

**TOWN OF NEW BOSTON,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2021**

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
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**TABLE OF CONTENTS**

|  |  | <u>PAGES</u> |
|--|--|--------------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> .....  |  | 1 - 2        |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....  |  | 3 - 12       |
| <br><b>BASIC FINANCIAL STATEMENTS</b><br>  |  |              |
| <b>Government-wide Financial Statements</b>  |  |              |
| A  | Statement of Net Position .....  | 13           |
| B  | Statement of Activities .....  | 14           |
| <b>Fund Financial Statements</b>   |  |              |
| <i>Governmental Funds</i>  |  |              |
| C-1  | Balance Sheet .....  | 15           |
| C-2  | Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....   | 16           |
| C-3  | Statement of Revenues, Expenditures, and Changes in Fund Balances.....   | 17           |
| C-4  | Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances - Governmental Funds to the Statement of Activities ..... | 18           |
| <i>Budgetary Comparison Information</i>  |  |              |
| D  | Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....              | 19           |
| <i>Fiduciary Funds</i>   |  |              |
| E-1  | Statement of Fiduciary Net Position .....  | 20           |
| E-2  | Statement of Changes in Fiduciary Net Position .....   | 21           |
| <b>NOTES TO THE BASIC FINANCIAL STATEMENTS</b> .....   |  | 22 - 47      |
| <br><b>REQUIRED SUPPLEMENTARY INFORMATION</b><br>  |  |              |
| F  | Schedule of the Town's Proportionate Share of Net Pension Liability .....  | 48           |
| G  | Schedule of Town Contributions – Pensions .....  | 49           |
| <b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION -<br/>PENSION LIABILITY</b> .....                        |  | 50           |
| H  | Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability .....  | 51           |
| I  | Schedule of Town Contributions – Other Postemployment Benefits .....   | 52           |
| J  | Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios.....  | 53           |
| <b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -<br/>OTHER POSTEMPLOYMENT BENEFITS LIABILITY</b> ..... |  | 54           |
| <br><b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b><br>   |  |              |
| <b>Governmental Funds</b>  |  |              |
| <i>Major General Fund</i>  |  |              |
| 1  | Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....  | 55 - 56      |
| 2  | Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis) .....  | 57           |
| 3  | Schedule of Changes in Unassigned Fund Balance.....  | 58           |
| <i>Nonmajor Governmental Funds</i>   |  |              |
| 4  | Combining Balance Sheet .....  | 59           |
| 5  | Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....  | 60           |
| <b>Fiduciary Funds</b>   |  |              |
| <i>Custodial Funds</i>   |  |              |
| 6  | Combining Schedule of Fiduciary Net Position .....   | 61           |
| 7  | Combining Schedule of Changes in Fiduciary Net Position .....  | 62           |



# PLODZIK & SANDERSON

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## ***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, 2021, 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, 2021, and 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.

**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 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.

October 25, 2022

*Plodzik & Sanderson  
Professional Association*

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

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, 2021.

***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 the 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 22 - 47.

*TOWN OF NEW BOSTON, NEW HAMPSHIRE*  
*MANAGEMENT'S DISCUSSION AND ANALYSIS*  
*2021*

*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, 2021, with an ending net position of \$16,495,956, an increase of \$1,842,966 from prior year ending net position of \$14,652,990.
- **Fund Balance:** The governmental funds reported combined ending fund balances at year-end December 31, 2021, of \$6,580,409 (Exhibit C-1). A decrease of \$561,599 in comparison to the prior year balance of \$7,142,008.
- **Unassigned Fund Balance:** The unassigned fund balance for the general fund at year-end December 31, 2021, was \$2,324,580 (Exhibit D). An increase of \$405,957 in comparison to the prior year balance of \$1,918,623.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

**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**

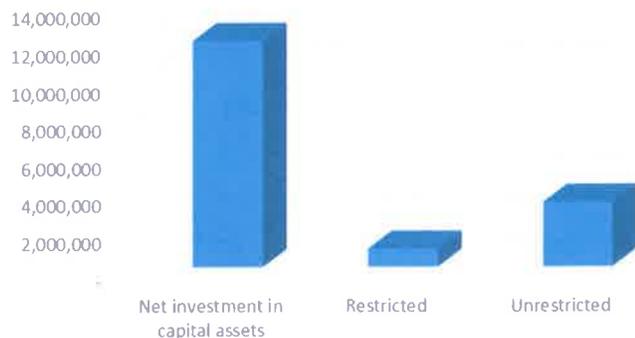
|   | 2021          | 2020          | Change<br>\$ | Change<br>% |
|---|---------------|---------------|--------------|-------------|
| <b>Assets and deferred outflow of resources:</b>      |               |               |              |             |
| Current and other assets                              | \$ 12,815,836 | \$ 13,077,036 | \$ (261,200) | (2.00)      |
| Capital assets  | 12,121,415    | 9,905,513     | 2,215,902    | 22.37       |
| Total assets  | 24,937,251    | 22,982,549    | 1,954,702    | 8.51        |
| Deferred outflows of resources                        | 449,004       | 743,362       | (294,358)    | (39.60)     |
| Total assets and deferred outflows of resources       | 25,386,255    | 23,725,911    | 1,660,344    | 7.00        |
| <b>Liabilities and deferred inflows of resources:</b> |               |               |              |             |
| Current liabilities                                   | 5,895,152     | 6,086,641     | (191,489)    | (3.15)      |
| Noncurrent liabilities                                | 2,134,918     | 2,768,093     | (633,175)    | (22.87)     |
| Total liabilities                                     | 8,030,070     | 8,854,734     | (824,664)    | (9.31)      |
| Deferred inflows of resources                         | 860,229       | 218,187       | 642,042      | 294.26      |
| Total liabilities and deferred inflows of resources   | 8,890,299     | 9,072,921     | (182,622)    | (2.01)      |
| <b>Net position:</b>                                  |               |               |              |             |
| Net investment in capital assets                      | 12,068,614    | 9,630,212     | 2,438,402    | 25.32       |
| Restricted  | 977,680       | 856,197       | 121,483      | 14.19       |
| Unrestricted  | 3,449,662     | 4,166,581     | (716,919)    | (17.21)     |
| Total net position                                    | \$ 16,495,956 | \$ 14,652,990 | \$ 1,842,966 | 12.58       |

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 \$16,495,956, a change of \$1,842,966 from the prior year or 12.58% when compared to the end of the previous year net position of \$14,652,990.

By far the largest portion of the Town of New Boston's net position of \$16,495,956 reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, infrastructure) in the amount of \$12,068,614. 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 \$977,680 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 \$3,449,662 may be used to meet the government's ongoing obligations to citizens and creditors. The Town received \$308,782 of deferred inflows, the first such 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

Net position - Year Ended December 31, 2021



**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

later than December 31, 2026. The Select Board is working with the Energy Commission and local broadband providers to get the remaining unserved/underserved residents of New Boston connected.

Changes in net position for the year ending December 31, 2021 are as follows:

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

|                                    | <u>2021</u>          | <u>2020</u>          | <u>Change</u><br><u>\$</u> | <u>Change</u><br><u>%</u> |
|------------------------------------|----------------------|----------------------|----------------------------|---------------------------|
| Revenues                           |                      |                      |                            |                           |
| Program Revenues                   |                      |                      |                            |                           |
| Charges for services               | \$ 550,584           | \$ 346,020           | \$ 204,564                 | 59.12                     |
| Operating grants and contributions | 221,008              | 203,098              | 17,910                     | 8.82                      |
| Capital grants and contributions   | <u>287,793</u>       | <u>205,966</u>       | <u>81,827</u>              | <u>39.73</u>              |
| Total program revenues             | 1,059,385            | 755,084              | 304,301                    | 40.30                     |
| General revenues                   |                      |                      |                            |                           |
| Taxes                              | 3,814,880            | 3,714,768            | 100,112                    | 2.69                      |
| Motor vehicle permit fees          | 1,468,667            | 1,455,047            | 13,620                     | 0.94                      |
| Licenses and other fees            | 129,141              | 137,186              | (8,045)                    | (5.86)                    |
| Intergovernmental                  | 443,598              | 416,772              | 26,826                     | 6.44                      |
| Miscellaneous                      | <u>387,802</u>       | <u>310,952</u>       | <u>76,850</u>              | <u>24.71</u>              |
| Total general revenues             | <u>6,244,088</u>     | <u>6,034,725</u>     | <u>209,363</u>             | <u>3.47</u>               |
| Total revenues                     | <u>\$ 7,303,473</u>  | <u>\$ 6,789,809</u>  | <u>\$ 513,664</u>          | <u>7.57</u>               |
| Expenses                           |                      |                      |                            |                           |
| General government                 | \$ 1,077,043         | \$ 982,800           | \$ 94,243                  | 9.59                      |
| Public safety                      | 2,062,352            | 2,300,150            | (237,798)                  | (10.34)                   |
| Highway and streets                | 1,225,891            | 1,512,473            | (286,582)                  | (18.95)                   |
| Sanitation                         | 438,457              | 424,844              | 13,613                     | 3.20                      |
| Health                             | 12,396               | 12,943               | (547)                      | (4.23)                    |
| Welfare                            | 4,598                | 23,254               | (18,656)                   | (80.23)                   |
| Culture and recreation             | 599,726              | 541,306              | 58,420                     | 10.79                     |
| Conservation                       | 40,044               | 110,034              | (69,990)                   | (63.61)                   |
| Long-term lease interest           | <u>-</u>             | <u>4,283</u>         | <u>(4,283)</u>             | <u>(100.00)</u>           |
| Total expenses                     | <u>5,460,507</u>     | <u>5,912,087</u>     | <u>(451,580)</u>           | <u>(7.64)</u>             |
| Change in net position             | 1,842,966            | 877,722              | 965,244                    | 109.97                    |
| Beginning net position             | <u>14,652,990</u>    | <u>13,775,268</u>    | <u>877,722</u>             | <u>6.37</u>               |
| Ending net position                | <u>\$ 16,495,956</u> | <u>\$ 14,652,990</u> | <u>\$ 1,842,966</u>        | <u>12.58</u>              |

**Changes in Net Position**

During the current year the Town's net position increased by \$1,842,966 or 12.58% in 2021. Revenues for the year ending December 31, 2021, totaled \$7,303,473, an increase of \$513,664 or 7.57%, exceeding total expenses of \$5,460,507.

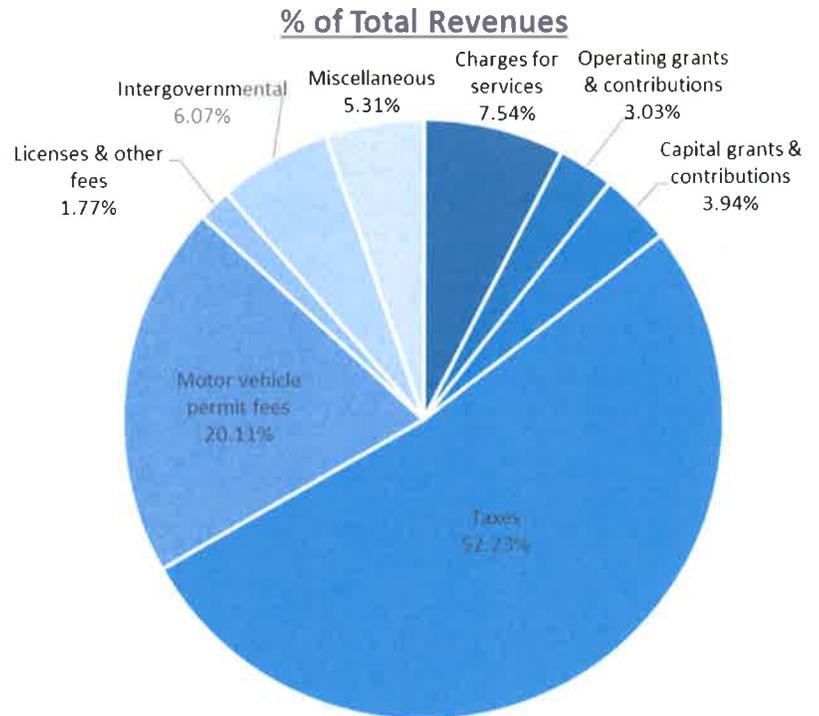
➤ **Revenue Changes**

- **Charges for services** reported an increase of \$204,564 or 59.12% mainly due to an increase in activity at the Recreation Department of \$92,737 due to the return of many programs (after-school care, summer camp, sports and adult classes) that were cancelled in 2020 due to the COVID-19 pandemic, a \$87,103 increase in Transfer Station Recycling / Demo Fees due to 217 tons of demolition, 16 tons of electronics and overall 2,007 scale tickets produced. There was also an increase in Ambulance services of \$38,684 due to an increase in Rescue & EMS incidents from 2020 to 2021. There were 253 ambulance transports in 2021 vs 215 in 2020 to transport patients to local hospitals. These increases were offset by a decrease in Police Detail revenues of \$13,960.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

