

Expenditures Budget vs Actuals
Year Ending December 31, 2022



- **Welfare** exceeded budget by (\$15,914) or (72.28%) due to an increase in assistance requests for housing, heat & electricity because of the increase in cost of living and inflation as well as transportation for elderly/disabled exceeded budget of (\$4,626) because of increased ridership.

- **Culture and recreation** performed under budget by \$24,350 or 6.18%. There was underspend at the Library in the amount of \$21,530 due to savings in wages due to the passing of Sarah Chapman, Library Director of 30+ years in May 2022. The library did not hire a Library Director until September 2022. There was also underspend of \$2,633 for Patriotic Purposes for PD details less than anticipated.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

Changes in the General Fund balance for the year ending December 31, 2022, are as follows:

TOWN OF NEW BOSTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund

	<u>2022</u> <u>Final Budget</u>	<u>2022</u> <u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Taxes	\$ 4,115,743	\$ 4,126,667	\$ 10,924
Licenses and permits	1,521,311	1,577,216	55,905
Intergovernmental	938,257	969,360	31,103
Charges for services	7,925	11,713	3,788
Miscellaneous	<u>55,673</u>	<u>94,037</u>	<u>38,364</u>
Total revenues	<u>6,638,909</u>	<u>6,778,993</u>	<u>140,084</u>
EXPENDITURES			
Current:			
General government	1,895,893	1,769,047	126,846
Public safety	1,492,176	1,519,981	(27,805)
Highways and streets	1,860,718	1,981,188	(120,470)
Sanitation	390,898	366,302	24,596
Health	11,737	9,533	2,204
Welfare	22,016	37,930	(15,914)
Culture and recreation	393,883	369,533	24,350
Conservation	735	384	351
Capital outlay	<u>682,000</u>	<u>246,265</u>	<u>435,735</u>
Total expenditures	<u>6,750,056</u>	<u>6,300,163</u>	<u>449,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,147)</u>	<u>478,830</u>	<u>589,977</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	572,000	130,914	(441,086)
Transfers out	<u>(460,853)</u>	<u>(480,853)</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>111,147</u>	<u>(349,939)</u>	<u>(461,086)</u>
Net change in fund balances	<u>\$ -</u>	<u>128,891</u>	<u>\$ 128,891</u>
Increase in nonspendable fund balance		(6,488)	
Decrease in restricted fund balance		5,967	
Increase in committed fund balance		(180,916)	
Unassigned fund balance, beginning		<u>2,324,580</u>	
Unassigned fund balance, ending		<u>\$ 2,272,034</u>	

TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

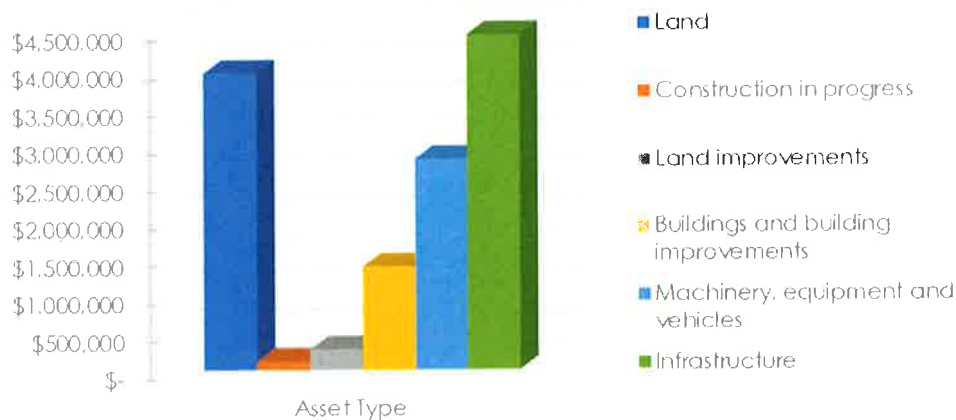
The Town of New Boston considers a capital asset to be an asset whose cost exceeds \$10,000 and has a useful life of more than one year. Assets are depreciated on a straight-line basis, with the original cost divided evenly by the useful life of the asset.

Total investment in capital assets for governmental activities at year end amounted to \$12,909,860. This investment in capital assets includes land, buildings, machinery, equipment and vehicles and infrastructure.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
Capital Asset Activity for the year ended December 31, 2022

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Dispos als</u>	<u>Balance ending</u>
At cost:				
Not being depreciated:				
Land	\$ 3,856,570	\$ 70,000	\$ -	\$ 3,926,570
Construction in progress	30,497	86,084	-	116,581
Total capital assets not being depreciated	<u>3,887,067</u>	<u>156,084</u>	<u>-</u>	<u>4,043,151</u>
Being depreciated:				
Land improvements	315,914	59,364	-	375,278
Buildings and building improvements	2,020,341	141,439	-	2,161,780
Machinery, equipment and vehicles	5,376,278	138,852	(65,500)	5,449,630
Infrastructure	12,033,351	982,887	-	13,016,238
Total capital assets being depreciated	<u>19,745,884</u>	<u>1,322,542</u>	<u>(65,500)</u>	<u>21,002,926</u>
Total all capital assets	<u>23,632,951</u>	<u>1,478,626</u>	<u>(65,500)</u>	<u>25,046,077</u>
Less accumulated depreciation:				
Land improvements	(59,381)	(38,069)	-	(97,450)
Buildings and building improvements	(731,162)	(60,767)	-	(791,929)
Machinery, equipment and vehicles	(2,368,265)	(352,116)	60,150	(2,660,231)
Infrastructure	(8,352,728)	(233,879)	-	(8,586,607)
Total accumulated depreciation	<u>(11,511,536)</u>	<u>(684,831)</u>	<u>60,150</u>	<u>(12,136,217)</u>
Net book value, capital assets being depreciated	<u>8,234,348</u>	<u>637,711</u>	<u>(5,350)</u>	<u>8,866,709</u>
Net book value, all capital assets	<u>\$ 12,121,415</u>	<u>\$ 793,795</u>	<u>\$ (5,350)</u>	<u>\$ 12,909,860</u>

Net Book Value - At December 31, 2022



TOWN OF NEW BOSTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
2022

Major capital asset events during the current fiscal year included the following:

Acquisitions:

- 2022 Ford Interceptor – SUV – Police Department
- Police Radar Traffic Trailer
- Forestry Pumper was refurbished – Fire Department
- KME Pumper Water Tank Replaced – Fire Department
- Paving and Lyndeborough Rd Culvert – Highway Department
- 2013 Ford F350 – Transfer Station
- Town Wide Telephone System
- Roof Replacement – Police Department
- Boiler and electric water heater Bunting Station – Fire Department
- Garage Addition – Highway Department
- Computers / Laptops – Whipple Free Library
- Updated Windows & Siding at the White Buildings – Recreation Department
- Replacement 46 Street Lights with energy efficient LED lights

Disposals:

- 2007 Int'l 7400 Six-wheel Dump Truck with Plow – Highway Department
- 2000 Chevy 2500 – Transfer Station

Long-term Lease

At the end of 2022, total capital lease obligation was \$13,472. The lease/purchase of the 2015 Caterpillar Vibratory Roller ended in 2022. The capital lease obligation remaining as of December 31, 2022, is the 2018 Komatsu Excavator which lease/purchase ends in 2023.

