

**TOWN OF NEW LONDON,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

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# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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## ***INDEPENDENT AUDITOR'S REPORT***

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of New London as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 18 to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

### ***Adverse Opinion***

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of New London, as of June 30, 2015, or the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Town of New London  
Independent Auditor's Report*

***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Town of New London, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the major general fund and sewer department fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As discussed in Note 1-P to the financial statements, in 2015, the Town changes its method of accounting for pension reporting with the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

***Other Matters***

**Required Supplementary Information** - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 9), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 39), and the Schedule of the Town Contributions (page 40) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The combining and individual fund financial 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 financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

April 27, 2016

*Plodzik & Sanderson  
Professional Association*



# TOWN OF NEW LONDON, NEW HAMPSHIRE

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## Management’s Discussion & Analysis June 30, 2015

The Board of Selectmen and Town Administrator, as management of the Town of New London, offer readers of the Town’s annual financial statements this narrative discussion and analysis of the financial activities of the Town of New London for the period ending June 30, 2015. The financial statements presented here include the 12-month period July 1, 2014 through June 30, 2015.

This discussion and analysis is prepared in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information found within the body of the annual financial statements.

### **FINANCIAL HIGHLIGHTS**

The Town’s total net position for the year ending June 30, 2015, was \$6,421,025 as compared to \$6,309,921, as restated, at the end of June 30, 2014. Net position increased by \$111,104, or 3.73% from June 30, 2014 to June 30, 2015.

As of June 30, 2015, the Town’s total net position consisted of \$8,498,548 in net investment in capital assets, restricted for permanent funds of \$1,555,514, and unrestricted net position of -\$3,633,037. The Town’s long-term obligations of \$9,984,885 consisted of \$6,701,107 in general obligation bonds, \$169,922 in compensated absences payable, \$45,200 in accrued landfill post-closure care costs and \$3,068,656 in net pension liability.

During the period, the Town’s expenses of \$6,900,168 were \$111,104 less than revenues. Revenues consisted of charges for services (\$1,096,588), operating grants and contributions (\$177,770), capital grants and contributions (\$36,805) and general revenues (primarily taxes, motor vehicle permit fees, state and federal grants and contributions, and miscellaneous revenues).

### **OVERVIEW OF FINANCIAL STATEMENTS**

The following is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise five components: government-wide financial statements; fund financial statements; notes to financial statements; required supplementary information; and this discussion and analysis. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town based upon measurement focus and basis of accounting. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town’s overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town’s operations in more detail than the government-wide statements. The governmental fund statements tell how the Town’s services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial

Board of Selectmen P: 603-526-4821 x 10 F: 603-526-9494	Town Administrator P: 603-526-4821 x 13 F: 603-526-9494	Town Clerk-Tax Collector P: 603-526-4821 x 11 F: 603-526-9494	Finance P: 603-526-4821 x 21 F: 603-526-9494	Assessing P: 603-526-4821 x 20 F: 603-526-9494
Planning/Zoning P: 603-526-4821 x 16 F: 603-526-9494	Fire Department P: 603-526-6073 F: 603-526-6079	Police Department P: 603-526-2626 F: 603-526-2782	Public Works P: 603-526-6337 F: 603-526-9662	Recreation P: 603-526-4821 x 14 F: 603-526-9494

relationships in which the Town acts solely as an agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities (with the exception of the Town's other postemployment benefit liability which has been omitted), and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses (with the exception of other postemployment benefit which has been omitted) are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation time).

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

The General Fund and the Sewer Department Fund comprise the major governmental funds, while four special revenue funds, four capital project funds and the Permanent Fund are consolidated as Nonmajor Governmental funds. The Nonmajor funds are the Conservation Commission, Capital Cost Recovery, Recreation, Recycling, Library Building, Elkins Sidewalk, Wastewater Treatment Plant, Highway Building Repairs and Permanent funds respectively. General Fund revenues and expenditures are compared to budget in the Statement of Revenues, Expenditures and Changes in Fund Balances. Fiduciary funds are agency funds which are used to benefit outside parties and cannot be used to support any of the Town's own programs.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information required by the Government Accounting Standards Board. Additional combining statements and individual fund schedules are presented immediately following the Notes to Financial Statements.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

### **Change in Net Position**

The government-wide financial statements -- the Statement of Net Position (Exhibit A) and Statement of Activities (Exhibit B) -- provide a comprehensive summary of governmental activities. The Statement of Net Position may serve, over time, as a useful indicator of a government's financial position. Net investment in capital assets is \$8,498,548. Restricted for permanent funds of \$1,555,514 are restricted by

constraints imposed from outside the Town, such as cemetery or library trust funds. As of June 30, 2015, unrestricted net position of the Town is (\$3,633,037). The Town's negative net position is due to the following: As of June 30, 2015, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires the Town to report their proportionate share of the New Hampshire Retirement System's net pension liability based upon their plan contributions for the year. The New Hampshire Retirement System has a statutory funding schedule whose goal is to reach 100% plan funding by June 30, 2039.

The Town's financial position is the product of several financial transactions including the net results of activities and payment of debt. A summary of long-term debt obligations can be found in the Notes to Financial Statements. Comparative Net Position for the periods ending June 30, 2015 and June 30, 2014 are shown below.