- **Operating grants and contributions** increased \$17,910 or 8.82%. The sources of the grants comprised of the New Hampshire Dept of Environmental Services (NHDES) grant of \$215,000 for the Lyndeboro Road culvert, FEMA-AFG grant for the Fire Department SCBA (Self-Contained Breathing Apparatus) compressor and exhaust compressor totaling \$3,426 and the New Hampshire Department of Safety (NHDOS) DUI grant in the amount of \$1,120 and the Speed & Text grant in the amount of \$1,462, both for the Police Department.
- **Capital grants and contributions** increased \$81,827 or 39.73% was solely due to an increase in the New Hampshire State Highway Block Grant funding received by the Town.
- **Property and other taxes** generated \$3,814,880 which represents 52.23% of total revenues. Taxes increased \$100,112 or 2.691% from prior year. The increase is mainly due to an increase of \$81,630 in current year property taxes partially due to the full Town revaluation, an increase in Land Use Change Taxes of \$78,989 as there were 8 fewer parcels in Current Use from 2020. The increase was offset by a decrease of \$53,536 in Timber Taxes, Gravel Taxes of \$956 and a \$6,015 decrease of Interest & Penalties due to an increased rate of collections. The tax collection rate for the Town is approximately 98%.
- **Motor vehicles permit fees** generated \$1,468,667 which represents 20.11% of total revenues for the Town. Motor vehicle permit fees increased \$13,620 or 0.94% from prior year.

• **Licenses and other fees** consisted 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 \$129,141 or 1.77% of total revenues. The decrease of \$8,045 is mainly due to a \$13,557 decrease in building permits revenue. Many home improvements were done in 2020 as residents had to quarantine and work remotely from home due to COVID-19. With residents returning to the workplace in 2021, building permit revenue declined somewhat as fewer single family home and remodel/alteration permits were issued in 2021 compared to 2020. This was offset with a slight increase in other licenses and fees of \$5,407.



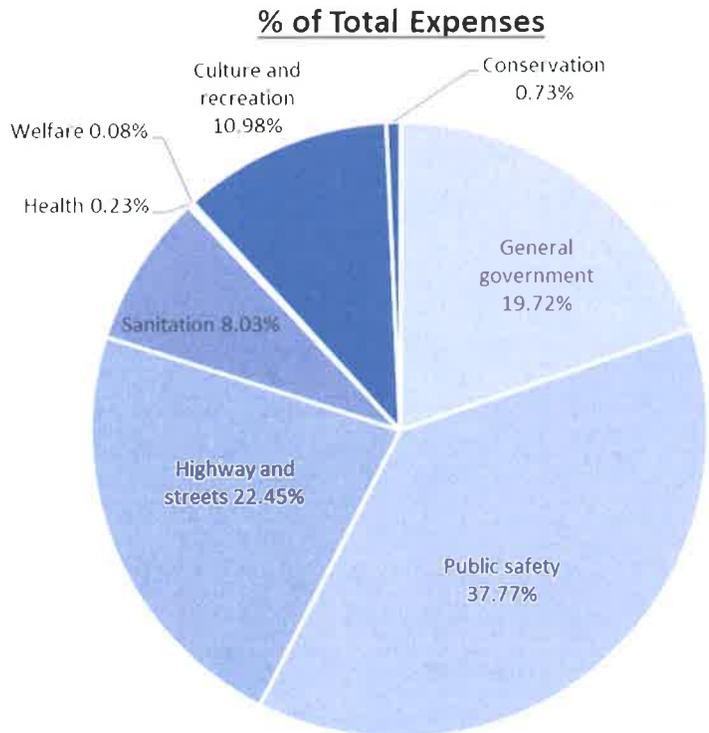
- **Intergovernmental** increased \$26,826 or 6.44% from prior year due to an increase in the New Hampshire State Rooms & Meals Tax funding received by the Town offset by New Hampshire Municipal Aid that ended in 2020.
- **Miscellaneous** comprised mainly of interest, sale of Town equipment, insurance refunds & reimbursements, and cable TV royalties. The increase of \$76,850 or 24.71% is mainly due to worker's compensation and property liability refunds totaling \$53,645 and due to a reclassification of unrestricted investment income from Intergovernmental in 2020 to Miscellaneous in 2021. There were increases in Police Donations of \$10,000, specifically for police body cameras and an increase of \$9,879 in Conservation Rail Trail donations.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

The majority of expenses were incurred for public safety (37.77%), highway and streets (22.45%), and general government (19.72%), which accounted for 79.94% of total expenditures of \$5,460,507. Total expenses for 2021 decreased \$451,580 or (7.64%) from prior year.

➤ **Expense Changes**

- **General Government** reported an increase of \$94,243 or 9.59% mainly due to an increase in general government buildings repairs and maintenance of \$71,790 and an increase of \$23,916 in employee payouts upon end of employment. This was offset by decreases in Assessing professional services of (\$8,243) and tax maps of (\$5,195).
- **Public Safety** reported a decrease of (\$237,798) or (10.34%) mainly due to a decrease in Net Pension Liability of (\$222,741) and Capital Asset Additions of (\$180,948). Compensated Absences increased by \$81,066, Ambulance Revolving increased \$40,224 and Capital Asset Depreciation increased \$49,965 to offset the decreases.
- **Highway and streets** decreased (\$286,582) or (18.95%) mainly due to the reclassification of encumbrances, Highway Block Grant and Lyndeboro culvert expenses incurred for capital asset additions and lease in the amount of \$1,396,589 and \$151,539, respectively. There were decreases in Bridge Maintenance of (\$13,701), Maintenance/Hired Equipment of (\$15,282) and Health Insurance of (\$15,771) offset by increase in capital asset depreciation of \$38,582.
- **Sanitation** increased \$13,613 or 3.20% in total expenses of \$438,457 from prior year expenses of \$424,844. The increase is due to an increase in landfill post-closure care costs offset by a decrease of capital asset depreciation.
- **Health** had a small decrease of (\$547) or (4.23%) due to a decrease in charitable donations and Health Officer expenses.
- **Welfare** decreased (\$18,656) or (80.23%) mainly due to a decrease in housing expenses of (\$17,640).
- **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 \$58,420 or 10.79% in total expenses in the sum of \$599,726 from prior year expenses of \$541,306. There was an increase of \$64,503 in Recreation Revolving Account programs that restarted in 2021 after being cancelled in 2020 due to COVID-19. The Whipple Free Library appropriation increased \$11,559 due to an increase in the materials line for purchasing books, periodicals, DVD's and audio books.
- **Conservation** decreased (\$69,990) or (63.61%) mainly due to expenses for the completion of the New Boston Rail Trail and Conservation Easements offset by the Capital Asset Additions of \$451,718.



**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

**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 \$2,327,160 per Exhibit C-1, while total fund balance was \$4,169,052 per Exhibit C-1. The general fund unassigned balance increased in the amount of \$427,954 from the prior year balance of \$1,899,206.

**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**

- **Licensing and permitting** revenues exceeded the budget by \$88,868 or 5.89% mainly due to a \$85,352 increase in motor vehicle registrations over budget.
- **Miscellaneous** revenues increased \$57,861 or 47.49% compared to budget comprised of increases from insurance claim reimbursements and refunds.
- **Charges for Services** revenues decreased (\$59,655) or (64.08%) mainly due to the Transfer Station Recycling Revolving Account created in 2021 Warrant Article 12 at Town meeting. The revenues earned after April 1, 2021 were transferred out of the General Fund to the Transfer Station Recycling Revolving Account.

➤ **Expense Highlights**

- **Highways and streets** were under budget by \$69,253 or 3.24% due to underspend in highway administration in the areas of wages and benefits.
- **General government** had underspend of \$56,895 or 5.00% compared to budget predominantly from underspend in the following categories: \$43,825 for property revaluation, \$24,607 in planning and zoning, \$21,171 for legal and \$19,058 for Executive due to Town Administrator vacancy July through December 2021 and \$13,607 in Personnel administration. The underspend was offset by overages in General government buildings of (\$60,461).
- **Sanitation** was under budget by \$52,573 or 10.52% mainly due to savings in solid waste disposal of \$52,136 mainly in the areas of tipping in the amount of \$25,895 and trucking fees in the amount of \$24,093 due to the efficient and effective management by the Transfer Station Manager.
- **Public safety** had underspend of \$51,271 or 2.71% compared to budget predominantly from savings in the Police department wages and benefits attributable to vacancies in full-time police officer positions.
- **Welfare** was under budget by \$43,923 or 141.23% mainly due to underspend in housing of \$16,550, utilities of \$5,000 and transportation for elderly/disabled of \$19,072.
- **Culture and recreation** performed under budget by \$34,964 or 7.80%. There was underspend in the Recreation Department of \$12,339, Library in the amount of \$18,976 savings in wages offset by encumbered expenses for 2022 and \$3,649 for Patriotic Purposes that moved the 4<sup>th</sup> of July fireworks and police detail expenses to a separate warrant article in 2021 that was approved by the Town at Town Meeting.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

Changes in the General Fund balance for the year ending December 31, 2021 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>2021</u>         | <u>2021</u>         | <u>Variance</u>   |
|---|---------------------|---------------------|-------------------|
|   | <u>Final Budget</u> | <u>Actual</u>       | <u>Positive</u>   |
|   |                     |                     | <u>(Negative)</u> |
| <b>REVENUES</b>   |                     |                     |                   |
| Taxes   | \$ 3,719,192        | \$ 3,719,169        | \$ (23)           |
| Licenses and permits                                      | 1,508,940           | 1,597,808           | 88,868            |
| Intergovernmental   | 939,193             | 952,399             | 13,206            |
| Charges for services                                      | 93,090              | 33,435              | (59,655)          |
| Miscellaneous   | 121,841             | 179,702             | 57,861            |
| Total revenues  | <u>6,382,256</u>    | <u>6,482,513</u>    | <u>100,257</u>    |
| <b>EXPENDITURES</b>                                       |                     |                     |                   |
| Current:  |                     |                     |                   |
| General government  | 1,137,913           | 1,081,018           | 56,895            |
| Public safety   | 1,890,891           | 1,839,620           | 51,271            |
| Highways and streets                                      | 2,137,538           | 2,068,285           | 69,253            |
| Sanitation  | 499,537             | 446,964             | 52,573            |
| Health  | 12,847              | 12,396              | 451               |
| Welfare   | 31,100              | (12,823)            | 43,923            |
| Culture and recreation                                    | 448,190             | 413,226             | 34,964            |
| Conservation  | 735                 | -                   | 735               |
| Capital outlay  | 281,826             | 332,127             | (50,301)          |
| Total expenditures  | <u>6,440,577</u>    | <u>6,180,813</u>    | <u>259,764</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>(58,321)</u>     | <u>301,700</u>      | <u>360,021</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                     |                     |                   |
| Transfers in  | 256,826             | 409,637             | 152,811           |
| Transfers out   | (448,505)           | (448,505)           | -                 |
| Total other financing sources (uses)                      | <u>(191,679)</u>    | <u>(38,868)</u>     | <u>152,811</u>    |
| Net change in fund balances                               | <u>\$ (250,000)</u> | 262,832             | <u>\$ 512,832</u> |
| Decrease in nonspendable fund balance                     |                     | (6,278)             |                   |
| Increase in restricted fund balance                       |                     | (4)                 |                   |
| Increase in committed fund balance                        |                     | 149,407             |                   |
| Unassigned fund balance, beginning                        |                     | <u>1,918,623</u>    |                   |
| Unassigned fund balance, ending                           |                     | <u>\$ 2,324,580</u> |                   |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