NEXT YEAR'S BUDGETS AND RATES

In 2022, the total net assessed valuation, the amount on which the tax rate for municipal, county, and local education tax is computed, increased \$10,369,637 or 1.11% to \$938,240,329 from \$927,870,692 in 2021. As required by State Law RSA 75:8a – All real estate within a municipality shall be reappraised at full and true value at least every five years. The last town-wide revaluation was in 2021, and the next full update valuation and assessment of properties is scheduled for 2026.

An increase in the total net assessed valuation exerts downward pressure on the tax rate, a decrease has the opposite influence. The tax rate is set by the New Hampshire Department of Revenue Administration usually in October. The Town estimated a 2023 Municipal Tax Rate (excluding school and county component) of \$5.70 per \$1,000 property assessed value if all town warrant articles passed. This is an increase of \$1.16 or 25.55% compared to the actual 2022 rate. A property assessed for tax purposes for \$350,000 will have an estimated 2023 municipal tax bill of about \$1,997, an increase of \$408 over the 2022 municipal tax bill.

The Town's budget provides the day-to-day cost for the Town to operate and deliver services to residents. Several factors contributed to the increase of the estimated 2023 tax rate but mainly due to \$1,100,291 or 19.23% increase in operating budget due to increases in the Fire Department for a change in operations from Call Firefighters to a Per Diem Program, and an increase wages and road construction and maintenance in the Highway Department. The Town Select Board decided to utilize the Unassigned Fund Balance towards several Separate Warrant Articles for contributions to a few capital reserve funds and expendable trust fund and G.I.S. Mapping System in 2023.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of New Boston, New Hampshire's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Administrator / Select Board
Town of New Boston
7 Meetinghouse Hill Road
P.O. Box 250
New Boston, NH 03070

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,035,243
Investments	1,816,641
Taxes receivables (net)	437,109
Account receivables (net)	146,365
Intergovernmental receivable	49,096
Inventory	20,273
Prepaid items	23,606
Capital assets:	
Land and construction in progress	4,043,151
Other capital assets, net of depreciation	8,866,709
Total assets	26,438,193
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	373,574
Amounts related to other postemployment benefits	33,257
Total deferred outflows of resources	406,831
LIABILITIES	
Accounts payable	227,069
Accrued salaries and benefits	87,864
Accrued interest payable	54
Intergovernmental payable	5,411,036
Long-term liabilities:	
Due within one year	16,472
Due in more than one year	2,396,671
Total liabilities	8,139,166
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	15,016
Unavailable revenue - revenue collected in advance	817,606
Amounts related to pensions	55,805
Amounts related to other postemployment benefits	88,399
Total deferred inflows of resources	976,826
NET POSITION	
Net investment in capital assets	12,896,388
Restricted	851,034
Unrestricted	3,981,610
Total net position	\$ 17,729,032

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,854,889	\$ -	\$ 10,200	\$ -	\$ (1,844,689)
Public safety	1,779,085	286,395	48,176	-	(1,444,514)
Highways and streets	1,512,262	-	-	204,176	(1,308,086)
Sanitation	431,000	108,732	-	-	(322,268)
Health	9,533	-	-	-	(9,533)
Welfare	37,930	-	-	-	(37,930)
Culture and recreation	634,234	189,750	-	-	(444,484)
Conservation	71,351	-	75,000	-	3,649
Total governmental activities	<u>\$ 6,330,284</u>	<u>\$ 584,877</u>	<u>\$ 133,376</u>	<u>\$ 204,176</u>	<u>(5,407,855)</u>
General revenues:					
Taxes:					
Property					4,078,521
Other					111,206
Motor vehicle permit fees					1,428,809
Licenses and other fees					148,407
Grants and contributions not restricted to specific programs					717,008
Unrestricted investment earnings					53,082
Miscellaneous					103,898
Total general revenues					<u>6,640,931</u>
Change in net position					1,233,076
Net position, beginning					16,495,956
Net position, ending					<u>\$ 17,729,032</u>

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

EXHIBIT C-1
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,713,006	\$ 1,957,418	\$ 9,670,424
Investments	515,357	1,005,532	1,520,889
Taxes receivable	507,109	-	507,109
Accounts receivable (net)	41,423	104,942	146,365
Intergovernmental receivable	49,096	-	49,096
Interfund receivable	8,854	-	8,854
Inventory	20,273	-	20,273
Prepaid items	23,606	-	23,606
Restricted assets:			
Cash and cash equivalents	1,364,819	-	1,364,819
Investments	295,752	-	295,752
Total assets	<u>\$ 10,539,295</u>	<u>\$ 3,067,892</u>	<u>\$ 13,607,187</u>
LIABILITIES			
Accounts payable	\$ 227,069	\$ -	\$ 227,069
Accrued salaries and benefits	87,864	-	87,864
Intergovernmental payable	5,411,036	-	5,411,036
Interfund payable	-	8,854	8,854
Total liabilities	<u>5,725,969</u>	<u>8,854</u>	<u>5,734,823</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	91,875	-	91,875
Unavailable revenue - grants and donations received in advance	176,612	640,994	817,606
Total deferred inflows of resources	<u>268,487</u>	<u>640,994</u>	<u>909,481</u>
FUND BALANCES			
Nonspendable	43,879	648,216	692,095
Restricted	130,769	72,049	202,818
Committed	2,005,868	1,697,779	3,703,647
Assigned	99,148	-	99,148
Unassigned	2,265,175	-	2,265,175
Total fund balances	<u>4,544,839</u>	<u>2,418,044</u>	<u>6,962,883</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,539,295</u>	<u>\$ 3,067,892</u>	<u>\$ 13,607,187</u>