### *Comparative Net Position*

	<b>FY2014</b>	<b>FY 2015</b>	<b>Amount Change</b>	<b>% Change</b>
Total assets	\$25,484,592	\$25,592,671	\$108,079	.42%
Deferred outflows of resources	265,225	269,807	4,582	1.73%
Long-term liabilities outstanding:	\$6,742,063	\$9,984,885	\$3,242,822	48.10%
Other liabilities	\$6,759,118	\$6,836,293	\$77,175	1.14%
Total liabilities	\$13,501,181	\$16,821,178	\$3,319,997	24.59%
Deferred Inflows of Resources:				
Unavailable revenue – Property taxes	\$2,197,883	\$2,157,763	(\$40,120)	-1.83%
Unavailable revenue – Special assessments	\$5,000	0	(5,000)	-100.00%
Amounts related to pensions	0	462,512	462,512	100.00%
Total deferred inflows of resources	\$2,202,883	\$2,620,275	417,392	18.95%
Net Position:				
Net investment in capital assets	\$8,289,884	\$8,498,548	\$208,664	2.52%
Restricted for permanent funds	\$1,572,244	\$1,555,514	(\$16,730)	-1.06%
Unrestricted	(\$3,552,207)	(\$3,633,037)	(\$80,830)	-2.28%
Total Net Position	\$6,309,921	\$6,421,025	\$111,104	1.76%

### **Statement of Activities**

The Statement of Activities (Exhibit B) provides an important summary of overall expenditures and revenues for the fiscal year; it includes transactions from all funds. The Town's total expenses were \$6,900,168; total revenues were \$7,011,272, resulting in an increase of net position of \$111,104. The largest share of revenue, \$4,129,762 (about 59% of total revenues), was from property taxes. The Town's expenditures were largely for public safety (25%), highways & streets (21%), sanitation (18.8%) and general government (18.7%).

Program expenses decreased by \$1,472,946, or -17.59%, in FY2015 (the amounts are displayed in the table below).

The Town's largest source of program revenues, other than wastewater user fees or grants from the state or federal government, is the charge for dispatch services to our neighboring communities. In fiscal year 2015, New London collected \$155,930 in dispatch fees.

During the period, the Town's expenses were \$111,104 less than revenues generated for charges for services, operating grants or contributions and general revenues (including property taxes and local, state and federal grants and contributions not restricted to specific purposes).

***Comparative Statement of Changes in Activities***

<b>Governmental activities:</b>	<b>Fiscal Year Ending 06/30/2014</b>	<b>Fiscal Year Ending 06/30/2015</b>	<b>Amount of Change</b>	<b>% Change</b>
General Government	\$ 1,356,968	\$1,290,713	(\$66,255)	-4.88%
Public Safety	1,681,162	1,728,879	\$47,717	2.84%
Highways & Streets	1,289,474	1,451,995	\$162,521	12.60%
Sanitation	901,049	1,299,455	\$398,406	44.22%
Health	174,599	182,678	\$8,079	4.63%
Welfare	22,199	23,758	\$1,559	7.02%
Culture & Recreation	776,243	839,283	\$ 63,040	8.12%
Conservation	31,079	35,164	\$4,085	13.14%
Interest on Long-Term Debt	53,909	48,243	(\$5,666)	-10.51%
Capital Outlay	2,086,432	0	( \$2,086,432)	-100.00%
<b>Total Governmental Activities</b>	<b>\$ 8,373,114</b>	<b>\$6,900,168</b>	<b>(\$1,472,946)</b>	<b>-17.59%</b>

<b>Program Revenues:</b>	<b>Fiscal Year Ending 06/30/2014</b>	<b>Fiscal Year Ending 06/30/2015</b>	<b>Amount of Change</b>	<b>% Change</b>
Charges for services	\$ 969,652	\$1,096,588	\$126,936	13.09%
Operating grants & contributions	\$ 139,437	\$177,770	\$38,333	27.49%
Capital grants & contributions	\$165,624	\$36,805	(\$128,819)	-77.78%

<b>General Revenues:</b>	<b>Fiscal Year Ending 06/30/2014</b>	<b>Fiscal Year Ending 06/30/2015</b>	<b>Amount of Change</b>	<b>% Change</b>
Property taxes and other taxes	\$4,244,551	\$4,255,065	\$10,514	.25%
Motor Vehicle Permit Fees	\$778,928	\$837,922	\$58,994	7.57%
Licenses & Other Fees	\$113,621	\$128,806	\$15,185	13.36%
Grants & contributions not related to specific programs	\$201,800	\$221,577	\$19,777	9.80%
Miscellaneous	\$436,384	\$256,739	(\$179,645)	-41.17%
<b>Total Revenues</b>	<b>\$ 7,049,997</b>	<b>\$7,011,272</b>	<b>(\$38,725)</b>	<b>-.55%</b>

<b>Change in Net Position</b>	<b>Fiscal Year Ending 06/30/2014</b>	<b>Fiscal Year Ending 06/30/2015</b>
Net Position, Beginning, as restated	4,986,804	6,309,921
Net Position, Ending	<u>6,309,921</u>	<u>6,421,025</u>
Change in Net Position	\$1,323,117	\$111,104

**FUND FINANCIAL STATEMENTS**

**General Fund**

The Town of New London uses separate fund accounting for each of its funds to ensure compliance with finance-related legal requirements. Information from the fund accounting system is essential in managing budgets as the financial year progresses and is useful in assessing financial resource needs for future operation of the Town. The General Fund is what most people think of as “the budget” since it is the focal point of the Annual Town Meeting and largely supported by property taxes.

Schedules 1, 2, and 3 detail General Fund activity for FY2015. Budgeted revenues totaled \$6,143,163 and actual revenues equaled \$6,345,870, for a revenue surplus of \$202,707. Other than property taxes, the largest general revenue received by the Town of New London is from motor vehicles registrations. In fiscal year 2015, the Town recognized \$4,129,762 in property taxes and \$837,922 in motor vehicle fees. The Town also receives revenue shared by the State of New Hampshire in the form of meals & rooms tax (\$221,577 in 2015) and highway block grant (\$121,998 in FY2015).

Budgeted appropriations and encumbrances from prior year totaled \$6,818,694 while actual expenditures plus encumbered to subsequent year were \$6,578,000 leaving an unexpended balance of appropriations of \$240,694. This amount along with the revenue surplus make up the 2015 Budget surplus of \$443,401.

The following significant budgetary items are noted:

General Government: The General Government budget represents 17.75% of the total Town budget. Savings were realized in Legal expense as significantly less money was spent than budgeted. The cold winter of 2015 resulted in higher than expected expenses for heating fuel for the Town buildings. Certain other personnel related expenses resulted in savings to the Town.