**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 \$12,121,415. 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, 2021**

|  | <u>Balance,<br/>beginning</u> | <u>Additions</u>    | <u>Disposals</u>   | <u>Balance<br/>ending</u> |
|--|-------------------------------|---------------------|--------------------|---------------------------|
| At cost:   |                               |                     |                    |                           |
| Not being depreciated:                           |                               |                     |                    |                           |
| Land   | \$ 3,621,570                  | \$ 235,000          | \$ -               | \$ 3,856,570              |
| Construction in progress                         | 91,768                        | 30,497              | (91,768)           | 30,497                    |
| Total capital assets not being depreciated       | <u>3,713,338</u>              | <u>265,497</u>      | <u>(91,768)</u>    | <u>3,887,067</u>          |
| Being depreciated:                               |                               |                     |                    |                           |
| Land improvements                                | 99,196                        | 216,718             | -                  | 315,914                   |
| Buildings and building improvements              | 1,751,205                     | 269,136             | -                  | 2,020,341                 |
| Machinery, equipment and vehicles                | 5,187,764                     | 341,225             | (152,711)          | 5,376,278                 |
| Infrastructure                                   | 10,251,413                    | 1,781,938           | -                  | 12,033,351                |
| Total capital assets being depreciated           | <u>17,289,578</u>             | <u>2,609,017</u>    | <u>(152,711)</u>   | <u>19,745,884</u>         |
| Total all capital assets                         | <u>21,002,916</u>             | <u>2,874,514</u>    | <u>(244,479)</u>   | <u>23,632,951</u>         |
| Less accumulated depreciation:                   |                               |                     |                    |                           |
| Land improvements                                | (44,593)                      | (14,788)            | -                  | (59,381)                  |
| Buildings and building improvements              | (678,724)                     | (52,438)            | -                  | (731,162)                 |
| Machinery, equipment and vehicles                | (2,178,278)                   | (330,198)           | 140,211            | (2,368,265)               |
| Infrastructure                                   | (8,195,808)                   | (156,920)           | -                  | (8,352,728)               |
| Total accumulated depreciation                   | <u>(11,097,403)</u>           | <u>(554,344)</u>    | <u>140,211</u>     | <u>(11,511,536)</u>       |
| Net book value, capital assets being depreciated | <u>6,192,175</u>              | <u>2,054,673</u>    | <u>(12,500)</u>    | <u>8,234,348</u>          |
| Net book value, all capital assets               | <u>\$ 9,905,513</u>           | <u>\$ 2,320,170</u> | <u>\$(104,268)</u> | <u>\$ 12,121,415</u>      |

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

**Acquisitions:**

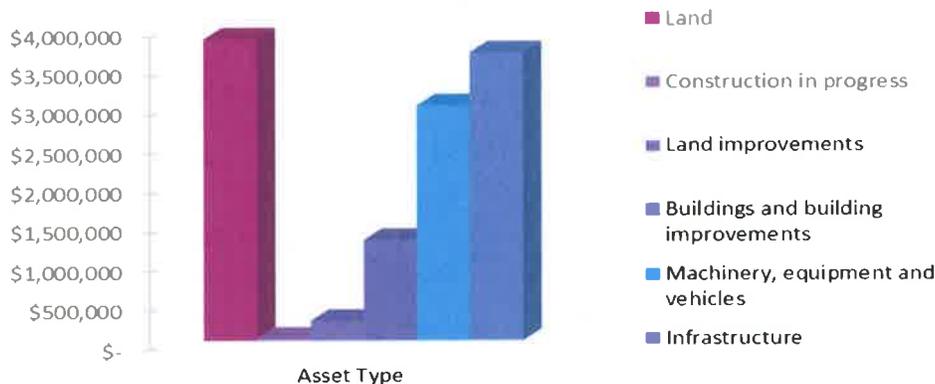
- 2021 Ford Interceptor – SUV – Police Department
- 2021 Ford Interceptor – SUV – Police Department (to replace totaled '17 cruiser)
- AXON Body Cameras (12 units) – Police Department
- Ambulance Power Load Cot – Fire/EMS Department
- Scott Compressor/Filling Station (2020) – Fire Department
- 2021 Ford F250 4x4 with plow – Highway Department
- Paving and Lyndeboro Rd Culvert – Highway Department
- 1995 Kenworth T800 – Transfer Station
- Conservation Easements – TM/L#’s: 2/151, 1/59-18, 1/46
- RailTrail Phase 2 & 3 – Conservation Commission
- Boiler & Electric Water Heater – Fire Department
- Salt Shed – Highway Department
- Fuel Pumps - Highway Department
- Solar Array (2019) – Whipple Free Library

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**2021**

**Disposals:**

- 2014 Ford Taurus Interceptor – Police Department
- 1994 Saulsbury Spartan Pumper Fire Truck – Fire Department
- 2009 Ford F-250 – Highway Department

**Net Book Value - At December 31, 2021**



- 2002 Freightliner FC70 - Highway Department

***Long-term Lease***

At the end of 2021, total capital lease obligation was \$52,801. In 2016 the Town acquired a 2015 Caterpillar Vibratory Roller and in 2018 the Town acquired a 2018 Komatsu Excavator for Highway Department. In 2020 the town leased a 2021 Int'l Dump/Plow Truck to replace the vehicle that caught fire March 2020 with the lease purchase payment paid in full in 2021.

***NEXT YEAR'S BUDGETS AND RATES***

In 2021, the total net assessed valuation, the amount on which the tax rate for municipal, county, and local education tax is computed, increased \$244,370,378 to \$927,870,692 from \$683,500,314 in 2020. 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 2022 Municipal Tax Rate (excluding school and county component) of \$4.75 per \$1,000 property assessed value, an increase of \$0.66 or 16.14% compared to the actual 2021 rate. A property assessed for tax purposes for \$350,000 will have an estimated 2022 municipal tax bill of about \$1,662, an increase of \$230 over the 2021 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 2022 tax rate but mainly due to \$196,947 or 3.57% increase in operating budget. Other factors contributing to the Town's tax rate increase are warrant articles for Highway Garage Addition \$35,000 and funding to Municipal Facilities Expendable Trust Fund \$20,000.

***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, 2021*

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                                      |                            |
| Cash and cash equivalents                          | \$ 10,550,022              |
| Investments  | 1,552,600                  |
| Taxes receivables (net)                            | 385,392                    |
| Account receivables (net)                          | 74,060                     |
| Intergovernmental receivable                       | 215,000                    |
| Inventory  | 13,063                     |
| Prepaid items                                      | 25,699                     |
| Capital assets:                                    |                            |
| Land and construction in progress                  | 3,887,067                  |
| Other capital assets, net of depreciation          | 8,234,348                  |
| Total assets                                       | 24,937,251                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |
| Amounts related to pensions                        | 420,445                    |
| Amounts related to other postemployment benefits   | 28,559                     |
| Total deferred outflows of resources               | 449,004                    |
| <b>LIABILITIES</b>                                 |                            |
| Accounts payable                                   | 220,793                    |
| Accrued salaries and benefits                      | 56,863                     |
| Accrued interest payable                           | 82                         |
| Intergovernmental payable                          | 5,617,414                  |
| Long-term liabilities:                             |                            |
| Due within one year                                | 67,820                     |
| Due in more than one year                          | 2,067,098                  |
| Total liabilities                                  | 8,030,070                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                            |
| Unavailable revenue - revenue collected in advance | 342,937                    |
| Amounts related to pensions                        | 423,385                    |
| Amounts related to other postemployment benefits   | 93,907                     |
| Total deferred inflows of resources                | 860,229                    |
| <b>NET POSITION</b>                                |                            |
| Net investment in capital assets                   | 12,068,614                 |
| Restricted   | 977,680                    |
| Unrestricted                                       | 3,449,662                  |
| Total net position                                 | \$ 16,495,956              |

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, 2021

|  | Expenses            | Program Revenues           |  |  | Net (Expense)<br>Revenue and<br>Change In<br>Net Position |
|--|---------------------|----------------------------|--|--|---|
|  |                     | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |   |
| General government   | \$ 1,077,043        | \$ -                       | \$ -                                     | \$ -                                   | \$ (1,077,043)  |
| Public safety  | 2,062,352           | 273,236                    | 6,008                                    | -                                      | (1,783,108)   |
| Highways and streets   | 1,225,891           | -                          | 215,000                                  | 287,793                                | (723,098)   |
| Sanitation   | 438,457             | 132,212                    | -  | -                                      | (306,245)   |
| Health   | 12,396              | -                          | -  | -                                      | (12,396)  |
| Welfare  | 4,598               | -                          | -  | -                                      | (4,598)   |
| Culture and recreation                                       | 599,726             | 145,136                    | -  | -                                      | (454,590)   |
| Conservation   | 40,044              | -                          | -  | -                                      | (40,044)  |
| Total governmental activities                                | <u>\$ 5,460,507</u> | <u>\$ 550,584</u>          | <u>\$ 221,008</u>                        | <u>\$ 287,793</u>                      | <u>(4,401,122)</u>  |
| General revenues:  |                     |                            |  |  |   |
| Taxes:   |                     |                            |  |  |   |
| Property   |                     |                            |  |  | 3,575,507   |
| Other  |                     |                            |  |  | 239,373   |
| Motor vehicle permit fees                                    |                     |                            |  |  | 1,468,735   |
| Licenses and other fees                                      |                     |                            |  |  | 129,073   |
| Grants and contributions not restricted to specific programs |                     |                            |  |  | 443,598   |
| Unrestricted investment earnings                             |                     |                            |  |  | 24,109  |
| Miscellaneous  |                     |                            |  |  | 363,693   |
| Total general revenues                                       |                     |                            |  |  | <u>6,244,088</u>  |
| Change in net position                                       |                     |                            |  |  | 1,842,966   |
| Net position, beginning                                      |                     |                            |  |  | 14,652,990  |
| Net position, ending   |                     |                            |  |  | <u>\$ 16,495,956</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, 2021**

|  | General              | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                      |                                |                                |
| Cash and cash equivalents  | \$ 7,953,116         | \$ 1,645,798                   | \$ 9,598,914                   |
| Investments  | 29                   | 1,058,027                      | 1,058,056                      |
| Receivables, net of allowance for uncollectible:                               |                      |                                |                                |
| Taxes  | 455,392              | -                              | 455,392                        |
| Accounts   | 361                  | 73,699                         | 74,060                         |
| Intergovernmental receivable   | 215,000              | -                              | 215,000                        |
| Interfund receivable   | 25,132               | 10,000                         | 35,132                         |
| Inventory  | 13,063               | -                              | 13,063                         |
| Prepaid items  | 24,328               | 1,371                          | 25,699                         |
| Restricted assets:   |                      |                                |                                |
| Cash and cash equivalents  | 951,108              | -                              | 951,108                        |
| Investments  | 494,544              | -                              | 494,544                        |
| <b>Total assets</b>  | <b>\$ 10,132,073</b> | <b>\$ 2,788,895</b>            | <b>\$ 12,920,968</b>           |
| <b>LIABILITIES</b>   |                      |                                |                                |
| Accounts payable   | \$ 220,793           | \$ -                           | \$ 220,793                     |
| Accrued salaries and benefits  | 56,863               | -                              | 56,863                         |
| Intergovernmental payable  | 5,617,414            | -                              | 5,617,414                      |
| Interfund payable  | -                    | 35,132                         | 35,132                         |
| <b>Total liabilities</b>   | <b>5,895,070</b>     | <b>35,132</b>                  | <b>5,930,202</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                      |                                |                                |
| Unavailable revenue - property taxes   | 67,420               | -                              | 67,420                         |
| Unavailable revenue - grants and donations received in advance                 | 531                  | 342,406                        | 342,937                        |
| <b>Total deferred inflows of resources</b>                                     | <b>67,951</b>        | <b>342,406</b>                 | <b>410,357</b>                 |
| <b>FUND BALANCES (DEFICIT)</b>   |                      |                                |                                |
| Nonspendable   | 37,391               | 769,459                        | 806,850                        |
| Restricted   | 131,663              | 77,929                         | 209,592                        |
| Committed  | 1,529,694            | 1,568,055                      | 3,097,749                      |
| Assigned   | 143,144              | -                              | 143,144                        |
| Unassigned (deficit)   | 2,327,160            | (4,086)                        | 2,323,074                      |
| <b>Total fund balances</b>   | <b>4,169,052</b>     | <b>2,411,357</b>               | <b>6,580,409</b>               |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 10,132,073</b> | <b>\$ 2,788,895</b>            | <b>\$ 12,920,968</b>           |