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

EXHIBIT C-2
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds (Exhibit C-1)		\$	6,962,883
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.			
Cost	\$	25,046,077	
Less accumulated depreciation		<u>(12,136,217)</u>	
			12,909,860
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post-retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.			
Deferred outflows of resources related to pensions	\$	373,574	
Deferred inflows of resources related to pensions		(55,805)	
Deferred outflows of resources related to OPEB		33,257	
Deferred inflows of resources related to OPEB		<u>(88,399)</u>	
			262,627
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.			
Receivables	\$	(8,854)	
Payables		<u>8,854</u>	
			-
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.			
Deferred property taxes	\$	76,859	
Allowance for uncollectible taxes		<u>(70,000)</u>	
			6,859
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(54)
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.			
Compensated absences	\$	246,036	
Accrued landfill postclosure care costs		78,000	
Net pension liability		1,819,733	
Other postemployment benefits		<u>255,902</u>	
			<u>(2,413,143)</u>
Net position of governmental activities (Exhibit A)			<u>\$ 17,729,032</u>

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

EXHIBIT C-3
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,117,228	\$ 63,060	\$ 4,180,288
Licenses and permits	1,577,216	-	1,577,216
Intergovernmental	969,360	85,200	1,054,560
Charges for services	11,713	573,164	584,877
Miscellaneous	100,179	56,801	156,980
Total revenues	<u>6,775,696</u>	<u>778,225</u>	<u>7,553,921</u>
EXPENDITURES			
Current:			
General government	1,760,365	150,460	1,910,825
Public safety	1,546,218	173,068	1,719,286
Highways and streets	1,965,843	-	1,965,843
Sanitation	361,560	86,666	448,226
Health	9,533	-	9,533
Welfare	37,930	-	37,930
Culture and recreation	440,541	213,009	653,550
Conservation	384	140,967	141,351
Capital outlay	284,903	-	284,903
Total expenditures	<u>6,407,277</u>	<u>764,170</u>	<u>7,171,447</u>
Excess of revenues over expenditures	<u>368,419</u>	<u>14,055</u>	<u>382,474</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,368	-	7,368
Transfers out	-	(7,368)	(7,368)
Total other financing sources (uses)	<u>7,368</u>	<u>(7,368)</u>	<u>-</u>
Net change in fund balances	375,787	6,687	382,474
Fund balances, beginning	4,169,052	2,411,357	6,580,409
Fund balances, ending	<u>\$ 4,544,839</u>	<u>\$ 2,418,044</u>	<u>\$ 6,962,883</u>

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

EXHIBIT C-4
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2022

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

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 382,474
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 1,478,626	
Depreciation expense	<u>(684,831)</u>	793,795
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(5,350)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (7,368)	
Transfers out	<u>7,368</u>	-
Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the governmental funds.		
Change in deferred tax revenue		9,439
Repayment of long term liabilities is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of note payable		39,329
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 governmental funds.		
Decrease in accrued interest expense	\$ 28	
Decrease in compensated absences payable	5,888	
Decrease in accrued landfill postclosure care costs	3,000	
Decrease in legal settlement liability	25,491	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(39,941)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>18,923</u>	
		<u>13,389</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 1,233,076</u></u>

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

EXHIBIT D
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,115,743	\$ 4,115,743	\$ 4,126,667	\$ 10,924
Licenses and permits	1,521,311	1,521,311	1,577,216	55,905
Intergovernmental	763,158	938,257	969,360	31,103
Charges for services	7,925	7,925	11,713	3,788
Miscellaneous	55,673	55,673	94,037	38,364
Total revenues	6,463,810	6,638,909	6,778,993	140,084
EXPENDITURES				
Current:				
General government	1,895,893	1,895,893	1,769,047	126,846
Public safety	1,492,176	1,492,176	1,519,981	(27,805)
Highways and streets	1,685,619	1,860,718	1,981,188	(120,470)
Sanitation	390,898	390,898	366,302	24,596
Health	11,737	11,737	9,533	2,204
Welfare	22,016	22,016	37,930	(15,914)
Culture and recreation	393,883	393,883	369,533	24,350
Conservation	735	735	384	351
Capital outlay	682,000	682,000	246,265	435,735
Total expenditures	6,574,957	6,750,056	6,300,163	449,893
Excess (deficiency) of revenues over (under) expenditures	(111,147)	(111,147)	478,830	589,977
OTHER FINANCING SOURCES (USES)				
Transfers in	572,000	572,000	130,914	(441,086)
Transfers out	(460,853)	(460,853)	(480,853)	(20,000)
Total other financing sources (uses)	111,147	111,147	(349,939)	(461,086)
Net change in fund balances	\$ -	\$ -	128,891	\$ 128,891
Increase in nonspendable fund balance			(6,488)	
Decrease in restricted fund balance			5,967	
Increase in committed fund balance			(180,916)	
Unassigned fund balance, beginning			2,324,580	
Unassigned fund balance, ending			\$ 2,272,034	

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

EXHIBIT E-1
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2022

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 3,070	\$ 793,618
Intergovernmental receivable	-	5,377,709
Total assets	3,070	6,171,327
LIABILITIES		
Intergovernmental payables:		
School	-	5,377,709
NET POSITION		
Restricted	\$ 3,070	\$ 793,618

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

EXHIBIT E-2
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2022

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Investment earnings	\$ 12	\$ 7,136
Tax collections for other governments	-	13,717,544
Fee collections for other governments	-	484,066
Contributions	-	220,239
Total additions	12	14,478,985
DEDUCTIONS		
Payments of taxes to other governments	-	13,717,544
Payments of motor vehicle fees to State	-	484,066
Payments for escrow purposes	-	27,681
Total deductions	-	14,284,089
Net change in fiduciary net position	12	194,896
Net position, beginning	3,058	598,722
Net position, ending	\$ 3,070	\$ 793,618

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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TOWN OF NEW BOSTON, NEW HAMPSHIRE
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TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of New Boston, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town’s accounting policies are described below.

1-A Reporting Entity

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

1-B Basis of Accounting and Measurement Focus

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

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

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

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

Permanent Funds – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

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

The Town also reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-D Restricted Assets

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation, or they are earmarked for a specific purpose.

1-E Investments

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

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

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

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

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

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

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

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

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

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

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-G Inventory

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's general fund consist of stamps and fuel held for consumption. The cost of such inventories is recorded as expenditures when consumed rather than when purchased. The nonspendable fund balance at the governmental fund level includes the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The nonspendable fund balance at the governmental fund level includes the amount of prepaid items at year-end to indicate the portion of the governmental fund balance that is nonspendable.