Public Safety: The Public Safety budget makes up 25% of the total budget. The Public Safety expenses were under budget mainly due to personnel vacancies in the Police and Dispatch Departments during FY2015. The lower cost of gasoline also contributed to Public Safety budget surplus.

Highways & Streets: The Public Works Department comprises 20.5% of the total budget. There were savings in the Highway Department in Part-time and Overtime wages. Lower oil prices kept the gasoline and equipment oil expense down. Sand and salt expense was up due to the hard winter. The Transfer Station Department had lower than expected waste disposal fees and grinding brush fees.

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

The unassigned fund balance of the General Fund at the end of fiscal year 2015 was \$1,352,489, which is an increase of \$7,694 over fiscal year 2014. Key factors in the unassigned fund balance are:

Unassigned Fund Balance, as of June 30, 2014:	\$ 1,344,795
FY2015 Revenues over budget estimates, including property tax (Schedule 1):	\$202,707
FY2015 Appropriations not spent or encumbered (Schedule 2):	\$240,694
Use of fund balance to offset the 2014-2015 tax rate (Schedule 1):	(\$453,000)
Decrease in nonspendable fund balance	<u>\$17,293</u>
Unassigned Fund Balance as of June 30, 2015:	\$1,352,489
Difference FY2014 to FY2015:	<u>\$7,694</u>

**Sewer Department**

The Sewer Department is operated as a Town department but is funded solely through sewer user fees. New London pumps their effluent to the Sunapee Wastewater Treatment Facility. New London’s portion of the Sunapee Plant’s operating expenses are based on flow and during FY2015 the New London Sewer Department paid 65% of the Sunapee Wastewater Treatment Facility expenses. The apportionment rate will be reviewed again in FY2016.

***Nonmajor Governmental Funds***

Special Revenue Funds: The Town has four special revenue funds: a fund for donations made to the Conservation Commission; a fund for Capital Cost Recovery (primarily sewer betterment and related sewer-debt paid for by the users); and two revolving funds, one for Recreation Department programs and activities and one for Recycling. The Recycling Revolving Fund returns all but \$5,000 of revenue to the General Fund at the end of every fiscal year, and therefore there is never more than \$5,000 remaining in the fund at year-end.

Capital Project Funds: The Town has four Capital Project funds: Tracy Library Building improvements, Elkins Sidewalk project, Wastewater Treatment plant and Highway Building Repairs fund.

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

	<u>FY2014</u>	<u>FY2015</u>	<b>Change</b>	<b>% Change</b>
Conservation Commission	\$13,085	\$13,091	\$6	.05%
Capital Cost Recovery	\$11,673	\$16,682	\$5,009	42.91%
Recreation	\$40,603	\$43,157	\$2,554	6.29%
Recycling	\$5,000	\$5,000	\$0	0.0%

The Capital Project Funds and the Permanent Fund ended the year with the following balances:

	<u>FY2014</u>	<u>FY2015</u>	<b>Change</b>	<b>% Change</b>
Wastewater Treatment Plant Capital Project	\$103	\$172	\$69	67.0%
Permanent Trust	\$1,570,857	\$1,555,342	(\$15,515)	(.98%)

**DEBT ADMINISTRATION**

**Long-Term Debt**

The Town has eight general obligation bond issues outstanding. A schedule of the bond issues can be found in the notes to the financial statements.

As of the close of fiscal year 2015, the Town has a \$6,701,107 liability for long-term bonds that reduces overall net position. During the 2015 fiscal year, Town’s total debt increased by \$174,166 primarily due to the drawdowns received from under the Water Pollution Control Revolving Loan Fund Program for New London’s portion of the Sunapee Wastewater Treatment Facility upgrade. This does not mean that

the Town has this entire payment requirement for next year; rather, \$230,159 of these obligations are due to be paid during the fiscal year ending June 30, 2016 (as shown on Exhibit A).

### *Long Term Liabilities*

	<u>FY2014</u>	<u>FY2015</u>	<u>Change</u>	<u>% Change</u>
General Obligation Bonds, as restated	\$6,502,042	\$6,701,107	\$199,065	3.06%
Compensated Absences	180,621	169,922	(\$10,699)	-5.92%
Accrued Landfill Post-Closure Care Costs	59,400	45,200	(\$14,200)	-23.90%
Total	<u>\$6,742,063</u>	<u>\$6,916,229</u>	\$174,166	2.58%

### *FUTURE BUDGETARY IMPLICATIONS*

2015 Town Meeting approved the fiscal year operating budget from July 1, 2015-June 30, 2016. This budget is a 5.2% increase in appropriations over FY2015, not including Sewer, capital deposits or capital expenditures. Town Meeting also authorized the issuance of a \$350,000 loan for repairs to the Academy Building and possible repairs to Whipple Hall.

2015 Town Meeting approved the appropriation of \$135,000 for the purchase and installation of two communications consoles to be used in dispatching. The FY2014 budget had included the amount of \$48,500 for the purchase and installation of one communications console. The one console was not purchased in FY2014 so the resulting fund balance of \$48,500 was approved to go toward the purchase of two consoles in FY2015.

The Sunapee Wastewater Treatment Facility upgrade was substantially complete in the Fall of 2014. The bond re-payment will impact the General Fund and Sewer budgets starting in FY2016. Sewer users will pay 2/3 of the bond debt service and the General Fund will pay 1/3.

### *MANAGEMENT CONTACT*

This financial report is designed to provide a general overview of the Town's finances for those with an interest in that subject. Questions concerning any of the information provided in this report, or requests for additional financial information, should be directed to: Town Administrator, Town of New London, 375 Main Street, New London, NH 03257 (phone: 603-526-4821 ext. 13/fax: 603-526-9494/e-mail: [townadmin@nl-nh.com](mailto:townadmin@nl-nh.com)).