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, 2021**

|   |  |                     |                   |
|---|--|---------------------|-------------------|
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |  |                     |                   |
| Total fund balances of governmental funds (Exhibit C-1)   |  | \$                  | 6,580,409         |
| Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.  |  |                     |                   |
| Cost  |  | \$                  | 23,632,951        |
| Less accumulated depreciation   |  | <u>(11,511,536)</u> | 12,121,415        |
| 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  |  | \$                  | 420,445           |
| Deferred inflows of resources related to pensions   |  | (423,385)           |                   |
| Deferred outflows of resources related to OPEB  |  | 28,559              |                   |
| Deferred inflows of resources related to OPEB   |  | <u>(93,907)</u>     | (68,288)          |
| Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.  |  |                     |                   |
| Receivables   |  | \$                  | (35,132)          |
| Payables  |  | <u>35,132</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   |  | \$                  | 67,420            |
| Allowance for uncollectible taxes   |  | <u>(70,000)</u>     | (2,580)           |
| Interest on long-term debt is not accrued in governmental funds.  |  |                     |                   |
| Accrued interest payable  |  |                     | (82)              |
| Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the governmental funds.  |  |                     |                   |
| Capital leases  |  | \$                  | 52,801            |
| Compensated absences  |  | 251,924             |                   |
| Accrued landfill postclosure care costs   |  | 81,000              |                   |
| Settlement liability  |  | 25,491              |                   |
| Net pension liability   |  | 1,459,083           |                   |
| Other postemployment benefits   |  | <u>264,619</u>      | (2,134,918)       |
| Net position of governmental activities (Exhibit A)   |  | <u>\$</u>           | <u>16,495,956</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, 2021**

|  | General             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>  |                     |                                |                                |
| Taxes  | \$ 3,741,166        | \$ 95,711                      | \$ 3,836,877                   |
| Licenses and permits   | 1,597,808           | -                              | 1,597,808                      |
| Intergovernmental  | 952,399             | -                              | 952,399                        |
| Charges for services   | 33,435              | 517,149                        | 550,584                        |
| Miscellaneous  | 185,009             | 202,793                        | 387,802                        |
| Total revenues   | <u>6,509,817</u>    | <u>815,653</u>                 | <u>7,325,470</u>               |
| <b>EXPENDITURES</b>  |                     |                                |                                |
| Current:   |                     |                                |                                |
| General government   | 1,191,838           | 303                            | 1,192,141                      |
| Public safety  | 1,813,383           | 160,571                        | 1,973,954                      |
| Highways and streets   | 2,681,962           | -                              | 2,681,962                      |
| Sanitation   | 446,964             | -                              | 446,964                        |
| Health   | 12,396              | -                              | 12,396                         |
| Welfare  | 4,598               | -                              | 4,598                          |
| Culture and recreation                                       | 467,691             | 132,878                        | 600,569                        |
| Conservation   | -                   | 491,762                        | 491,762                        |
| Capital outlay   | 482,723             | -                              | 482,723                        |
| Total expenditures   | <u>7,101,555</u>    | <u>785,514</u>                 | <u>7,887,069</u>               |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(591,738)</u>    | <u>30,139</u>                  | <u>(561,599)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                                |                                |
| Transfers in   | 5,481               | -                              | 5,481                          |
| Transfers out  | -                   | (5,481)                        | (5,481)                        |
| Total other financing sources (uses)                         | <u>5,481</u>        | <u>(5,481)</u>                 | <u>-</u>                       |
| Net change in fund balances                                  | (586,257)           | 24,658                         | (561,599)                      |
| Fund balances, beginning                                     | 4,755,309           | 2,386,699                      | 7,142,008                      |
| Fund balances, ending  | <u>\$ 4,169,052</u> | <u>\$ 2,411,357</u>            | <u>\$ 6,580,409</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, 2021**

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

Net change in fund balances of governmental funds (Exhibit C-3) \$ (561,599)

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 | \$ 2,874,514     |           |
| Depreciation expense       | <u>(554,344)</u> |           |
|                            |                  | 2,320,170 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (104,268)

Transfers in and out between governmental funds are eliminated on the Statement of Activities.

|               |              |   |
|---------------|--------------|---|
| Transfers in  | \$ (5,481)   |   |
| Transfers out | <u>5,481</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 |  | (21,997) |
|--------------------------------|--|----------|

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.

|                             |  |         |
|-----------------------------|--|---------|
| Repayment of capital leases |  | 222,500 |
|-----------------------------|--|---------|

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  | \$ 4,201     |                 |
| Increase in compensated absences payable  | (58,776)     |                 |
| Increase in accrued landfill postclosure care costs   | 3,000        |                 |
| Decrease in legal settlement liability  | 75,294       |                 |
| Net change in net pension liability, and deferred outflows and inflows of resources related to pensions   | (43,935)     |                 |
| Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits | <u>8,376</u> |                 |
|   |              | <u>(11,840)</u> |

Change in net position of governmental activities (Exhibit B)

\$ 1,842,966

**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, 2021**

|  | Budgeted Amounts    |                     | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
|  | Original            | Final               |                     |                                    |
| <b>REVENUES</b>  |                     |                     |                     |                                    |
| Taxes  | \$ 3,719,192        | \$ 3,719,192        | \$ 3,719,169        | \$ (23)                            |
| Licenses and permits   | 1,508,940           | 1,508,940           | 1,597,808           | 88,868                             |
| Intergovernmental  | 637,856             | 939,193             | 952,399             | 13,206                             |
| Charges for services   | 93,090              | 93,090              | 33,435              | (59,655)                           |
| Miscellaneous  | 121,841             | 121,841             | 179,702             | 57,861                             |
| Total revenues   | <u>6,080,919</u>    | <u>6,382,256</u>    | <u>6,482,513</u>    | <u>100,257</u>                     |
| <b>EXPENDITURES</b>  |                     |                     |                     |                                    |
| Current:   |                     |                     |                     |                                    |
| General government   | 1,137,913           | 1,137,913           | 1,081,018           | 56,895                             |
| Public safety  | 1,890,891           | 1,890,891           | 1,839,620           | 51,271                             |
| Highways and streets   | 1,836,201           | 2,137,538           | 2,068,285           | 69,253                             |
| Sanitation   | 499,537             | 499,537             | 446,964             | 52,573                             |
| Health   | 12,847              | 12,847              | 12,396              | 451                                |
| Welfare  | 31,100              | 31,100              | (12,823)            | 43,923                             |
| Culture and recreation                                       | 448,190             | 448,190             | 413,226             | 34,964                             |
| Conservation   | 735                 | 735                 | -                   | 735                                |
| Capital outlay   | 281,826             | 281,826             | 332,127             | (50,301)                           |
| Total expenditures   | <u>6,139,240</u>    | <u>6,440,577</u>    | <u>6,180,813</u>    | <u>259,764</u>                     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(58,321)</u>     | <u>(58,321)</u>     | <u>301,700</u>      | <u>360,021</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                     |                     |                                    |
| Transfers in   | 256,826             | 256,826             | 409,637             | 152,811                            |
| Transfers out  | (448,505)           | (448,505)           | (448,505)           | -                                  |
| Total other financing sources (uses)                         | <u>(191,679)</u>    | <u>(191,679)</u>    | <u>(38,868)</u>     | <u>152,811</u>                     |
| Net change in fund balances                                  | <u>\$ (250,000)</u> | <u>\$ (250,000)</u> | 262,832             | <u>\$ 512,832</u>                  |
| Increase in nonspendable fund balance                        |                     |                     | (6,278)             |                                    |
| Increase in restricted fund balance                          |                     |                     | (4)                 |                                    |
| Decrease in committed fund balance                           |                     |                     | 149,407             |                                    |
| Unassigned fund balance, beginning                           |                     |                     | 1,918,623           |                                    |
| Unassigned fund balance, ending                              |                     |                     | <u>\$ 2,324,580</u> |                                    |

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, 2021**

|                              | Private<br>Purpose<br>Trust Funds | All<br>Custodial<br>Funds |
|------------------------------|-----------------------------------|---------------------------|
| <b>ASSETS</b>                |                                   |                           |
| Cash and cash equivalents    | \$ 3,058                          | \$ 598,722                |
| Intergovernmental receivable | -                                 | 5,550,062                 |
| Total assets                 | <u>3,058</u>                      | <u>6,148,784</u>          |
| <b>LIABILITIES</b>           |                                   |                           |
| Intergovernmental payables:  |                                   |                           |
| School                       | -                                 | 5,550,062                 |
| <b>NET POSITION</b>          |                                   |                           |
| Restricted                   | <u>\$ 3,058</u>                   | <u>\$ 598,722</u>         |

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, 2021**

|   | Private<br>Purpose<br>Trust Funds | All<br>Custodial<br>Funds |
|---|-----------------------------------|---------------------------|
| <b>ADDITIONS</b>                        |                                   |                           |
| Investment earnings                     | \$ -                              | \$ 203                    |
| Tax collections for other governments   | -                                 | 13,348,239                |
| Fee collections for other governments   | -                                 | 482,352                   |
| Contributions                           | -                                 | 70,367                    |
| Total additions                         | -                                 | 13,901,161                |
| <b>DEDUCTIONS</b>                       |                                   |                           |
| Payments of taxes to other governments  | -                                 | 13,348,239                |
| Payments of motor vehicle fees to State | -                                 | 482,352                   |
| Payments for escrow purposes            | -                                 | 114,564                   |
| Total deductions                        | -                                 | 13,945,155                |
| Net increase in fiduciary net position  | -                                 | (43,994)                  |
| Net position, beginning                 | 3,058                             | 642,716                   |
| Net position, ending                    | \$ 3,058                          | \$ 598,722                |

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, 2021**

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

**DETAILED NOTES ON ALL FUNDS**

|   |      |
|---|------|
| Cash and Cash Equivalents .....                         | 3    |
| Restricted Assets .....                                 | 4    |
| Investments .....                                       | 5    |
| Taxes Receivable .....                                  | 6    |
| Other Receivables .....                                 | 7    |
| Capital Assets .....                                    | 8    |
| Interfund Balances and Transfers .....                  | 9    |
| Intergovernmental Payables .....                        | 10   |
| Deferred Outflows/Inflows of Resources .....            | 11   |
| Capital Lease Obligations .....                         | 12   |
| Long-term Liabilities .....                             | 13   |
| Defined Benefit Pension Plan .....                      | 14   |
| Supplemental Retirement Plans .....                     | 15   |
| Postemployment Benefits Other Than Pensions .....       | 16   |
| New Hampshire Retirement System (NHRS) .....            | 16-A |
| Town of New Boston Retiree Health Benefit Program ..... | 16-B |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

|   |           |
|---|-----------|
| <b>Encumbrances .....</b>   | <b>17</b> |
| <b>Governmental Activities and Fiduciary Funds Net Position .....</b> | <b>18</b> |
| <b>Governmental Fund Balances .....</b>                               | <b>19</b> |
| <b>Risk Management.....</b>   | <b>20</b> |
| <b>Cafeteria Benefit Plan .....</b>                                   | <b>21</b> |
| <b>Contingencies.....</b>   | <b>22</b> |
| <b>COVID-19 .....</b>   | <b>23</b> |
| <b>Tax Abatements.....</b>  | <b>24</b> |
| <b>Subsequent Events.....</b>   | <b>25</b> |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**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 accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in 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**  
**DECEMBER 31, 2021**

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. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town reports the following fiduciary funds:

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

**Custodial Fund** – are custodial in nature and do not belong to the primary government. 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,
- 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.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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

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

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

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

**Level 3** – Inputs are significant unobservable inputs.

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

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

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

### ***1-F Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at 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***

Inventory balance of \$13,063 at December 31, 2021 reported in the general fund, 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 is recorded as an expenditure when consumed rather than when purchased.

### ***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 is equal to the amount of prepaid items at year-end to indicate that 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**  
**DECEMBER 31, 2021**

***1-I Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund’s measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

| <b>Capital Asset Classes:</b>       | <u>Years</u> |
|-------------------------------------|--------------|
| 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). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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

***1-K Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 24, 2021 and November 2, 2021, and due on July 1, 2021 and December 6, 2021. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2020 on May 3, 2021.