1-I Capital Assets

Capital assets are reported in the governmental activities in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The Town has established a threshold of \$10,000 or more and an estimate useful life in excess of one year for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Capital Asset Classes:	Years
Land improvements	10-15
Buildings and building improvements	20-40
Machinery, equipment, and vehicles	5-25
Infrastructure	10-50

1-J Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 20, 2022 and November 21, 2022, and due on July 1, 2022 and December 28, 2022. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

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

The Town net assessed valuation as of April 1, 2022 utilized in the setting of the tax rate was as follows:

Total assessment valuation with utilities	\$ 938,240,329
Total assessment valuation without utilities	\$ 924,255,329

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

The tax rates and amounts assessed for the year ended December 31, 2022 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.54	\$ 4,262,941
School portion:		
State of New Hampshire	\$1.07	990,497
Local	\$12.67	11,887,212
County portion	\$0.90	839,835
Total	\$19.18	\$ 17,980,485

1-L Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2022.

1-M Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. The Town has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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

1-N Compensated Absences

General leave for the Town includes vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the Town's personnel policy.

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

1-O Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as an expense when the related liabilities are incurred.

1-P Long-term Obligations

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Director Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transaction:

Direct Borrowings – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

1-Q Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-R Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-S Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of the note payable or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government’s fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

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

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

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

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 7% of the actual GAAP basis expenditures and other financing sources and uses.

1-T Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables, the useful lives and impairment of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2022, none of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 6,909,907
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	6,142
To eliminate transfers between blended funds	(123,546)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>(9,439)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,783,064</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 6,781,016
Adjustments:	
Basis differences:	
Encumbrances, beginning	143,144
Encumbrances, ending	(99,148)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	63,118
To eliminate transfers between general and blended funds	<u>(480,853)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,407,277</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of implementation of this Statement, the prior year capital lease payable was reclassified as a note payable.

The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 87 and have determined that none of the agreements have met the requirements of the pronouncement.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$11,831,931 and the bank balances totaled \$11,622,363. Petty cash totaled \$1,875.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 11,035,243
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	796,688
Total cash and cash equivalents	<u>\$ 11,831,931</u>

NOTE 4 – RESTRICTED ASSETS

Cash and investments are classified as restricted for the following purposes:

Cash and cash equivalents:	
General fund:	
Library	\$ 97,906
Capital reserve funds	1,266,913
Total restricted cash and cash equivalents	<u>1,364,819</u>
Investments:	
General fund:	
Library	8,756
Capital reserve funds	286,996
Total restricted investments	<u>295,752</u>
Total restricted assets	<u>\$ 1,660,571</u>

NOTE 5 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2022:

	Valuation Measurement Method	Reported Balance	Less Than 1 Year	1-5 Years	Exempt from Disclosure
Investments type:					
Certificates of deposit	Level 1	\$ 286,996	\$ 161,996	\$ 125,000	\$ -
Equity mutual funds	Level 1	556,647	-	-	556,647
Fixed income mutual funds	Level 2	104,701	-	-	104,701
Total fair value		<u>948,344</u>	<u>\$ 161,996</u>	<u>\$ 125,000</u>	<u>\$ 661,348</u>
Investments carried at amortized cost:					
New Hampshire Public Deposit Investment Pool		868,297			
Total investments		<u>\$ 1,816,641</u>			

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

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

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2022. The amount has been reduced by an allowance for an estimated uncollectible amount of \$70,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2022	\$ 392,630	\$ 392,630
Unredeemed (under tax lien):		
Levy of 2021	53,600	53,600
Levy of 2020	24,787	24,787
Levies of 2019 and prior	36,092	36,092
Less: allowance for estimated uncollectible taxes	(70,000) *	-
Net taxes receivable	\$ 437,109	\$ 507,109

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2022, consisted of accounts (billings for police details, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2022 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds			Fiduciary
	General	Nonmajor	Total	Funds
Receivables:				
Accounts	\$ 41,423	\$ 136,440	\$ 177,863	\$ -
Intergovernmental	-	-	-	5,377,709 ¹
Gross receivables	41,423	136,440	177,863	5,377,709
Less: allowance for uncollectibles	-	(31,498)	(31,498)	-
Net total receivables	\$ 41,423	\$ 104,942	\$ 146,365	\$ 5,377,709

¹ Fiduciary Funds - Intergovernmental receivables represent property taxes collected on behalf of the New Boston School District. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 10.

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 3,856,570	\$ 70,000	\$ -	\$ 3,926,570
Construction in progress	30,497	86,084	-	116,581
Total capital assets not being depreciated	3,887,067	156,084	-	4,043,151

(Continued)

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Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Being depreciated:				
Land improvements	315,914	59,364	-	375,278
Buildings and building improvements	2,020,341	141,439	-	2,161,780
Machinery, equipment, and vehicles	5,376,278	138,852	(65,500)	5,449,630
Infrastructure	12,033,351	982,887	-	13,016,238
Total capital assets being depreciated	<u>19,745,884</u>	<u>1,322,542</u>	<u>(65,500)</u>	<u>21,002,926</u>
Total all capital assets	<u>23,632,951</u>	<u>1,478,626</u>	<u>(65,500)</u>	<u>25,046,077</u>
Less accumulated depreciation:				
Land improvements	(59,381)	(38,069)	-	(97,450)
Buildings and building improvements	(731,162)	(60,767)	-	(791,929)
Machinery, equipment, and vehicles	(2,368,265)	(352,116)	60,150	(2,660,231)
Infrastructure	(8,352,728)	(233,879)	-	(8,586,607)
Total accumulated depreciation	<u>(11,511,536)</u>	<u>(684,831)</u>	<u>60,150</u>	<u>(12,136,217)</u>
Net book value, capital assets being depreciated	<u>8,234,348</u>	<u>637,711</u>	<u>(5,350)</u>	<u>8,866,709</u>
Net book value, all governmental activities capital assets	<u>\$ 12,121,415</u>	<u>\$ 793,795</u>	<u>\$ (5,350)</u>	<u>\$ 12,909,860</u>

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

General government	\$ 51,560
Public safety	225,200
Highways and streets	353,768
Sanitation	17,567
Culture and recreation	36,736
Total depreciation expense	<u>\$ 684,831</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	<u>\$ 8,854</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2022 is as follows:

	<u>Transfers In:</u>
	General
	Fund
Transfers out:	
Nonmajor fund	<u>\$ 7,368</u>

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

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NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2022 consist of the following:

	Governmental Fund <u>General</u>	Fiduciary <u>Funds</u>
Miscellaneous fees due to the State of New Hampshire	\$ 1,243	\$ -
Balance due to the New Hampshire Retirement System	32,084	-
Property taxes due to the custodial funds	2 5,377,709	-
Taxes due to the New Boston School District	-	3 5,377,709
Total intergovernmental payables due	<u>\$ 5,411,036</u>	<u>\$ 5,377,709</u>

2. Property taxes due to the custodial fund represent amounts collected by the Town on behalf of New Boston School District and are reported as a component of general fund cash at year-end.