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Statement of Net Position*  
**June 30, 2015**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,021,888
Investments	3,648,685
Taxes receivables	4,977,198
Account receivables	111,126
Intergovernmental receivable	62,749
Capital assets:	
Land and construction in progress	3,617,645
Other capital assets, net of depreciation	6,153,380
Total assets	25,592,671
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	269,807
<b>LIABILITIES</b>	
Accounts payable	156,432
Retainage payable	90,522
Accrued interest payable	18,952
Intergovernmental payable	6,568,561
Other	1,826
Long-term liabilities:	
Due within one year	230,159
Due in more than one year	6,686,070
Net pension liability	3,068,656
Total liabilities	16,821,178
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - Property taxes	2,157,763
Amounts related to pensions	462,512
Total deferred inflows of resources	2,620,275
<b>NET POSITION</b>	
Net investment in capital assets	8,498,548
Restricted	1,555,514
Unrestricted	(3,633,037)
Total net position	\$ 6,421,025

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT B**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Statement of Activities*  
**For the Fiscal Year Ended June 30, 2015**

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,290,713	\$ 8,385	\$ -	\$ -	\$ (1,282,328)
Public safety	1,728,879	164,569	41,249	-	(1,523,061)
Highways and streets	1,451,995	-	134,528	36,805	(1,280,662)
Sanitation	1,299,455	791,911	1,993	-	(505,551)
Health	182,678	843	-	-	(181,835)
Welfare	23,758	-	-	-	(23,758)
Culture and recreation	839,283	130,880	-	-	(708,403)
Conservation	35,164	-	-	-	(35,164)
Interest on long-term debt	48,243	-	-	-	(48,243)
Total governmental activities	<u>\$ 6,900,168</u>	<u>\$ 1,096,588</u>	<u>\$ 177,770</u>	<u>\$ 36,805</u>	<u>(5,589,005)</u>
General revenues:					
Taxes:					
Property					4,129,762
Other					125,303
Motor vehicle permit fees					837,922
Licenses and other fees					128,806
Grants and contributions not restricted to specific programs					221,577
Miscellaneous					256,739
Total general revenues					<u>5,700,109</u>
Change in net position					111,104
Net position, beginning, as restated (see Note 16)					6,309,921
Net position, ending					<u>\$ 6,421,025</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-1**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2015**

	General	Sewer Department	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,670,951	\$ 996,383	\$ 354,554	\$ 7,021,888
Taxes receivable	4,977,198	-	-	4,977,198
Accounts receivable	15,689	54,912	40,525	111,126
Intergovernmental receivable	6,052	-	28,365	34,417
Interfund receivable	77,261	93,424	60,432	231,117
Total assets	<u>\$ 12,919,480</u>	<u>\$ 1,261,578</u>	<u>\$ 1,843,373</u>	<u>\$ 16,024,431</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 31,249	\$ 113,875	\$ 11,308	\$ 156,432
Intergovernmental payable	6,568,561	-	-	6,568,561
Interfund payable	98,629	66,215	66,273	231,117
Retainage payable	-	-	90,522	90,522
Other	-	-	1,826	1,826
Total liabilities	<u>6,698,439</u>	<u>180,090</u>	<u>169,929</u>	<u>7,048,458</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - Property taxes	2,400,034	-	-	2,400,034
Unavailable revenue - Special assessments	-	-	40,000	40,000
Total deferred inflows of resources	<u>2,400,034</u>	<u>-</u>	<u>40,000</u>	<u>2,440,034</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	1,386,561	1,386,561
Restricted	102,783	1,081,488	198,726	1,382,997
Committed	2,344,452	-	48,157	2,392,609
Assigned	263,554	-	-	263,554
Unassigned	1,110,218	-	-	1,110,218
Total fund balances	<u>3,821,007</u>	<u>1,081,488</u>	<u>1,633,444</u>	<u>6,535,939</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,919,480</u>	<u>\$ 1,261,578</u>	<u>\$ 1,843,373</u>	<u>\$ 16,024,431</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-2*  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position*  
*June 30, 2015*

Total fund balances of governmental funds (Exhibit C-1)		\$ 6,535,939
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 14,868,074	
Less accumulated depreciation	<u>(5,097,049)</u>	9,771,025
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (231,117)	
Payables	<u>231,117</u>	-
Long-term assets not available to pay for current period expenditures are not reported in the governmental funds.		
Long-term intergovernmental receivable		28,332
Other long-term assets (taxes receivable) are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in the funds.		242,271
Certain resources are not considered current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflow of resources related to pensions	\$ 269,807	
Deferred inflows of resources related to pensions	<u>(462,512)</u>	(192,705)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(18,952)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds/notes	\$ 6,701,107	
Compensated absences	169,922	
Accrued landfill postclosure care costs	45,200	
Net pension liability	<u>3,068,656</u>	(9,984,885)
Net position of governmental activities (Exhibit A)		<u><u>\$ 6,421,025</u></u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-3**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2015**