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.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

The Town net assessed valuation as of April 1, 2021 utilized in the setting of the tax rate was as follows:

|  |               |
|--|---------------|
| Total assessment valuation with utilities    | \$927,870,692 |
| Total assessment valuation without utilities | \$912,895,792 |

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

|                        | Per \$1,000<br>of Assessed<br>Valuation | Property<br>Taxes<br>Assessed |
|------------------------|---|-------------------------------|
| Municipal portion      | \$4.09                                  | \$ 3,795,206                  |
| School portion:        |   |                               |
| State of New Hampshire | \$1.48                                  | 1,350,394                     |
| Local                  | \$12.07                                 | 11,199,668                    |
| County portion         | \$0.86                                  | 798,177                       |
| Total                  | <u>\$18.50</u>                          | <u>\$17,143,445</u>           |

***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, 2021.

***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. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

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

***1-N Long-term Obligations***

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

***1-O Compensated Absences***

***Vacation*** – The Town's policy allows certain employees to earn varying amounts of vacation based on an employee's length of employment. Upon separation from service, employees are paid full value for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide fund financial statements.

***Sick Leave*** – The Town's policy allows certain employees to earn varying amounts of sick time as set forth by the Town's personnel policy. A liability for those amounts is recorded in the government-wide fund financial statements.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

***1-P 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-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***

The Town maintains two separate other postemployment benefit plans (OPEB), 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 any 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*  
*AS OF AND FOR THE FISCAL YEAR ENDED*  
*DECEMBER 31, 2021*

**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. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

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

The Town's fund balance policy recommends that a minimum unassigned fund balance of 7% of the annual total budgeted expenditures be maintained by strongly recommends the Town plan to maintain an unassigned fund balance between 6% to 10% of the annual total budgeted expenditures.

***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 during the period reported. These estimates include assessing the collectability of accounts, taxes and ambulance receivables, and the useful lives and impairment of tangible and intangible 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.

***1-U Material Change in Classification***

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the ambulance fund which accounts for the activities related to the operation of the Town's ambulance services did not qualify as a major fund for the current fiscal year. As such, it was reclassified to the nonmajor governmental funds.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**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 U.S. generally accepted accounting principles (GAAP).

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$250,000 of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B Budgetary Reconciliation to GAAP Basis**

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for 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)  | \$ 6,892,150        |
| Adjustments:   |                     |
| Basis differences:   |                     |
| GASB Statement No. 54:   |                     |
| To record miscellaneous income of the blended funds  | 5,307               |
| To eliminate transfers between blended funds   | (404,156)           |
| Change in deferred tax revenue relating to 60-day revenue recognition<br>recognized as revenue on the GAAP basis, but not on the budgetary basis | 21,997              |
| Per Exhibit C-3 (GAAP basis)   | <u>\$ 6,515,298</u> |
| Expenditures and other financing uses:   |                     |
| Per Exhibit D (budgetary basis)  | \$ 6,629,318        |
| Adjustments:   |                     |
| Basis differences:   |                     |
| Encumbrances, beginning  | 1,004,731           |
| Encumbrances, ending   | (143,144)           |
| GASB Statement No. 54:   |                     |
| To record expenditures of the blended funds during the year  | 59,155              |
| To eliminate transfers between general and blended funds   | (448,505)           |
| Per Exhibit C-3 (GAAP basis)   | <u>\$ 7,101,555</u> |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**2-C Deficit Fund Balance**

The Police Outside Detail special revenue fund had a deficit fund balance of \$4,086 at December 31, 2021. This deficit will be financed through future revenues of the fund.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$11,151,802 and the bank balances totaled \$11,167,208. Petty cash totaled \$1,875.

Cash and cash equivalents reconciliation:

|  |                      |
|--|----------------------|
| Cash per Statement of Net Position (Exhibit A)             | \$ 10,550,022        |
| Cash per Statement of Fiduciary Net Position (Exhibit E-1) | 601,780              |
| Total cash and cash equivalents                            | <u>\$ 11,151,802</u> |

**NOTE 4 – RESTRICTED ASSETS**

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

|  |                     |
|--|---------------------|
| Cash and cash equivalents:                 |                     |
| General fund:                              |                     |
| Library                                    | \$ 93,018           |
| Capital reserve funds                      | 858,090             |
| Total restricted cash and cash equivalents | <u>951,108</u>      |
| Investments:                               |                     |
| General fund:                              |                     |
| Library                                    | 10,002              |
| Capital reserve funds                      | 484,542             |
| Total restricted investments               | <u>494,544</u>      |
| Total restricted assets                    | <u>\$ 1,445,652</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. Since 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, 2021:

|  | Valuation<br>Measurement<br>Method | Reported<br>Balance | Less Than 1<br>Year | 1-5 Years         | Exempt from<br>Disclosure |
|--|------------------------------------|---------------------|---------------------|-------------------|---------------------------|
| Investments type:                            |                                    |                     |                     |                   |                           |
| Certificates of deposit                      | Level 1                            | \$ 484,542          | \$ 114,542          | \$ 370,000        | \$ -                      |
| Equity mutual funds                          | Level 1                            | 669,243             | -                   | -                 | 669,243                   |
| Fixed income mutual funds                    | Level 2                            | 114,148             | -                   | -                 | 114,148                   |
| Total fair value                             |                                    | <u>1,267,933</u>    | <u>\$ 114,542</u>   | <u>\$ 370,000</u> | <u>\$ 783,391</u>         |
| Investments carried at amortized cost:       |                                    |                     |                     |                   |                           |
| New Hampshire Public Deposit Investment Pool |                                    | 284,667             |                     |                   |                           |
| Total investments                            |                                    | <u>\$ 1,552,600</u> |                     |                   |                           |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**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. 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, 2021. 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 2021                                      | \$ 332,782      | \$ 332,782  |
| Unredeemed (under tax lien):                      |                 |             |
| Levy of 2020                                      | 53,085          | 53,085      |
| Levy of 2019                                      | 36,850          | 36,850      |
| Levies of 2018 and prior                          | 31,845          | 31,845      |
| Yield   | 830             | 830         |
| Less: allowance for estimated uncollectible taxes | (70,000) *      | -           |
| Net taxes receivable                              | \$ 385,392      | \$ 455,392  |

\*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 accrual basis of accounting (Exhibits A and B).

**NOTE 7 – OTHER RECEIVABLES**

Receivables at December 31, 2021, 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, 2021 for the Town’s major and nonmajor funds and fiduciary funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

|                                    | Governmental Funds |                   |           | Fiduciary<br>Funds     |
|------------------------------------|--------------------|-------------------|-----------|------------------------|
|                                    | General<br>Fund    | Nonmajor<br>Funds | Total     |                        |
| Receivables:                       |                    |                   |           |                        |
| Accounts                           | \$ 361             | \$ 90,201         | \$ 90,562 | \$ -                   |
| Intergovernmental                  | -                  | -                 | -         | 5,550,062 <sup>1</sup> |
| Welfare liens                      | 5,807              | -                 | 5,807     | -                      |
| Gross receivables                  | 6,168              | 90,201            | 96,369    | 5,550,062              |
| Less: allowance for uncollectibles | (5,807)            | (16,502)          | (22,309)  | -                      |
| Net total receivables              | \$ 361             | \$ 73,699         | \$ 74,060 | \$ 5,550,062           |

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.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 is as follows:

|  | <u>Balance,<br/>beginning</u> | <u>Additions</u>   | <u>Deletions</u>   | <u>Balance,<br/>ending</u> |
|--|-------------------------------|--------------------|--------------------|----------------------------|
| At cost:   |                               |                    |                    |                            |
| Not being depreciated:                                     |                               |                    |                    |                            |
| Land   | \$ 3,621,570                  | \$ 235,000         | \$ -               | \$ 3,856,570               |
| Construction in progress                                   | 91,768                        | 30,497             | (91,768)           | 30,497                     |
| Total capital assets not being depreciated                 | <u>3,713,338</u>              | <u>265,497</u>     | <u>(91,768)</u>    | <u>3,887,067</u>           |
| Being depreciated:   |                               |                    |                    |                            |
| Land improvements  | 99,196                        | 216,718            | -                  | 315,914                    |
| Buildings and building improvements                        | 1,751,205                     | 269,136            | -                  | 2,020,341                  |
| Machinery, equipment, and vehicles                         | 5,187,764                     | 341,225            | (152,711)          | 5,376,278                  |
| Infrastructure   | 10,251,413                    | 1,781,938          | -                  | 12,033,351                 |
| Total capital assets being depreciated                     | <u>17,289,578</u>             | <u>2,609,017</u>   | <u>(152,711)</u>   | <u>19,745,884</u>          |
| Total all capital assets                                   | <u>21,002,916</u>             | <u>2,874,514</u>   | <u>(244,479)</u>   | <u>23,632,951</u>          |
| Less accumulated depreciation:                             |                               |                    |                    |                            |
| Land improvements  | (44,593)                      | (14,788)           | -                  | (59,381)                   |
| Buildings and building improvements                        | (678,724)                     | (52,438)           | -                  | (731,162)                  |
| Machinery, equipment, and vehicles                         | (2,178,278)                   | (330,198)          | 140,211            | (2,368,265)                |
| Infrastructure   | (8,195,808)                   | (156,920)          | -                  | (8,352,728)                |
| Total accumulated depreciation                             | <u>(11,097,403)</u>           | <u>(554,344)</u>   | <u>140,211</u>     | <u>(11,511,536)</u>        |
| Net book value, capital assets being depreciated           | <u>6,192,175</u>              | <u>2,054,673</u>   | <u>(12,500)</u>    | <u>8,234,348</u>           |
| Net book value, all governmental activities capital assets | <u>\$ 9,905,513</u>           | <u>\$2,320,170</u> | <u>\$(104,268)</u> | <u>\$12,121,415</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         | \$ 27,016         |
| Public safety              | 217,863           |
| Highways and streets       | 268,215           |
| Sanitation                 | 1,513             |
| Culture and recreation     | 39,737            |
| Total depreciation expense | <u>\$ 554,344</u> |

**NOTE 9 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2021 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>    |
|------------------------|---------------------|------------------|
| General                | Nonmajor            | \$25,132         |
| Nonmajor               | Nonmajor            | 10,000           |
|                        |                     | <u>\$ 35,132</u> |

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

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2021 is as follows:

|                |               |
|----------------|---------------|
|                | Transfers In: |
|                | General Fund  |
| Transfers out: |               |
| Nonmajor fund  | \$ 5,481      |

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

**NOTE 10 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2021 consist of the following:

|  | Governmental Funds     |  | Fiduciary Funds |
|--|------------------------|--|-----------------|
|  | General Fund           |  | Funds           |
| Miscellaneous fees due to the State of New Hampshire | \$ 1,615               |  | -               |
| Balance due to the New Hampshire Retirement System   | 54,209                 |  | -               |
| Balance due to the Town of Goffstown                 | 10,928                 |  | -               |
| Property taxes due to the custodial funds            | <sup>2</sup> 5,550,062 |  | -               |
| Balance due to the Town of Bedford                   | <sup>3</sup> 600       |  | -               |
| Taxes due to the New Boston School District          | -                      |  | 5,550,062       |
| Total intergovernmental payables due                 | \$ 5,617,414           |  | \$ 5,550,062    |

2. Property taxes due to the custodial funds 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 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 of at December 31, 2021 consist of amounts related to pensions totaling \$420,445 and amounts related to OPEB totaling \$28,559. For further discussion on these amounts, see Note 14 and 16, 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        | \$ -            | \$67,420     | \$ -                        | \$ 67,420 |
| Federal grant revenue collected in advance of eligible expenditures being made | 308,782         | -            | 308,782                     | 308,782   |
| Revenue collected in advance of eligible expenditures                          | 34,155          | 531          | 33,624                      | 34,155    |
| Amounts related to pensions, see Note 14                                       | 423,385         | -            | -                           | -         |
| Amounts related to OPEB, see Note 16   | 93,907          | -            | -                           | -         |
| Total deferred inflows of resources  | \$ 860,229      | \$67,951     | \$ 342,406                  | \$410,357 |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**NOTE 12 – CAPITAL LEASE OBLIGATIONS**

**Capital Leases** – The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

|                                 | Standard<br>Interest<br>Rate | Present Value<br>of Remaining<br>Payments as of<br>December 31, 2021 |
|---------------------------------|------------------------------|--|
| Capital lease obligations:      |                              |  |
| CAT Compactor                   | 2.21%                        | \$ 43,148  |
| Excavator                       | 3.25%                        | 9,653  |
| Total capital lease obligations |                              | <u>\$ 52,801</u>   |