3. Property taxes due to the New Boston School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next calendar year.

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at December 31, 2022 consist of amounts related to pensions totaling \$373,574 and amounts related to OPEB totaling \$33,257. For further discussion on these amounts, see Note 13 and 15, respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund	Nonmajor Governmental Funds	Total
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 76,859	\$ -	\$ 76,859
Property taxes collected in advance	15,016	15,016	-	15,016
Federal grant revenue collected in advance of eligible expenditures being made	640,994	-	640,994	640,994
State grant revenue collected in advance of eligible expenditures being made	176,612	176,612	-	176,612
Amounts related to pensions, see Note 13	55,805	-	-	-
Amounts related to OPEB, see Note 15	88,399	-	-	-
Total deferred inflows of resources	<u>\$ 976,826</u>	<u>\$ 268,487</u>	<u>\$ 640,994</u>	<u>\$ 909,481</u>

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year	Due In More Than One Year
Note payable - direct borrowing	\$ 52,801	\$ -	\$ (39,329)	\$ 13,472	\$ 13,472	\$ -
Compensated absences	251,924	4,845	(10,733)	246,036	-	246,036
Accrued landfill postclosure care costs	81,000	-	(3,000)	78,000	3,000	75,000
Legal settlement liability*	25,491	-	(25,491)	-	-	-
Net pension liability	1,459,083	360,650	-	1,819,733	-	1,819,733
Net other postemployment benefits	264,619	4,997	(13,714)	255,902	-	255,902
Total long-term liabilities	<u>\$ 2,134,918</u>	<u>\$ 370,492</u>	<u>\$ (92,267)</u>	<u>\$ 2,413,143</u>	<u>\$ 16,472</u>	<u>\$ 2,396,671</u>

*The Town entered into a legal settlement with a utility company to settle ongoing litigation regarding the tax assessment of utility poles. The Town has determined to pay out the settlement through six cash payment installations through 2022.

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Accrued Landfill Postclosure Care Costs – The Town landfill has been closed for several years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$78,000 as of December 31, 2022. The estimated total current cost of the landfill postclosure care (\$3,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2022. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town expects to finance the postclosure care costs by annual appropriation.

NOTE 13 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

Contributions – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2022, the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$198,032, which was paid in full.

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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2022 the Town reported a liability of \$1,819,733 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 that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the Town’s proportion was 0.03% which was the same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$237,973. At December 31, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 60,606	\$ 48,819
Changes in assumptions	96,795	-
Net difference between projected and actual investment earnings on pension plan investments	68,966	-
Differences between expected and actual experience	34,153	6,986
Contributions subsequent to the measurement date	113,054	-
Total	\$ 373,574	\$ 55,805

The \$113,054 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,		
2023	\$	93,567
2024		72,127
2025		(45,202)
2026		84,223
2027		-
Thereafter		-
Totals	\$	204,715

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2022 measurements:

Inflation:	2.0%	
Salary increases:	5.4% average, including inflation	
Wage inflation:	2.75% (2.25% for teachers)	
Investment rate of return:	6.75% net of pension plan investment expense, including inflation	

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

The actuarial assumptions used in the June 30, 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.

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

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Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 2,441,622	\$ 1,819,733	\$ 1,302,689

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

NOTE 14 – SUPPLEMENTAL RETIREMENT PLANS

All employees employed by the Town, with the exception of leased employees, participate in a defined contribution pension plan administered by CUNA. Participation begins after the completion of at least six months continuous employment with the Town. The Town has no requirement or obligation under State Statutes to contribute to this plan, however the Town has adopted the Supplemental Retirement Plan 457 for its employees. The Board of Selectmen has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The Town contributes 5% of each employee’s salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended December 31, 2022 were \$142,423 which consisted of \$39,851 from the Town and \$102,572 from employees.

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NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

15-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

Benefits Provided – Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2022, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$20,727 which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2022, the Town reported a liability of \$172,526 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the Town’s proportion was 0.05% which was the same as its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$2,671. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 472	\$ -
Contributions subsequent to the measurement date	13,491	-
Total	<u>\$ 13,963</u>	<u>\$ -</u>

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The \$13,491 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2023	\$ 78
2024	20
2025	(185)
2026	559
2027	-
Thereafter	-
Totals	<u>\$ 472</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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

The actuarial assumptions used in the June 30, 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.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 187,306	\$ 172,526	\$ 159,653

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

15-B Town of New Boston Retiree Health Benefit Program

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

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire School Care.

Employees Covered by Benefit Terms – At January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>24</u>
Total participants covered by OPEB plan	<u><u>27</u></u>

Total OPEB Liability – The Town’s total OPEB liability of \$83,376 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$83,376 in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.31%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	7.00%
Decrement	0.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2029

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2022.

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Mortality rates were based on the following:

General Employees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021

Police & Fire: SOA Pub-2010 Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021

Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

Changes in the Total OPEB Liability

	December 31,	
	2021	2022
OPEB liability beginning of year	\$ 106,057	\$ 78,379
Changes for the year:		
Service cost	14,556	9,988
Interest	2,542	1,965
Assumption changes and difference		
between actual and expected experience	(43,309)	(4,866)
Benefit payments	(1,467)	(2,090)
OPEB liability end of year	\$ 78,379	\$ 83,376

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2022 actuarial valuation was prepared using a discount rate of 4.31%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$77,128. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$90,239.