	General	Sewer Department	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 4,277,735	\$ -	\$ -	\$ 4,277,735
Licenses and permits	966,728	-	-	966,728
Intergovernmental	397,354	9,467	472,868	879,689
Charges for services	227,603	749,164	119,821	1,096,588
Miscellaneous	233,755	1,303	21,681	256,739
Total revenues	<u>6,103,175</u>	<u>759,934</u>	<u>614,370</u>	<u>7,477,479</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,139,397	51,300	11,054	1,201,751
Public safety	1,594,178	-	-	1,594,178
Highways and streets	1,274,200	-	-	1,274,200
Sanitation	382,183	438,508	14,168	834,859
Health	182,678	-	-	182,678
Welfare	23,758	-	-	23,758
Culture and recreation	721,951	-	74,603	796,554
Conservation	35,164	-	-	35,164
Debt service:				
Principal	203,264	30,000	-	233,264
Interest	46,991	2,631	-	49,622
Capital outlay	349,249	156,459	480,286	985,994
Total expenditures	<u>5,953,013</u>	<u>678,898</u>	<u>580,111</u>	<u>7,212,022</u>
Excess of revenues over expenditures	<u>150,162</u>	<u>81,036</u>	<u>34,259</u>	<u>265,457</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	123,475	12,363	10,182	146,020
Transfers out	(10,182)	(82,236)	(53,602)	(146,020)
Total other financing sources (uses)	<u>113,293</u>	<u>(69,873)</u>	<u>(43,420)</u>	<u>-</u>
Net change in fund balances	263,455	11,163	(9,161)	265,457
Fund balances, beginning, as restated (see Note 16)	3,557,552	1,070,325	1,642,605	6,270,482
Fund balances, ending	<u>\$ 3,821,007</u>	<u>\$ 1,081,488</u>	<u>\$ 1,633,444</u>	<u>\$ 6,535,939</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-4*  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2015*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 265,457
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 446,317	
Depreciation expense	<u>(470,917)</u>	(24,600)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (146,020)	
Transfers out	<u>146,020</u>	-
The receipt of long-term state aid provides current financial resources to governmental funds, but has no effect on net position.		
Decrease in intergovernmental receivable		(11,208)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows - tax revenue		(22,670)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
Contributions subsequent to the measurement date	\$ 269,807	
Net pension expense	<u>(192,895)</u>	76,912
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
State revolving loan fund drawdowns	\$ (432,329)	
Repayment of bond principal	<u>233,264</u>	(199,065)
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	\$ 1,379	
Decrease in compensated absences payable	10,699	
Decrease in accrued landfill postclosure care costs	<u>14,200</u>	26,278
Changes in net position of governmental activities (Exhibit B)		<u>\$ 111,104</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT D-1**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 4,072,904	\$ 4,072,904	\$ 4,265,065	\$ 192,161
Licenses and permits	883,000	883,000	966,728	83,728
Intergovernmental	380,021	380,021	397,354	17,333
Charges for services	170,300	170,300	173,877	3,577
Miscellaneous	101,424	101,424	158,487	57,063
Total revenues	<u>5,607,649</u>	<u>5,607,649</u>	<u>5,961,511</u>	<u>353,862</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,171,062	1,171,062	1,135,861	35,201
Public safety	1,651,599	1,651,599	1,600,549	51,050
Highways and streets	1,355,069	1,355,069	1,318,820	36,249
Sanitation	433,993	433,993	382,183	51,810
Health	179,009	179,009	177,678	1,331
Welfare	22,506	22,506	23,758	(1,252)
Culture and recreation	600,888	163,238	160,302	2,936
Conservation	42,636	42,636	35,164	7,472
Debt service:				
Principal	203,264	203,264	203,264	-
Interest	47,012	47,012	46,991	21
Capital outlay	405,125	405,125	349,249	55,876
Total expenditures	<u>6,112,163</u>	<u>5,674,513</u>	<u>5,433,819</u>	<u>240,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(504,514)</u>	<u>(66,864)</u>	<u>527,692</u>	<u>594,556</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	535,514	535,514	384,359	(151,155)
Transfers out	(484,000)	(921,650)	(921,650)	-
Total other financing sources (uses)	<u>51,514</u>	<u>(386,136)</u>	<u>(537,291)</u>	<u>(151,155)</u>
Net change in fund balances	<u>\$ (453,000)</u>	<u>\$ (453,000)</u>	(9,599)	<u>\$ 443,401</u>
Decrease in nonspendable fund balance			17,293	
Unassigned fund balance, beginning			1,344,795	
Unassigned fund balance, ending			<u>\$ 1,352,489</u>	

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT D-2**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Sewer Department Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 13,201	\$ 9,467	\$ (3,734)
Charges for services	808,123	749,164	(58,959)
Miscellaneous	300	360	60
Total revenues	<u>821,624</u>	<u>758,991</u>	<u>(62,633)</u>
<b>EXPENDITURES</b>			
Current:			
General government	50,400	51,300	(900)
Sanitation	541,878	438,508	103,370
Debt service:			
Principal	30,000	30,000	-
Interest	2,631	2,631	-
Capital outlay	25,000	156,459	(131,459)
Total expenditures	<u>649,909</u>	<u>678,898</u>	<u>(28,989)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,715</u>	<u>80,093</u>	<u>(91,622)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	33,629	18,061	(15,568)
Transfers out	<u>(205,344)</u>	<u>(102,236)</u>	<u>103,108</u>
Total other financing sources (uses)	<u>(171,715)</u>	<u>(84,175)</u>	<u>87,540</u>
Net change in fund balances	<u>\$ -</u>	<u>(4,082)</u>	<u>\$ (4,082)</u>
Restricted fund balance, beginning, as restated (see Note 16)		898,600	
Restricted fund balance, ending		<u>\$ 894,518</u>	

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT E-1*  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Net Position**  
*June 30, 2015*

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ 67,644	\$ 200,674
Investments	-	1,141,153
Total assets	<u>67,644</u>	<u>1,341,827</u>
<b>LIABILITIES</b>		
Accounts payable	-	2,823
Intergovernmental payable	-	1,339,004
Total liabilities	<u>-</u>	<u>1,341,827</u>
<b>NET POSITION</b>	<u>\$ 67,644</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT E-2*  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Fiduciary Funds*  
*Statement of Changes in Net Position*  
*For the Fiscal Year Ended June 30, 2015*

	Private Purpose Trust
<b>ADDITIONS</b>	
New funds	\$ 1,025
Interest	13
Total additions	1,038
<b>DEDUCTIONS</b>	
Scholarships	1,000
Change in net position	38
Net position, beginning, as restated (see Note 16)	67,606
Net position, ending	\$ 67,644

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

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**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of New London, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America 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 London is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

***1-B Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, with the exception of long-term costs of retirement, health care, and obligations for other postemployment benefits because the liability and expense have not been determined.

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

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

Government 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.