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

|                                | Governmental<br>Activities |
|--------------------------------|----------------------------|
| Vehicles:                      |                            |
| CAT Compactor                  | \$ 99,900                  |
| Excavator                      | 142,250                    |
| Total equipment                | <u>242,150</u>             |
| Less: accumulated depreciation | 75,484                     |
| Total capital lease equipment  | <u>\$ 166,666</u>          |

The annual requirements to amortize the capital leases payable as of December 31, 2021, including interest payments, are as follows:

| Fiscal Year Ending<br>December 31,  | Governmental<br>Activities |
|-------------------------------------|----------------------------|
| 2022                                | \$ 40,597                  |
| 2023                                | 13,673                     |
| Total requirements                  | <u>54,270</u>              |
| Less: interest                      | 1,469                      |
| Present value of remaining payments | <u>\$ 52,801</u>           |

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

**NOTE 13 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2021:

|   | Balance<br>January 1,<br>2021 | Additions        | Reductions          | Balance<br>December 31,<br>2021 | Due Within<br>One Year | Due In More<br>Than One Year |
|---|-------------------------------|------------------|---------------------|---------------------------------|------------------------|------------------------------|
| Capital leases                          | \$ 275,301                    | \$ -             | \$ (222,500)        | \$ 52,801                       | \$ 39,329              | \$ 13,472                    |
| Compensated absences                    | 193,148                       | 58,776           | -                   | 251,924                         | -                      | 251,924                      |
| Accrued landfill postclosure care costs | 84,000                        | -                | (3,000)             | 81,000                          | 3,000                  | 78,000                       |
| Legal settlement liability*             | 100,785                       | -                | (75,294)            | 25,491                          | 25,491                 | -                            |
| Net pension liability                   | 2,105,807                     | -                | (646,724)           | 1,459,083                       | -                      | 1,459,083                    |
| Net other postemployment benefits       | 309,846                       | -                | (45,227)            | 264,619                         | -                      | 264,619                      |
| Total long-term liabilities             | <u>\$ 3,068,887</u>           | <u>\$ 58,776</u> | <u>\$ (992,745)</u> | <u>\$ 2,134,918</u>             | <u>\$ 67,820</u>       | <u>\$ 2,067,098</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.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**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 are 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 \$81,000 as of December 31, 2021. 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, 2021. 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 appropriations.

**NOTE 14 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a 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:

| <b>Years of Creditable Service as of 1/1/12</b> | <b>Minimum Age</b> | <b>Minimum Service</b> | <b>Benefit Multiplier</b> |
|---|--------------------|------------------------|---------------------------|
| 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 (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For the period of January 1, 2021 to June 30, 2021, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. For the period of July 1, 2021 to December 31, 2021 the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2021 was \$174,729, which was paid in full.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2021 the Town reported a liability of \$1,459,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the Town’s proportion was 0.03% which was the same as its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$215,452. At December 31, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in proportion   | \$ 128,487                           | \$ 37                               |
| Changes in assumptions  | 152,393                              | -                                   |
| Net difference between projected and actual investment earnings on pension plan investments | -                                    | 408,072                             |
| Differences between expected and actual experience  | 40,856                               | 15,276                              |
| Contributions subsequent to the measurement date  | 98,709                               | -                                   |
| Total   | \$ 420,445                           | \$ 423,385                          |

The \$98,709 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, 2022. 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<br>December 31, |             |
|------------------------------------|-------------|
| 2022                               | \$ 32,971   |
| 2023                               | 9,903       |
| 2024                               | (11,823)    |
| 2025                               | (132,700)   |
| 2026                               | -           |
| Thereafter                         | -           |
| Totals                             | \$(101,649) |

**Actuarial Assumptions** – The collective total pension liability was based on the following assumptions:

|                            |   |
|----------------------------|---|
| Inflation:                 | 2.0%  |
| Salary increases:          | 5.6% average, including inflation                                 |
| Wage inflation:            | 2.75% (2.25% for Teachers)  |
| Investment rate of return: | 6.75% net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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

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

**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<br>5.75% | Current Single Rate Assumption<br>6.75% | 1% Increase<br>7.75% |
|--------------------------|----------------------|---|----------------------|
| June 30, 2021            | \$ 2,086,655         | \$ 1,459,083                            | \$ 935,585           |

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

**NOTE 15 – SUPPLEMENTAL RETIREMENT PLAN**

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, 2021 were \$143,816 which consisted of \$31,206 from the Town and \$112,610 from employees.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**16-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2021 Annual Comprehensive Financial Report, which can be found on the system’s website at [www.nhrs.org](http://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 2021 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 2018, 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 the period of January 1, 2021 to June 30, 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. For the period of July 1, 2021 to December 31, 2021, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2021 was \$20,844, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2021, the Town reported a liability of \$186,240 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2021, the Town’s proportion was 0.05% which was the same as its proportion measured as of June 30, 2020.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

For the year ended December 31, 2021, the Town recognized OPEB expense of \$8,513. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Changes in proportion  | \$ -                                 | \$ 2                                |
| Net difference between projected and actual investment earnings on OPEB plan investments | -                                    | 2,326                               |
| Differences between expected and actual experience                                       | -                                    | 39                                  |
| Contributions subsequent to the measurement date   | 11,779                               | -                                   |
| Total  | \$ 11,779                            | \$ 2,367                            |

The \$11,779 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, 2022. 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<br>December 31, |           |
|------------------------------------|-----------|
| 2022                               | \$ (573)  |
| 2023                               | (489)     |
| 2024                               | (548)     |
| 2025                               | (757)     |
| 2026                               | -         |
| Thereafter                         | -         |
| Totals                             | \$(2,367) |

**Actuarial Assumptions** – The collective total OPEB liability was based on the following actuarial assumptions:

|                            |   |
|----------------------------|---|
| Inflation:                 | 2.0%  |
| Salary increases:          | 5.6 % average, including inflation  |
| Wage inflation:            | 2.75% (2.25% for Teachers)  |
| Investment rate of return: | 6.75% net of OPEB plan investment expense, including inflation for determining solvency contributions |

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

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

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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

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

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town’s Proportionate Share of the 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<br>5.75% | Current Single Rate Assumption<br>6.75% | 1% Increase<br>7.75% |
|--------------------------|----------------------|---|----------------------|
| June 30, 2021            | \$ 202,458           | \$ 186,240                              | \$ 172,130           |

**Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No.75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

**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.

**16-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.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**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, 2021, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 3  |
| Active employees   | 24 |
| Total participants covered by OPEB plan                                  | 27 |

**Total OPEB Liability** – The Town’s total OPEB liability of \$78,379 was measured as of December 31, 2021 and was determined by an actuarial valuation of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$78,379 in the January 1, 2021, 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:                 | 2.25% |
| 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 | 2028  |

The discount rate was based on the *S&P Municipal Bond 20-Year High Grade Index* as of December 31, 2021.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generation using Scale MP-2020.

**Changes in the Total OPEB Liability**

|  | December 31, |            |
|--|--------------|------------|
|  | 2020         | 2021       |
| OPEB liability beginning of year       | \$ 123,337   | \$ 106,057 |
| Changes for the year:                  |              |            |
| Service cost                           | 19,678       | 14,556     |
| Interest                               | 4,466        | 2,542      |
| Assumption changes and difference      |              |            |
| between actual and expected experience | (29,261)     | (43,309)   |
| Benefit payments                       | (12,163)     | (1,467)    |
| OPEB liability end of year             | \$ 106,057   | \$ 78,379  |

**Sensitivity of the Town’s OPEB Liability to Changes in the Discount Rate** – The January 1, 2021, actuarial valuation was prepared using a discount rate of 2.25%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$71,017. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$86,755.

|                      | Discount Rate |                |             |
|----------------------|---------------|----------------|-------------|
|                      | 1% Decrease   | Baseline 2.25% | 1% Increase |
| Total OPEB Liability | \$ 86,755     | \$ 78,379      | \$ 71,017   |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The January 1, 2021, 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 \$94,643. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$65,551.

|                      | Healthcare Cost Trend Rates |                |             |
|----------------------|-----------------------------|----------------|-------------|
|                      | 1% Decrease                 | Baseline 7.50% | 1% Increase |
| Total OPEB Liability | \$ 65,551                   | \$ 78,379      | \$ 94,643   |

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – For the year ended December 31, 2021, the Town recognized OPEB expense of \$7,117. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Changes in assumptions                             | \$ 16,780                            | \$ 4,993                            |
| Differences between expected and actual experience | -                                    | 86,547                              |
| Total  | \$ 16,780                            | \$ 91,540                           |

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<br>December 31, |                    |
|------------------------------------|--------------------|
| 2022                               | \$ (9,981)         |
| 2023                               | (9,981)            |
| 2024                               | (9,981)            |
| 2025                               | (9,981)            |
| 2026                               | (9,981)            |
| Thereafter                         | (24,855)           |
| Totals                             | <u>\$ (74,760)</u> |

**NOTE 17 – ENCUMBRANCES**

The outstanding encumbrances in the general fund are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2021 and are as follows:

|                        |                   |
|------------------------|-------------------|
| General fund:          |                   |
| General government     | \$ 3,005          |
| Public safety          | 26,237            |
| Highways and streets   | 1,212             |
| Culture and recreation | 12,690            |
| Capital outlay         | 100,000           |
| Total encumbrances     | <u>\$ 143,144</u> |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

**NOTE 18 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the governmental activities and fiduciary funds Statements of Net Position at December 31, 2021 include the following:

|   | Government-wide<br>Financial<br>Statements |                    |
|---|--|--------------------|
|   | Governmental<br>Activities                 | Fiduciary<br>Funds |
| Net investment in capital assets:                 |  |                    |
| Net book value, all capital assets                | \$ 12,121,415                              | \$ -               |
| Less:   |  |                    |
| Capital leases payable                            | (52,801)                                   | -                  |
| Total net investment in capital assets            | <u>12,068,614</u>                          | <u>-</u>           |
| Restricted net position:                          |  |                    |
| Perpetual care - nonexpendable                    | 768,088                                    | -                  |
| Perpetual care - expendable                       | 63,180                                     | -                  |
| Library   | 103,295                                    | -                  |
| Recreation donations                              | 14,749                                     | -                  |
| Hand tub  | 4,276                                      | -                  |
| Footbridge  | 24,092                                     | -                  |
| Individuals, organizations, and other governments | -  | 601,780            |
| Total restricted net position                     | <u>977,680</u>                             | <u>601,780</u>     |
| Unrestricted                                      | <u>3,449,662</u>                           | <u>-</u>           |
| Total net position                                | <u>\$ 16,495,956</u>                       | <u>\$ 601,780</u>  |

**NOTE 19 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

|  | General<br>Fund  | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|-------------------|--------------------------------|
| <b>Nonspendable:</b>                     |                  |                   |                                |
| Prepaid items                            | \$ 24,328        | \$ 1,371          | \$ 25,699                      |
| Permanent fund - principal balance       | -                | 768,088           | 768,088                        |
| Inventory                                | 13,063           | -                 | 13,063                         |
| Total nonspendable fund balance          | <u>37,391</u>    | <u>769,459</u>    | <u>806,850</u>                 |
| <b>Restricted:</b>                       |                  |                   |                                |
| Library                                  | 103,295          | -                 | 103,295                        |
| Recreation donations                     | -                | 14,749            | 14,749                         |
| Permanent - income balance               | -                | 63,180            | 63,180                         |
| Handtub                                  | 4,276            | -                 | 4,276                          |
| Footbridge                               | 24,092           | -                 | 24,092                         |
| Total restricted fund balance            | <u>131,663</u>   | <u>77,929</u>     | <u>209,592</u>                 |
| <b>Committed:</b>                        |                  |                   |                                |
| Expendable trusts                        | 1,247,968        | -                 | 1,247,968                      |
| Nonlapsing appropriations - encumbrances | 281,726          | -                 | 281,726                        |
| Special revenue funds                    | -                | 1,568,055         | 1,568,055                      |
| Total committed fund balance             | <u>1,529,694</u> | <u>1,568,055</u>  | <u>3,097,749</u>               |

*(Continued)*

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

*Governmental fund balances continued:*

|                                  | General<br>Fund | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------|-----------------|-------------------|--------------------------------|
| <b>Assigned:</b>                 |                 |                   |                                |
| Encumbrances                     | 143,144         | -                 | 143,144                        |
| <b>Unassigned (deficit)</b>      | 2,327,160       | (4,086)           | 2,323,074                      |
| Total governmental fund balances | \$ 4,169,052    | \$ 2,411,357      | \$ 6,580,409                   |

**NOTE 20 – 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 2021, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2021 to December 31, 2021 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers’ compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers’ compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> 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 2021 the Town paid \$81,100 and \$63,278 respectively, to Primex for property, liability, and worker’s compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 21 – 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 22 – CONTINGENCIES**

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 Town’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 Town anticipates such amounts, if any, will be immaterial.