	Discount Rate		
	1% Decrease	Baseline 4.31%	1% Increase
Total OPEB Liability	\$ 90,239	\$ 83,376	\$ 77,128

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2022 actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$95,272. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$73,500.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	\$ 73,500	\$ 83,376	\$ 95,272

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2022, the Town recognized OPEB expense of \$1,431. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 14,559	\$ 13,259
Differences between expected and actual experience	4,735	75,140
Total	\$ 19,294	\$ 88,399

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

Fiscal Year Ending December 31,	
2023	\$ (10,522)
2024	(10,522)
2025	(10,522)
2026	(10,522)
2027	(10,524)
Thereafter	(16,492)
Totals	<u>\$ (69,104)</u>

NOTE 16 - ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2022 are as follows:

General fund:	
General government	\$ 11,687
Sanitation	4,742
Welfare	-
Culture and recreation	4,800
Capital outlay	61,362
Total encumbrances	<u>\$ 99,148</u>

NOTE 17 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Governmental activities and fiduciary fund net position reported on the Statements of Net Position at December 31, 2022 include the following:

	Government-wide Financial Statements	Fiduciary Funds
	Governmental Activities	Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 12,909,860	\$ -
Less:		
Note payable	(13,472)	-
Total net investment in capital assets	12,896,388	-
Restricted net position:		
Perpetual care - nonexpendable	648,216	-
Perpetual care - expendable	52,391	-
Library	108,368	-
Recreation donations	19,658	-
Hand tub	4,309	-
Footbridge	18,092	-
Individuals, organizations, and other governments	-	796,688
Total restricted net position	851,034	796,688
Unrestricted	3,981,610	-
Total net position	\$ 17,729,032	\$ 796,688

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 23,606	\$ -	\$ 23,606
Permanent fund - principal balance	-	648,216	648,216
Inventory	20,273	-	20,273
Total nonspendable fund balance	<u>43,879</u>	<u>648,216</u>	<u>692,095</u>
Restricted:			
Library	108,368	-	108,368
Recreation donations	-	19,658	19,658
Permanent - income balance	-	52,391	52,391
Handtub	4,309	-	4,309
Footbridge	18,092	-	18,092
Total restricted fund balance	<u>130,769</u>	<u>72,049</u>	<u>202,818</u>
Committed:			
Expendable trusts	1,543,226	-	1,543,226
Nonlapsing appropriations - encumbrances	462,642	-	462,642
Special revenue funds	-	1,697,779	1,697,779
Total committed fund balance	<u>2,005,868</u>	<u>1,697,779</u>	<u>3,703,647</u>
Assigned:			
Encumbrances	99,148	-	99,148
Unassigned	<u>2,265,175</u>	<u>-</u>	<u>2,265,175</u>
Total governmental fund balances	<u>\$ 4,544,839</u>	<u>\$ 2,418,044</u>	<u>\$ 6,962,883</u>

NOTE 19 – RISK MANAGEMENT

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

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2022 to December 31, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022 the Town paid \$88,399 and \$68,150 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
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NOTE 20 – CAFETERIA BENEFIT PLAN

Effective July 1, 2014, the Town implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the Town, into any combination of the following benefit categories:

1. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending Account

In addition to directing the Town's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account, and \$1,000 into the medical spending account. This cap applies to both Town contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the Town begins on January 1 and ends on December 31. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within 90 days of the end of the plan year or separation of service from the Town, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the Town.

NOTE 21 – TAX ABATEMENTS

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

No tax abatement programs requiring financial statement disclosure were identified.

NOTE 22 – COVID-19

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

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

NOTE 23 – CONTINGENT LIABILITIES

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

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

NOTE 24 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date.

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Management has evaluated subsequent events through December 27, 2023, the date the December 31, 2022 financial statements were available to be issued, and the following events occurred that requires recognition or disclosure:

At the March 14, 2023 annual meeting, six Warrant Articles were passed that appropriated \$671,000 of December 31, 2022 unassigned fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2022
Unaudited

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Town's proportionate share of the net pension liability	\$ 968,862	\$ 802,540	\$ 865,838	\$ 1,130,126	\$ 1,227,299	\$ 1,383,572	\$ 1,459,214	\$ 2,105,807	\$ 1,459,083	\$ 1,819,733
Town's covered payroll	\$ 315,237	\$ 342,109	\$ 358,704	\$ 337,627	\$ 455,002	\$ 510,070	\$ 521,026	\$ 586,390	\$ 621,064	\$ 652,027
Town's proportionate share of the net pension liability as a percentage of its covered payroll	307.34%	234.59%	241.38%	334.73%	269.73%	271.25%	280.07%	359.11%	234.93%	279.09%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

EXHIBIT G
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2022
Unaudited

Fiscal year-end	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 55,977	\$ 69,364	\$ 73,325	\$ 76,101	\$ 91,422	\$ 121,444	\$ 131,976	\$ 146,258	\$ 174,729	\$ 198,032
Contributions in relation to the contractually required contributions	(55,977)	(69,364)	(73,325)	(76,101)	(91,422)	(121,444)	(131,976)	(146,258)	(174,729)	(198,032)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 315,237	\$ 342,109	\$ 358,704	\$ 337,627	\$ 455,002	\$ 510,070	\$ 521,026	\$ 586,390	\$ 626,216	\$ 698,800
Contributions as a percentage of covered payroll	-17.76%	-20.28%	-20.44%	-22.54%	-20.09%	-23.81%	-25.33%	-24.94%	-27.90%	-28.34%

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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

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

Changes in Assumptions – Salary increases changed to 5.4% from 5.6% in the current period.

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2022
Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net OPEB liability	0.02%	0.03%	0.04%	0.05%	0.05%	0.05%	0.05%
Town's proportionate share of the net OPEB liability	\$ 108,017	\$ 120,152	\$ 203,465	\$ 205,218	\$ 203,789	\$ 186,240	\$ 172,526
Town's covered payroll	\$ 337,627	\$ 455,002	\$ 510,070	\$ 521,026	\$ 586,390	\$ 621,064	\$ 652,027
Town's proportionate share of the net OPEB liability as a percentag of its covered payroll	31.99%	26.41%	39.89%	39.39%	34.75%	29.99%	26.46%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

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

EXHIBIT I
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2022
Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 12,965	\$ 15,575	\$ 19,657	\$ 21,362	\$ 21,611	\$ 20,844	\$ 20,727
Contributions in relation to the contractually required contribution	(12,965)	(15,575)	(19,657)	(21,362)	(21,611)	(20,844)	(20,727)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 337,627	\$ 455,002	\$ 510,070	\$ 521,026	\$ 586,390	\$ 626,216	\$ 698,800
Contributions as a percentage of covered payroll	-3.84%	-3.42%	-3.85%	-4.10%	-3.69%	-3.33%	-2.97%

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

EXHIBIT J
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2022
Unaudited

	December 31,				
	2018	2019	2020	2021	2022
OPEB liability, beginning of year	\$ 125,129	\$ 106,120	\$ 123,337	\$ 106,057	\$ 78,379
Changes for the year:					
Service cost	14,851	16,584	19,678	14,556	9,988
Interest	4,645	4,834	4,466	2,542	1,965
Assumption changes and difference between actual and expected experience	(28,492)	6,059	(29,261)	(43,309)	(4,866)
Benefit payments	(10,013)	(10,260)	(12,163)	(1,467)	(2,090)
OPEB liability, end of year	<u>\$ 106,120</u>	<u>\$ 123,337</u>	<u>\$ 106,057</u>	<u>\$ 78,379</u>	<u>\$ 83,376</u>
Covered payroll	<u>\$ 1,271,419</u>	<u>\$ 1,372,972</u>	<u>\$ 1,384,182</u>	<u>\$ 1,398,384</u>	<u>\$ 1,823,483</u>
Total OPEB liability as a percentage of covered payroll	8.35%	8.98%	7.66%	5.60%	4.57%

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

TOWN OF NEW BOSTON, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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

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

Changes in Assumptions – Salary increases changed to 5.4% from 5.6% in the current period.