***1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. 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. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Town reports the following major governmental funds:

**General Fund** – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

**Sewer Department Fund** – accounts for the operation of the sewer treatment plant, pumping station, and sewer lines.

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

Additionally, the Town reports the following fund types:

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

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

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

**Fiduciary Funds** – The Town reports the following fiduciary funds:

**Agency Fund** - used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

**Private Purpose Trust Funds** – used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

***1-D 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, certificates of 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.

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

***1-E Investments***

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

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

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

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

Investments for the Town are reported at fair value generally based on quoted market prices.

***1-F Receivables***

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

***1-G Interfund Balances***

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***1-H Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. The amount reported for infrastructure includes only assets added since 1979.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Classes:</b>	<u><b>Years</b></u>
Buildings and building improvements	25-40
Machinery, equipment, and vehicles	3-20
Infrastructure	20-50

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

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**1-I Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**1-J Property Taxes**

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on January 2, 2015 and July 1, 2015. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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

The Town net assessed valuation as of April 1, 2015 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,090,682,024
For all other taxes	\$ 1,101,173,324

The tax rates and amounts assessed for the year ended June 30, 2015 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$3.92	\$ 4,313,469
School portion:		
State of New Hampshire	\$2.45	2,676,729
Local	\$5.99	6,596,632
County portion	\$2.95	3,246,429
Precinct portions:		
New London-Springfield	\$1.05	397,510
Total		\$ 17,230,769

**1-K Compensated Absences**

The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

**1-L Long-term Obligations**

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

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***1-M 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 expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

***1-N Interfund Activities***

Interfund activities are reported as follows:

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

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

***1-O Net Position/Fund Balance Reporting***

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

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

***Fund Balance Classifications*** - The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town’s governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

**Restricted** – This classification includes 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** – This classification includes 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.

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**Assigned** – This classification includes 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** – This classification includes the residual fund balance for the general fund.

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

***1-P Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* 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 relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***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, as well as the major sewer department fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2015, \$453,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

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The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 6,345,870
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	128,994
Net effect of transfers between blended funds	(260,884)
Change in deferred tax revenue relating to 60-day revenue recognition	12,670
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,226,650</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 6,355,469
Adjustment:	
Basis differences:	
Encumbrances, beginning	222,531
Encumbrances, ending	(264,986)
GASB Statement No. 54:	
To record expenditures of the blended funds	561,649
Net effect of transfers between blended funds	(911,468)
Per Exhibit C-3 (GAAP basis)	<u>\$ 5,963,195</u>

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

Revenues and other financing sources:	
Per Exhibit D-2 (budgetary basis)	\$ 777,052
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	943
Net effect of transfers between blended funds	(5,698)
Per Exhibit C-3 (GAAP basis)	<u>\$ 772,297</u>

**2-C Change in Accounting Principle**

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*. The requirements of this Statement change the way the Town calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$3,338,273 (see Note 16). The reduction accounts for the associated net position liability and deferred outflows of resources related to pensions.

Also, the Town adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement addresses and issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At June 30, 2015, the reported amount of the Town's deposits was \$7,290,206 and the bank balance was \$7,177,981. Of the bank balance \$5,308,994 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name, and \$1,868,987 was uninsured and uncollateralized.

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 7,021,888
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	<u>268,318</u>
Total cash and cash equivalents	<u><u>\$ 7,290,206</u></u>

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town’s fiscal agent or custodian provides the fair value of all intermediate maturity investments.

At June 30, 2015, this Town had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Total</u>
Investments type:					
Certificates of deposit	\$ -	\$ 2,099,027	\$ 1,121,788	\$ -	\$ 3,220,815
Corporate bonds	-	-	63,261	-	63,261
Equity exchange traded funds	661,795	-	-	-	661,795
Fixed income exchange traded funds	373,549	-	-	-	373,549
Fixed income mutual funds	320,972	-	-	-	320,972
New Hampshire Public Deposit Investment Pool	149,446	-	-	-	149,446
Total fair value	<u>\$ 1,505,762</u>	<u>\$ 2,099,027</u>	<u>\$ 1,185,049</u>	<u>\$ -</u>	<u>\$ 4,789,838</u>

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

**Credit Risk** – The Town’s investment pool had the following credit risk structure at June 30, 2015:

<u>Investment Type</u>	<u>Credit Rating*</u>	<u>Fair Value</u>	<u>Percent of Grand Total</u>
Corporate bonds:			
JP Morgan Chase	A3	\$ 24,805	39.21%
Wells Fargo	A2	38,456	60.79%
	*Per Moody's	<u>\$ 63,261</u>	<u>100.00%</u>

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 3,648,685
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	<u>1,141,153</u>
Total investments	<u><u>\$ 4,789,838</u></u>

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**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2015. Taxes receivable by year are as follows:

Property:	
Levy of 2015	\$ 4,850,665
Unredeemed (under tax lien):	
Levy of 2014	84,692
Levy of 2013	18,376
Levies of 2012 and prior	5,493
Yield	1,472
Land use change	16,500
Net taxes receivable	<u>\$ 4,977,198</u>

**NOTE 6 – OTHER RECEIVABLES**

Receivables at June 30, 2015, consisted of accounts (billed 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.

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 3,476,844	\$ -	\$ -	\$ 3,476,844
Construction in progress	197,017	46,487	(102,703)	140,801
Total capital assets not being depreciated	<u>3,673,861</u>	<u>46,487</u>	<u>(102,703)</u>	<u>3,617,645</u>
Being depreciated:				
Buildings and building improvements	5,383,094	180,761	-	5,563,855
Machinery, equipment, and vehicles	4,214,461	219,069	(27,052)	4,406,478
Infrastructure	1,177,393	102,703	-	1,280,096
Total capital assets being depreciated	<u>10,774,948</u>	<u>502,533</u>	<u>(27,052)</u>	<u>11,250,429</u>
Total all capital assets	<u>14,448,809</u>	<u>549,020</u>	<u>(129,755)</u>	<u>14,868,074</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,028,667)	(139,872)	-	(2,168,539)
Machinery, equipment, and vehicles	(2,473,435)	(307,967)	27,052	(2,754,350)
Infrastructure	(151,082)	(23,078)	-	(174,160)
Total accumulated depreciation	<u>(4,653,184)</u>	<u>(470,917)</u>	<u>27,052</u>	<u>(5,097,049)</u>
Net book value, capital assets being depreciated	<u>6,121,764</u>	<u>31,616</u>	<u>-</u>	<u>6,153,380</u>
Net book value, all capital assets	<u>\$ 9,795,625</u>	<u>\$ 78,103</u>	<u>\$ (102,703)</u>	<u>\$ 9,771,025</u>