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

The Town is a defendant in various claims and suits. Although the outcome of these claims and suits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town of New Boston.

**NOTE 23 – 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 Town was allotted a total of \$617,564 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$308,782 or 50% of the funding was received in 2021. The remainder is expected to be received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2021 the Town spent none of the funds received. The remaining funds are included in deferred inflows of resources until eligible expenditures have been made.

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

**NOTE 24 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, 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 statements disclosure were identified.

**NOTE 25 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through October 25, 2022, the date the December 31, 2021 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

***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, 2021*  
**Unaudited**

| Fiscal year-end  | December 31,<br>2013 | December 31,<br>2014 | December 31,<br>2015 | December 31,<br>2016 | December 31,<br>2017 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2021 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date   | June 30,<br>2013     | June 30,<br>2014     | June 30,<br>2015     | June 30,<br>2016     | June 30,<br>2017     | June 30,<br>2018     | June 30,<br>2019     | June 30,<br>2020     | June 30,<br>2021     |
| 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%                |
| 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         |
| Town's covered payroll   | \$ 315,237           | \$ 342,109           | \$ 358,704           | \$ 337,627           | \$ 455,002           | \$ 510,070           | \$ 521,026           | \$ 586,390           | \$ 621,064           |
| 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%              |
| 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%               |

**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, 2021*  
**Unaudited**

| Fiscal year-end   | December 31,<br>2013 | December 31,<br>2014 | December 31,<br>2015 | December 31,<br>2016 | December 31,<br>2017 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date  | June 30,<br>2013     | June 30,<br>2014     | June 30,<br>2015     | June 30,<br>2016     | June 30,<br>2017     | June 30,<br>2018     | June 30,<br>2019     | June 30,<br>2020     | June 30,<br>2021     |
| Contractually required contribution                                   | \$ 55,977            | \$ 69,364            | \$ 73,325            | \$ 76,101            | \$ 91,422            | \$ 121,444           | \$ 131,976           | \$ 146,258           | \$ 174,729           |
| 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              |
| Contribution deficiency   | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Town's covered payroll  | \$ 315,237           | \$ 342,109           | \$ 358,704           | \$ 337,627           | \$ 455,002           | \$ 510,070           | \$ 521,026           | \$ 586,390           | \$ 626,216           |
| 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%               |

**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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

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

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

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://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, 2021. 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, 2021*  
**Unaudited**

| Fiscal year-end   | December 31,<br>2016 | December 31,<br>2017 | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date  | June 30,<br>2016     | June 30,<br>2017     | June 30,<br>2018     | June 30,<br>2019     | June 30,<br>2020     | June 30,<br>2021     |
| Town's proportion of the net OPEB liability   | 0.02%                | 0.03%                | 0.04%                | 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           |
| Town's covered payroll  | \$ 337,627           | \$ 455,002           | \$ 510,070           | \$ 521,026           | \$ 586,390           | \$ 621,064           |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll | 31.99%               | 26.41%               | 39.89%               | 39.39%               | 34.75%               | 29.99%               |
| Plan fiduciary net position as a percentage of the total OPEB liability                     | 5.21%                | 7.91%                | 7.53%                | 7.75%                | 7.74%                | 11.06%               |

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

**EXHIBIT I**  
**TOWN OF NEW 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, 2021*

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

**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, 2021*  
*Unaudited*

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

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, 2021**

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

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

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

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://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, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2021. 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, 2021*

|  | Estimated           | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|---------------------|------------------------------------|
| Taxes:   |                     |                     |                                    |
| Property   | \$ 3,589,233        | \$ 3,575,507        | \$ (13,726)                        |
| Land use change  | 63,808              | 63,808              | -                                  |
| Yield  | 20,946              | 35,987              | 15,041                             |
| Excavation   | 5,000               | 4,933               | (67)                               |
| Interest and penalties on taxes                                  | 40,205              | 38,934              | (1,271)                            |
| Total from taxes   | <u>3,719,192</u>    | <u>3,719,169</u>    | <u>(23)</u>                        |
| Licenses, permits, and fees:                                     |                     |                     |                                    |
| Business licenses, permits, and fees                             | 2,000               | 2,400               | 400                                |
| Motor vehicle permit fees  | 1,383,315           | 1,468,667           | 85,352                             |
| Building permits   | 45,300              | 47,225              | 1,925                              |
| Other  | 78,325              | 79,516              | 1,191                              |
| Total from licenses, permits, and fees                           | <u>1,508,940</u>    | <u>1,597,808</u>    | <u>88,868</u>                      |
| Intergovernmental:   |                     |                     |                                    |
| State:   |                     |                     |                                    |
| Meals and rooms distribution                                     | 433,572             | 433,572             | -                                  |
| Highway block grant  | 287,793             | 287,793             | -                                  |
| State and federal forest land reimbursement                      | 139                 | 139                 | -                                  |
| Other  | 217,689             | 217,582             | (107)                              |
| Federal:   |                     |                     |                                    |
| FEMA   | -                   | 3,426               | 3,426                              |
| Other  | -                   | 9,887               | 9,887                              |
| Total from intergovernmental                                     | <u>939,193</u>      | <u>952,399</u>      | <u>13,206</u>                      |
| Charges for services:  |                     |                     |                                    |
| Income from departments  | 93,090              | 33,435              | (59,655)                           |
| Miscellaneous:   |                     |                     |                                    |
| Sale of municipal property                                       | 59,076              | 53,476              | (5,600)                            |
| Interest on investments  | 5,106               | 6,276               | 1,170                              |
| Other  | 57,659              | 119,950             | 62,291                             |
| Total from miscellaneous   | <u>121,841</u>      | <u>179,702</u>      | <u>57,861</u>                      |
| Other financing sources:   |                     |                     |                                    |
| Transfers in   | 256,826             | 409,637             | 152,811                            |
| Total revenues and other financing sources                       | 6,639,082           | <u>\$ 6,892,150</u> | <u>\$ 253,068</u>                  |
| Unassigned fund balance used to reduce tax rate                  | 250,000             |                     |                                    |
| Total revenues, other financing sources, and use of fund balance | <u>\$ 6,889,082</u> |                     |                                    |

**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, 2021**

|                                      | Encumbered<br>from Prior<br>Year | Appropriations   | Expenditures     | Encumbered<br>to Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|--------------------------------------|----------------------------------|------------------|------------------|-------------------------------------|------------------------------------|
| Current:                             |                                  |                  |                  |                                     |                                    |
| General government:                  |                                  |                  |                  |                                     |                                    |
| Executive                            | \$ -                             | \$ 294,266       | \$ 275,208       | \$ -                                | \$ 19,058                          |
| Election and registration            | -                                | 103,039          | 97,106           | 3,005                               | 2,928                              |
| Financial administration             | -                                | 228,790          | 220,907          | -                                   | 7,883                              |
| Revaluation of property              | 113,825                          | -                | 70,000           | -                                   | 43,825                             |
| Legal                                | -                                | 110,294          | 89,123           | -                                   | 21,171                             |
| Personnel administration             | -                                | 46,352           | 32,745           | -                                   | 13,607                             |
| Planning and zoning                  | -                                | 162,130          | 137,523          | -                                   | 24,607                             |
| General government buildings         | -                                | 75,002           | 135,463          | -                                   | (60,461)                           |
| Cemeteries                           | -                                | 33,170           | 31,440           | -                                   | 1,730                              |
| Insurance, not otherwise allocated   | -                                | 83,600           | 84,128           | -                                   | (528)                              |
| Other                                | -                                | 1,270            | 18,195           | -                                   | (16,925)                           |
| Total general government             | <u>113,825</u>                   | <u>1,137,913</u> | <u>1,191,838</u> | <u>3,005</u>                        | <u>56,895</u>                      |
| Public safety:                       |                                  |                  |                  |                                     |                                    |
| Police                               | -                                | 1,463,307        | 1,399,253        | -                                   | 64,054                             |
| Fire                                 | -                                | 328,919          | 321,441          | 20,270                              | (12,792)                           |
| Building inspection                  | -                                | 78,701           | 75,550           | -                                   | 3,151                              |
| Emergency management                 | -                                | 19,964           | 17,139           | 5,967                               | (3,142)                            |
| Total public safety                  | <u>-</u>                         | <u>1,890,891</u> | <u>1,813,383</u> | <u>26,237</u>                       | <u>51,271</u>                      |
| Highways and streets:                |                                  |                  |                  |                                     |                                    |
| Administration                       | -                                | 748,278          | 639,898          | -                                   | 108,380                            |
| Highways and streets                 | 614,889                          | 1,038,064        | 1,690,860        | -                                   | (37,907)                           |
| Bridges                              | -                                | 335,000          | 337,437          | -                                   | (2,437)                            |
| Street lighting                      | -                                | 16,196           | 13,767           | 1,212                               | 1,217                              |
| Total highways and streets           | <u>614,889</u>                   | <u>2,137,538</u> | <u>2,681,962</u> | <u>1,212</u>                        | <u>69,253</u>                      |
| Sanitation:                          |                                  |                  |                  |                                     |                                    |
| Administration                       | -                                | 287,690          | 286,522          | -                                   | 1,168                              |
| Solid waste collection               | -                                | 1,200            | 40               | -                                   | 1,160                              |
| Solid waste disposal                 | -                                | 205,647          | 153,511          | -                                   | 52,136                             |
| Solid waste clean-up                 | -                                | 5,000            | 6,891            | -                                   | (1,891)                            |
| Total sanitation                     | <u>-</u>                         | <u>499,537</u>   | <u>446,964</u>   | <u>-</u>                            | <u>52,573</u>                      |
| Health:                              |                                  |                  |                  |                                     |                                    |
| Administration                       | -                                | 4,097            | 3,646            | -                                   | 451                                |
| Health agencies                      | -                                | 8,750            | 8,750            | -                                   | -                                  |
| Total health                         | <u>-</u>                         | <u>12,847</u>    | <u>12,396</u>    | <u>-</u>                            | <u>451</u>                         |
| Welfare:                             |                                  |                  |                  |                                     |                                    |
| Administration and direct assistance | 17,421                           | -                | -                | -                                   | 17,421                             |
| Vendor payments and other            | -                                | 31,100           | 4,598            | -                                   | 26,502                             |
| Total welfare                        | <u>17,421</u>                    | <u>31,100</u>    | <u>4,598</u>     | <u>-</u>                            | <u>43,923</u>                      |
| Culture and recreation:              |                                  |                  |                  |                                     |                                    |
| Parks and recreation                 | 8,000                            | 162,808          | 158,469          | -                                   | 12,339                             |
| Library                              | -                                | 273,032          | 241,366          | 12,690                              | 18,976                             |
| Patriotic purposes                   | -                                | 12,350           | 8,701            | -                                   | 3,649                              |
| Total culture and recreation         | <u>8,000</u>                     | <u>448,190</u>   | <u>408,536</u>   | <u>12,690</u>                       | <u>34,964</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, 2021*

|   | Encumbered<br>from Prior<br>Year | Appropriations      | Expenditures        | Encumbered<br>to Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|---|----------------------------------|---------------------|---------------------|-------------------------------------|------------------------------------|
| Conservation  | -                                | 735                 | -                   | -                                   | 735                                |
| Capital outlay  | 250,596                          | 281,826             | 482,723             | 100,000                             | (50,301)                           |
| Other financing uses:   |                                  |                     |                     |                                     |                                    |
| Transfers out   | -                                | 448,505             | 448,505             | -                                   | -                                  |
| Total appropriations, expenditures,<br>other financing uses, and encumbrances | <u>\$ 1,004,731</u>              | <u>\$ 6,889,082</u> | <u>\$ 7,490,905</u> | <u>\$ 143,144</u>                   | <u>\$ 259,764</u>                  |