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

Changes in Assumptions – The following assumptions have changed since the prior valuation:

- The discount rate was changed from 2.25% to 4.31%
- The mortality improvement scale applied to all mortality tables was changed from MP-2020 to MP-2021
- Health care trend rates were set to an annual trend of 7.50% decreasing to an ultimate rate of 4.50%.

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2022. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,049,373	\$ 4,078,521	\$ 29,148
Land use change	13,890	-	(13,890)
Yield	15,000	16,194	1,194
Excavation	4,500	4,415	(85)
Interest and penalties on taxes	32,980	27,537	(5,443)
Total from taxes	<u>4,115,743</u>	<u>4,126,667</u>	<u>10,924</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	1,750	1,740	(10)
Motor vehicle permit fees	1,398,336	1,428,006	29,670
Building permits	52,950	68,129	15,179
Other	68,275	79,341	11,066
Total from licenses, permits, and fees	<u>1,521,311</u>	<u>1,577,216</u>	<u>55,905</u>
Intergovernmental:			
State:			
Meals and rooms distribution	541,784	541,784	-
Highway block grant	380,071	379,275	(796)
State and federal forest land reimbursement	125	125	-
Other	16,277	16,176	(101)
Federal:			
Other	-	32,000	32,000
Total from intergovernmental	<u>938,257</u>	<u>969,360</u>	<u>31,103</u>
Charges for services:			
Income from departments	7,925	11,713	3,788
Miscellaneous:			
Sale of municipal property	-	26,900	26,900
Interest on investments	6,366	31,347	24,981
Other	49,307	35,790	(13,517)
Total from miscellaneous	<u>55,673</u>	<u>94,037</u>	<u>38,364</u>
Other financing sources:			
Transfers in	572,000	130,914	(441,086)
Total revenues and other financing sources	<u>\$ 7,210,909</u>	<u>\$ 6,909,907</u>	<u>\$ (301,002)</u>

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 318,829	\$ 326,435	\$ 1,291	\$ (8,897)
Election and registration	3,005	122,662	114,157	8,396	3,114
Financial administration	-	211,368	209,918	-	1,450
Legal	-	67,647	70,508	-	(2,861)
Personnel administration	-	823,933	701,971	-	121,962
Planning and zoning	-	121,523	92,326	-	29,197
General government buildings	-	82,985	106,718	-	(23,733)
Cemeteries	-	32,171	31,895	-	276
Insurance, not otherwise allocated	-	93,399	90,453	2,000	946
Other	-	21,376	15,984	-	5,392
Total general government	<u>3,005</u>	<u>1,895,893</u>	<u>1,760,365</u>	<u>11,687</u>	<u>126,846</u>
Public safety:					
Police	-	1,052,581	1,080,942	-	(28,361)
Fire	20,270	361,748	379,037	-	2,981
Building inspection	-	59,337	62,717	-	(3,380)
Emergency management	5,967	18,510	23,522	-	955
Total public safety	<u>26,237</u>	<u>1,492,176</u>	<u>1,546,218</u>	<u>-</u>	<u>(27,805)</u>
Highways and streets:					
Administration	-	628,734	568,328	-	60,406
Highways and streets	-	1,226,389	1,295,054	16,557	(85,222)
Bridges	-	-	88,478	-	(88,478)
Street lighting	1,212	5,595	13,983	-	(7,176)
Total highways and streets	<u>1,212</u>	<u>1,860,718</u>	<u>1,965,843</u>	<u>16,557</u>	<u>(120,470)</u>
Sanitation:					
Administration	-	239,445	246,050	-	(6,605)
Solid waste collection	-	600	360	-	240
Solid waste disposal	-	144,353	106,249	4,742	33,362
Solid waste clean-up	-	5,000	8,901	-	(3,901)
Other	-	1,500	-	-	1,500
Total sanitation	<u>-</u>	<u>390,898</u>	<u>361,560</u>	<u>4,742</u>	<u>24,596</u>
Health:					
Administration	-	3,987	1,783	-	2,204
Health agencies	-	7,750	7,750	-	-
Total health	<u>-</u>	<u>11,737</u>	<u>9,533</u>	<u>-</u>	<u>2,204</u>
Welfare:					
Vendor payments and other	-	22,016	37,930	-	(15,914)
Culture and recreation:					
Parks and recreation	-	139,449	139,262	-	187
Library	12,690	242,083	228,443	4,800	21,530
Patriotic purposes	-	12,351	9,718	-	2,633
Total culture and recreation	<u>12,690</u>	<u>393,883</u>	<u>377,423</u>	<u>4,800</u>	<u>24,350</u>

(Continued)

SCHEDULE 2 (Continued)
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Conservation	-	735	384	-	351
Capital outlay	100,000	682,000	284,903	61,362	435,735
Other financing uses:					
Transfers out	-	460,853	480,853	-	(20,000)
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 143,144</u>	<u>\$ 7,210,909</u>	<u>\$ 6,825,012</u>	<u>\$ 99,148</u>	<u>\$ 429,893</u>

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2022

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,324,580
Changes:		
2022 Budget summary:		
Revenue deficit (Schedule 1)	\$ (301,002)	
Unexpended balance of appropriations (Schedule 2)	<u>429,893</u>	
2022 Budget surplus		128,891
Increase in nonspendable fund balance		(6,488)
Decrease in restricted fund balance		5,967
Increase in committed fund balance		<u>(180,916)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,272,034
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(76,859)
Elimination of the allowance for uncollectible taxes		<u>70,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,265,175</u></u>

SCHEDULE 4
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

	Special Revenue Funds			
	Police Outside Detail	Police Donations	Conservation Commission	Forest Maintenance
ASSETS				
Cash and cash equivalents	\$ 6,274	\$ 570	\$ 53,585	\$ 24,974
Investments	-	-	352,940	-
Accounts receivable (net)	-	-	200	-
Total assets	<u>\$ 6,274</u>	<u>\$ 570</u>	<u>\$ 406,725</u>	<u>\$ 24,974</u>
LIABILITIES				
Interfund payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants and donations received in advance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	6,274	570	406,725	24,974
Total fund balances	<u>6,274</u>	<u>570</u>	<u>406,725</u>	<u>24,974</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,274</u>	<u>\$ 570</u>	<u>\$ 406,725</u>	<u>\$ 24,974</u>