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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	\$ 88,221
Public safety	163,767
Highways and streets	128,349
Sanitation	46,158
Culture and recreation	44,422
Total depreciation expense	<u>\$ 470,917</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer department	\$ 10,988
	Nonmajor	66,273
Sewer department	General	93,424
Nonmajor	General	5,205
	Sewer department	55,227
		<u>\$ 231,117</u>

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

**Interfund Transfers** - The composition of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>Transfers In:</u>			
	<u>General Fund</u>	<u>Sewer</u>		<u>Total</u>
		<u>Department Fund</u>	<u>Nonmajor Funds</u>	
Transfers out:				
General fund	\$ -	\$ -	\$ 10,182	\$ 10,182
Sewer department fund	82,236	-	-	82,236
Nonmajor funds	41,239	12,363	-	53,602
Total	<u>\$ 123,475</u>	<u>\$ 12,363</u>	<u>\$ 10,182</u>	<u>\$ 146,020</u>

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

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of at June 30, 2015 consist of the following:

General fund:	
Balance of 2015-2016 district assessment due to Kearsarge Regional School District	\$ 4,638,892
Balance of 2015-2016 property tax commitment due to the New London-Springfield Water Precinct	297,154
Balance of 2015-2016 property tax commitment due to Merrimack County	1,623,989
Town clerk fees due to the State of New Hampshire	1,933
Other miscellaneous items	6,593
Total intergovernmental payables in the general fund	<u>\$ 6,568,561</u>
Agency fund:	
Balance of the Kearsarge Regional School District trust funds held by the Trustees of Trust Funds	<u>\$ 1,339,004</u>

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**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of \$269,807 in the government-wide statement of net position at June 30, 2015 consist of pension contributions subsequent to the measurement date.

Deferred inflows of resources reported are as follows:

	Governmental Activities	General Fund	Nonmajor Governmental Funds	Total
Property tax revenue committed but not due until subsequent period	\$ 2,157,763	\$ 2,400,034	\$ -	\$ 4,557,797
Deferred amounts related to pensions	462,512	-	-	462,512
Betterment assessment collected in advance of eligible debt expenditures	-	-	40,000 *	40,000
Total deferred inflows of resources	<u>\$ 2,620,275</u>	<u>\$ 2,400,034</u>	<u>\$ 40,000</u>	<u>\$ 5,060,309</u>

\*The following balances are only recognized on a modified accrual basis of accounting.

See Note 17 for further discussion of deferred outflows and inflows of resources related to pensions.

**NOTE 11 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
General obligation bonds/notes payable	\$ 6,502,042	\$ 432,329	\$ (233,264)	\$ 6,701,107	\$ 218,264
Compensated absences	180,621	-	(10,699)	169,922	6,245
Accrued landfill postclosure care costs	59,400	-	(14,200)	45,200	5,650
Total long-term liabilities	<u>\$ 6,742,063</u>	<u>\$ 432,329</u>	<u>\$ (258,163)</u>	<u>\$ 6,916,229</u>	<u>\$ 230,159</u>

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

	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2015
General obligation bonds/notes payable:				
Town office renovations	1999	2019	4.5-5.25%	\$ 355,000
Sewer line extension	1999	2018	4.5-5.25%	40,000
Town building improvements	2005	2024	3.72%	438,970
Land purchase	2007	2017	3.99%	60,000
Library repairs	2007	2017	3.99%	39,400
Landfill	2007	2016	3.80%	43,108
Library repairs	2011	2027	2.60%	295,999
ARRA/State Revolving loan*	2013			5,428,630
Total				<u>\$ 6,701,107</u>

\***Water Pollution Control Revolving Loan Fund Program** – Drawdowns received under the Water Pollution Control Revolving Loan Fund Program will be consolidated by a promissory note upon substantial completion of the Sunapee wastewater treatment facility. Management is of the opinion that 25% of the total drawdowns will be forgiven as a result of the American Recovery and Reinvestment Act (ARRA) through the State of New Hampshire. However, as of June 30, 2015, drawdowns received to date totaling \$5,428,630 are recorded on the Town's financial statements, exclusive of the 25% anticipated forgiveness. Interest on the drawdowns accrues from the date of drawdown at 1.00% per annum. The note, plus interest, will be repaid from the Town's governmental funds.

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The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 218,264	\$ 46,779	\$ 265,043
2017	211,372	37,603	248,975
2018	148,564	29,093	177,657
2019	153,564	22,487	176,051
2020	148,564	15,882	164,446
2021-2025	342,817	34,840	377,657
2026-2027	49,332	1,277	50,609
Totals	<u>\$ 1,272,477</u>	<u>\$ 187,961</u>	<u>\$ 1,460,438</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues. ARRA/State revolving loans are not included above as the project has not yet been completed.

**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in prior years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$45,200 as of June 30, 2015. The estimated total current cost of the landfill postclosure care (\$5,650) 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 June 30, 2015. 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.