**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, 2021**

|  |            |              |
|--|------------|--------------|
| Unassigned fund balance, beginning (Non-GAAP Budgetary Basis).   |            | \$ 1,918,623 |
| Changes:   |            |              |
| Unassigned fund balance used to reduce 2021 tax rate   |            | (250,000)    |
| 2021 Budget summary:   |            |              |
| Revenue surplus (Schedule 1)   | \$ 253,068 |              |
| Unexpended balance of appropriations (Schedule 2)  | 259,764    |              |
| 2021 Budget surplus  |            | 512,832      |
| Increase in nonspendable fund balance  |            | (6,278)      |
| Increase in restricted fund balance  |            | (4)          |
| Decrease in committed fund balance   |            | 149,407      |
| Unassigned fund balance, ending (Non-GAAP Budgetary Basis)   |            | 2,324,580    |
| <b>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</b>  |            |              |
| To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis |            | (67,420)     |
| Elimination of the allowance for uncollectible taxes   |            | 70,000       |
| Unassigned fund balance, ending, GAAP basis (Exhibit C-1)  |            | \$ 2,327,160 |

**SCHEDULE 4**  
**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2021**

|  | Special Revenue Funds       |                     |                            |                       |
|--|-----------------------------|---------------------|----------------------------|-----------------------|
|  | Police<br>Outside<br>Detail | Police<br>Donations | Conservation<br>Commission | Forest<br>Maintenance |
|  | <b>ASSETS</b>               |                     |                            |                       |
| Cash and cash equivalents                        | \$ 23,757                   | \$ 520              | \$ 98,451                  | \$ 21,287             |
| Investments                                      | -                           | -                   | 284,638                    | -                     |
| Receivables, net of allowance for uncollectable: |                             |                     |                            |                       |
| Accounts   | -                           | -                   | -                          | -                     |
| Interfund receivable                             | -                           | 10,000              | -                          | -                     |
| Prepaid items                                    | -                           | -                   | -                          | -                     |
| Total assets                                     | <u>\$ 23,757</u>            | <u>\$ 10,520</u>    | <u>\$ 383,089</u>          | <u>\$ 21,287</u>      |
| <b>LIABILITIES</b>                               |                             |                     |                            |                       |
| Interfund payable                                | <u>\$ 27,843</u>            | <u>\$ -</u>         | <u>\$ -</u>                | <u>\$ -</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                             |                     |                            |                       |
| Unavailable revenue - received in advance        | <u>-</u>                    | <u>-</u>            | <u>-</u>                   | <u>-</u>              |
| <b>FUND BALANCES (DEFICIT)</b>                   |                             |                     |                            |                       |
| Nonspendable                                     | -                           | -                   | -                          | -                     |
| Restricted                                       | -                           | -                   | -                          | -                     |
| Committed  | -                           | 10,520              | 383,089                    | 21,287                |
| Unassigned (deficit)                             | (4,086)                     | -                   | -                          | -                     |
| Total fund balances (deficit)                    | <u>(4,086)</u>              | <u>10,520</u>       | <u>383,089</u>             | <u>21,287</u>         |
| Total fund balances and liabilities              | <u>\$ 23,757</u>            | <u>\$ 10,520</u>    | <u>\$ 383,089</u>          | <u>\$ 21,287</u>      |

| Special Revenue Funds   |                         |                   |                   |                                  |                   |                     |
|-------------------------|-------------------------|-------------------|-------------------|----------------------------------|-------------------|---------------------|
| Recreation<br>Revolving | Recreation<br>Donations | Ambulance         | ARPA              | Transfer<br>Station<br>Revolving | Permanent<br>Fund | Total               |
| \$ 140,807              | \$ 14,749               | \$ 867,987        | \$ 308,782        | \$ 104,290                       | \$ 65,168         | \$ 1,645,798        |
| -                       | -                       | -                 | -                 | -                                | 773,389           | 1,058,027           |
| -                       | -                       | 66,743            | -                 | 6,956                            | -                 | 73,699              |
| -                       | -                       | -                 | -                 | -                                | -                 | 10,000              |
| 1,371                   | -                       | -                 | -                 | -                                | -                 | 1,371               |
| <u>\$ 142,178</u>       | <u>\$ 14,749</u>        | <u>\$ 934,730</u> | <u>\$ 308,782</u> | <u>\$ 111,246</u>                | <u>\$ 838,557</u> | <u>\$ 2,788,895</u> |
| \$ -                    | \$ -                    | \$ -              | \$ -              | \$ -                             | \$ 7,289          | \$ 35,132           |
| 200                     | -                       | 33,424            | 308,782           | -                                | -                 | 342,406             |
| 1,371                   | -                       | -                 | -                 | -                                | 768,088           | 769,459             |
| -                       | 14,749                  | -                 | -                 | -                                | 63,180            | 77,929              |
| 140,607                 | -                       | 901,306           | -                 | 111,246                          | -                 | 1,568,055           |
| -                       | -                       | -                 | -                 | -                                | -                 | (4,086)             |
| <u>141,978</u>          | <u>14,749</u>           | <u>901,306</u>    | <u>-</u>          | <u>111,246</u>                   | <u>831,268</u>    | <u>2,411,357</u>    |
| <u>\$ 142,178</u>       | <u>\$ 14,749</u>        | <u>\$ 934,730</u> | <u>\$ 308,782</u> | <u>\$ 111,246</u>                | <u>\$ 838,557</u> | <u>\$ 2,788,895</u> |

**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, 2021**

|  | Special Revenue Funds |                     |                            |                       |
|--|-----------------------|---------------------|----------------------------|-----------------------|
|  | Police                |                     |                            |                       |
|  | Outside<br>Detail     | Police<br>Donations | Conservation<br>Commission | Forest<br>Maintenance |
| <b>REVENUES</b>  |                       |                     |                            |                       |
| Taxes  | \$ -                  | \$ -                | \$ 95,711                  | \$ -                  |
| Charges for services   | 16,870                | -                   | -                          | -                     |
| Miscellaneous  | -                     | 10,050              | 64,050                     | 6,420                 |
| Total revenues   | <u>16,870</u>         | <u>10,050</u>       | <u>159,761</u>             | <u>6,420</u>          |
| <b>EXPENDITURES</b>  |                       |                     |                            |                       |
| Current:   |                       |                     |                            |                       |
| General government   | -                     | -                   | -                          | -                     |
| Public safety  | 47,889                | -                   | -                          | -                     |
| Culture and recreation                                       | -                     | -                   | -                          | -                     |
| Conservation   | -                     | -                   | 486,428                    | 5,334                 |
| Total expenditures   | <u>47,889</u>         | <u>-</u>            | <u>486,428</u>             | <u>5,334</u>          |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(31,019)</u>       | <u>10,050</u>       | <u>(326,667)</u>           | <u>1,086</u>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                     |                            |                       |
| Transfers out  | -                     | -                   | -                          | -                     |
| Net change in fund balances                                  | (31,019)              | 10,050              | (326,667)                  | 1,086                 |
| Fund balances, beginning                                     | 26,933                | 470                 | 709,756                    | 20,201                |
| Fund balances (deficit), ending                              | <u>\$ (4,086)</u>     | <u>\$ 10,520</u>    | <u>\$ 383,089</u>          | <u>\$ 21,287</u>      |

| Special Revenue Funds   |                         |            |      |                                  |                   |              |
|-------------------------|-------------------------|------------|------|----------------------------------|-------------------|--------------|
| Recreation<br>Revolving | Recreation<br>Donations | Ambulance  | ARPA | Transfer<br>Station<br>Revolving | Permanent<br>Fund | Total        |
| \$ -                    | \$ -                    | \$ -       | \$ - | \$ -                             | \$ -              | \$ 95,711    |
| 145,136                 | -                       | 243,897    | -    | 111,246                          | -                 | 517,149      |
| -                       | 9,535                   | 4          | -    | -                                | 112,734           | 202,793      |
| 145,136                 | 9,535                   | 243,901    | -    | 111,246                          | 112,734           | 815,653      |
| -                       | -                       | -          | -    | -                                | 303               | 303          |
| -                       | -                       | 112,682    | -    | -                                | -                 | 160,571      |
| 130,765                 | 2,113                   | -          | -    | -                                | -                 | 132,878      |
| -                       | -                       | -          | -    | -                                | -                 | 491,762      |
| 130,765                 | 2,113                   | 112,682    | -    | -                                | 303               | 785,514      |
| 14,371                  | 7,422                   | 131,219    | -    | 111,246                          | 112,431           | 30,139       |
| -                       | -                       | -          | -    | -                                | (5,481)           | (5,481)      |
| 14,371                  | 7,422                   | 131,219    | -    | 111,246                          | 106,950           | 24,658       |
| 127,607                 | 7,327                   | 770,087    | -    | -                                | 724,318           | 2,386,699    |
| \$ 141,978              | \$ 14,749               | \$ 901,306 | \$ - | \$ 111,246                       | \$ 831,268        | \$ 2,411,357 |

**SCHEDULE 6**  
**TOWN OF NEW BOSTON, NEW HAMPSHIRE**  
*Combining Schedule of Custodial Funds Fiduciary Net Position*  
**December 31, 2021**

|                               | Custodial Funds  |                       |                       |                  |               | Total             |
|-------------------------------|------------------|-----------------------|-----------------------|------------------|---------------|-------------------|
|                               | Taxes            | School<br>Trust Funds | Contractor<br>Escrows | Town<br>Escrows  | State<br>Fees |                   |
| <b>ASSETS</b>                 |                  |                       |                       |                  |               |                   |
| Cash and cash equivalents     | \$ -             | \$ 484,775            | \$ 64,149             | \$ 49,798        | \$ -          | \$ 598,722        |
| Intergovernmental receivables | 5,550,062        | -                     | -                     | -                | -             | 5,550,062         |
| Total assets                  | <u>5,550,062</u> | <u>484,775</u>        | <u>64,149</u>         | <u>49,798</u>    | <u>-</u>      | <u>6,148,784</u>  |
| <b>LIABILITIES</b>            |                  |                       |                       |                  |               |                   |
| Intergovernmental payables:   |                  |                       |                       |                  |               |                   |
| School                        | 5,550,062        | -                     | -                     | -                | -             | 5,550,062         |
| <b>NET POSITION</b>           |                  |                       |                       |                  |               |                   |
| Restricted                    | <u>\$ -</u>      | <u>\$ 484,775</u>     | <u>\$ 64,149</u>      | <u>\$ 49,798</u> | <u>\$ -</u>   | <u>\$ 598,722</u> |

**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, 2021*

|   | Custodial Funds   |                       |                       |                  |                | Total             |
|---|-------------------|-----------------------|-----------------------|------------------|----------------|-------------------|
|   | Taxes             | School<br>Trust Funds | Contractor<br>Escrows | Town<br>Escrows  | State<br>Fees  |                   |
| <b>Additions:</b>                       |                   |                       |                       |                  |                |                   |
| Investment earnings                     | \$ -              | \$ 48                 | \$ 100                | \$ 55            | \$ -           | \$ 203            |
| Tax collections for other governments   | 13,348,239        | -                     | -                     | -                | -              | 13,348,239        |
| Fee collections for other governments   | -                 | -                     | -                     | -                | 482,352        | 482,352           |
| Contributions                           | -                 | -                     | 70,367                | -                | -              | 70,367            |
| Total additions                         | <u>13,348,239</u> | <u>48</u>             | <u>70,467</u>         | <u>55</u>        | <u>482,352</u> | <u>13,901,161</u> |
| <b>Deductions:</b>                      |                   |                       |                       |                  |                |                   |
| Payments of taxes to other governments  | 13,348,239        | -                     | -                     | -                | -              | 13,348,239        |
| Payments of motor vehicle fees to State | -                 | -                     | -                     | -                | 482,352        | 482,352           |
| Payments for escrow purposes            | -                 | -                     | 114,564               | -                | -              | 114,564           |
| Total deductions                        | <u>13,348,239</u> | <u>-</u>              | <u>114,564</u>        | <u>-</u>         | <u>482,352</u> | <u>13,945,155</u> |
| Net increase in fiduciary net position  | -                 | 48                    | (44,097)              | 55               | -              | (43,994)          |
| Net position, beginning, as restated    | -                 | 484,727               | 108,246               | 49,743           | -              | 642,716           |
| Net position, ending                    | <u>\$ -</u>       | <u>\$ 484,775</u>     | <u>\$ 64,149</u>      | <u>\$ 49,798</u> | <u>\$ -</u>    | <u>\$ 598,722</u> |