Special Revenue Funds						
Recreation Revolving	Recreation Donations	Ambulance	ARPA	Transfer Station Revolving	Permanent Fund	Total
\$ 123,354	\$ 19,658	\$ 938,995	\$ 607,364	\$ 125,775	\$ 56,869	\$ 1,957,418
-	-	-	-	-	652,592	1,005,532
10	-	97,540	-	7,192	-	104,942
<u>\$ 123,364</u>	<u>\$ 19,658</u>	<u>\$ 1,036,535</u>	<u>\$ 607,364</u>	<u>\$ 132,967</u>	<u>\$ 709,461</u>	<u>\$ 3,067,892</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,854	\$ 8,854
-	-	33,630	607,364	-	-	640,994
-	-	-	-	-	648,216	648,216
-	19,658	-	-	-	52,391	72,049
123,364	-	1,002,905	-	132,967	-	1,697,779
<u>123,364</u>	<u>19,658</u>	<u>1,002,905</u>	<u>-</u>	<u>132,967</u>	<u>700,607</u>	<u>2,418,044</u>
<u>\$ 123,364</u>	<u>\$ 19,658</u>	<u>\$ 1,036,535</u>	<u>\$ 607,364</u>	<u>\$ 132,967</u>	<u>\$ 709,461</u>	<u>\$ 3,067,892</u>

See Independent Auditor's Report.

SCHEDULE 5
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2022

	Special Revenue Funds			
	Police			
	Outside Detail	Police Donations	Conservation Commission	Forest Maintenance
REVENUES				
Taxes	\$ -	\$ -	\$ 63,060	\$ -
Intergovernmental	-	-	75,000	-
Charges for services	38,624	-	-	-
Miscellaneous	-	50	20,775	9,455
Total revenues	<u>38,624</u>	<u>50</u>	<u>158,835</u>	<u>9,455</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	28,264	10,000	-	-
Sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	135,199	5,768
Total expenditures	<u>28,264</u>	<u>10,000</u>	<u>135,199</u>	<u>5,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,360</u>	<u>(9,950)</u>	<u>23,636</u>	<u>3,687</u>
OTHER FINANCING USES				
Transfers out	-	-	-	-
Net change in fund balances	10,360	(9,950)	23,636	3,687
Fund balances (deficit), beginning	(4,086)	10,520	383,089	21,287
Fund balances, ending	<u>\$ 6,274</u>	<u>\$ 570</u>	<u>\$ 406,725</u>	<u>\$ 24,974</u>

Special Revenue Funds						
Recreation Revolving	Recreation Donations	Ambulance	ARPA	Transfer Station Revolving	Permanent Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,060
-	-	-	10,200	-	-	85,200
189,750	-	236,403	-	108,387	-	573,164
-	9,554	-	-	-	16,967	56,801
<u>189,750</u>	<u>9,554</u>	<u>236,403</u>	<u>10,200</u>	<u>108,387</u>	<u>16,967</u>	<u>778,225</u>
-	-	-	10,200	-	140,260	150,460
-	-	134,804	-	-	-	173,068
-	-	-	-	86,666	-	86,666
208,364	4,645	-	-	-	-	213,009
-	-	-	-	-	-	140,967
<u>208,364</u>	<u>4,645</u>	<u>134,804</u>	<u>10,200</u>	<u>86,666</u>	<u>140,260</u>	<u>764,170</u>
(18,614)	4,909	101,599	-	21,721	(123,293)	14,055
-	-	-	-	-	(7,368)	(7,368)
(18,614)	4,909	101,599	-	21,721	(130,661)	6,687
141,978	14,749	901,306	-	111,246	831,268	2,411,357
<u>\$ 123,364</u>	<u>\$ 19,658</u>	<u>\$ 1,002,905</u>	<u>\$ -</u>	<u>\$ 132,967</u>	<u>\$ 700,607</u>	<u>\$ 2,418,044</u>

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Combining Schedule of Custodial Funds Fiduciary Net Position
December 31, 2022

	Custodial Funds					Total
	Taxes	School Trust Funds	Contractor Escrows	Town Escrows	State Fees	
ASSETS						
Cash and cash equivalents	\$ -	\$ 481,850	\$ 261,591	\$ 50,177	\$ -	\$ 793,618
Intergovernmental receivables	5,377,709	-	-	-	-	5,377,709
Total assets	<u>5,377,709</u>	<u>481,850</u>	<u>261,591</u>	<u>50,177</u>	<u>-</u>	<u>6,171,327</u>
LIABILITIES						
Intergovernmental payables:						
School	5,377,709	-	-	-	-	5,377,709
NET POSITION						
Restricted	<u>\$ -</u>	<u>\$ 481,850</u>	<u>\$ 261,591</u>	<u>\$ 50,177</u>	<u>\$ -</u>	<u>\$ 793,618</u>

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF NEW BOSTON, NEW HAMPSHIRE
Combining Schedule of Custodial Funds Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2022

	Custodial Funds					Total
	Taxes	School Trust Funds	Contractor Escrows	Town Escrows	State Fees	
Additions:						
Contributions	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Investment earnings	-	1,873	4,884	379	-	7,136
Tax collections for other governments	13,717,544	-	-	-	-	13,717,544
Fee collections for other governments	-	-	-	-	484,066	484,066
Contributions	-	-	220,239	-	-	220,239
Total additions	<u>13,717,544</u>	<u>51,873</u>	<u>225,123</u>	<u>379</u>	<u>484,066</u>	<u>14,478,985</u>
Deductions:						
Administrative expenses	-	54,798	-	-	-	54,798
Payments of taxes to other governments	13,717,544	-	-	-	-	13,717,544
Payments of motor vehicle fees to State	-	-	-	-	484,066	484,066
Payments for escrow purposes	-	-	27,681	-	-	27,681
Total deductions	<u>13,717,544</u>	<u>54,798</u>	<u>27,681</u>	<u>-</u>	<u>484,066</u>	<u>14,284,089</u>
Net change in fiduciary net position	-	(2,925)	197,442	379	-	194,896
Net position, beginning	-	484,775	64,149	49,798	-	598,722
Net position, ending	<u>\$ -</u>	<u>\$ 481,850</u>	<u>\$ 261,591</u>	<u>\$ 50,177</u>	<u>\$ -</u>	<u>\$ 793,618</u>

See Independent Auditor's Report.