**Bonds Authorized and Unissued** – Bonds authorized and unissued as of June 30, 2015 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
May 13, 2015	Academy Building Repairs	<u>\$ 350,000</u>

**NOTE 12 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2015 are as follows:

General fund:	
General government	\$ 2,500
Public safety	21,371
Highways and streets	233,115
Sanitation	5,000
Health	3,000
Total encumbrances	<u>\$ 264,986</u>

**NOTE 13 – STATE AID TO WATER POLLUTION PROJECTS**

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At June 30, 2015 the Town is due to receive the following annual amounts to offset debt payments:

Bonds Issued	Principal	Interest	Total
Edmunds Road Area Sewer	\$ 11,832	\$ 1,553	\$ 13,385
Georges Mill Pump Station Improvement	16,500	1,216	17,716
Total	<u>\$ 28,332</u>	<u>\$ 2,769</u>	<u>\$ 31,101</u>

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
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**NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2015 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 9,771,025
Less:	
General obligation bonds/notes payable	<u>(1,272,477) *</u>
Total net investment in capital assets	<u>8,498,548</u>
Restricted:	
Nonexpendable permanent funds (principal)	1,386,561
Expendable permanent funds (income)	168,781
Capital projects fund	172
Total restricted	<u>1,555,514</u>
Unrestricted	<u>(3,633,037)</u>
Total net position	<u>\$ 6,421,025</u>

\*Balance of ARRA/State revolving loan drawdowns not included in above balance as Town will not retain ownership of actual asset (Wastewater Treatment Plant).

**NOTE 15 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at June 30, 2015 include the following:

<b>Nonspendable:</b>	
Nonmajor fund:	
Permanent - principal balance	\$ 1,386,561
<b>Restricted:</b>	
Major funds:	
General:	
Library fund	<u>\$ 102,783</u>
Sewer department	894,518
Sewer expendable trusts	<u>186,970</u>
	<u>1,081,488</u>
Nonmajor funds:	
Conservation commission	13,091
Capital cost recovery	16,682
Wastewater treatment plant capital project	172
Permanent - income balance	<u>168,781</u>
	<u>198,726</u>
Total restricted fund balance	1,382,997
<b>Committed:</b>	
Major funds:	
General:	
Expendable trust	\$ 2,318,952
Non-lapsing appropriations	<u>25,500</u>
	<u>2,344,452</u>
Nonmajor funds:	
Recreation	43,157
Recycling	<u>5,000</u>
	<u>48,157</u>
Total committed fund balance	2,392,609

*(Continued)*

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*Governmental fund balance continued:*

<b>Assigned:</b>		
Major fund:		
General:		
Encumbrances	\$ 239,486	
Contingency	<u>24,068</u>	
		263,554
<b>Unassigned:</b>		
Major fund:		
General		1,110,218
Total governmental fund balances		<u><u>\$ 6,535,939</u></u>

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

Net position/fund balance at July 1, 2014 was restated to give retroactive effect to the following prior period adjustments:

	<u>Government-wide Statements</u>	<u>Sewer Department</u>	<u>Private Purpose Trust</u>
To reclassify three scholarship accounts, previously held by Kearsarge Regional School District	\$ -	\$ -	\$ 67,606
To reclassify expenditure to the prior year	(132,334)	(132,334)	-
To record the deferred outflows of resources for implementation of GASB Statement No. 68	265,225	-	-
To record the net pension liability for implementation of GASB Statement No. 68	(3,603,498)	-	-
Net position/fund balance, as previously reported	9,780,528	1,202,659	-
Net position/fund balance, as restated	<u><u>\$ 6,309,921</u></u>	<u><u>\$ 1,070,325</u></u>	<u><u>\$ 67,606</u></u>

**NOTE 17 – DEFINED BENEFIT PENSION PLAN**

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

**Benefits Provided:** The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years.

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However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by  $\frac{1}{4}$  of 1% or age 60.

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

**Contributions:** The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. For fiscal year 2015, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. The Town's contribution rates for 2015 for pension and medical subsidy were as follows:

<u>Police</u>	<u>Fire</u>	<u>All Other Employees</u>
25.30%	27.74%	10.77%

The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$234,973, \$290,709, and \$297,893, respectively, which were paid in full in each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015 the Town reported a liability of \$3,068,656 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the Town's proportion was 0.08175265% which was a decrease of 0.00197594% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$192,895. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ -	\$ 69,875
Net difference between projected and actual investment earnings on pension plan investments	-	392,637
Contributions subsequent to the measurement date	269,807	-
Total	<u>\$ 269,807</u>	<u>\$ 462,512</u>

The \$269,807 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2016	\$ (113,324)
2017	(113,324)
2018	(113,324)
2019	(9,215)
Totals	<u>\$ (349,187)</u>

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**Actuarial Assumptions:** The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2013, using the following actuarial assumptions which, accordingly apply to both 2014 and 2013 measurements:

Inflation:	3.0%
Salary increases:	3.75- 5.8% average, including inflation
Investment rate of return:	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

**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. Following is a table presenting target allocations and long-term rates of return for 2014 and 2013:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return	
		2014	2013
Large Cap Equities	22.50%	3.25%	3.75%
Small/Mid Cap Equities	7.50%	3.25%	4.00%
Total domestic equity	30.00%		
Int'l Equities (unhedged)	13.00%	4.25%	4.75%
Emerging Int'l Equities	7.00%	6.50%	6.75%
Total international equity	20.00%		
Core Bonds	18.00%	-0.47%	-0.96%
High-Yield Bonds	1.50%	1.50%	2.00%
Global Bonds (unhedged)	5.00%	-1.75%	-2.25%
Emerging Market Debt (external)	0.50%	2.00%	1.00%
Total fixed income	25.00%		
Private equity	5.00%	5.75%	6.00%
Private debt	5.00%	5.00%	5.50%
Real estate	10.00%	3.25%	3.00%
Opportunistic	5.00%	2.50%	2.63%
Total alternative investments	25.00%		
Total	100.00%		

**Discount Rate:** The discount rate used to measure the collective total pension liability was 7.75%. 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.

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
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**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75% 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2014	\$ 4,041,919	\$ 3,068,656	\$ 2,247,563
June 30, 2013	\$ 4,619,760	\$ 3,603,498	\$ 2,749,234

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

**NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Town provides postemployment benefit options for health care, to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the costs with the Town subsidizing the remaining costs. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, which was effective for the Town on January 1, 2009, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements. The Town has not implemented GASB Statement No. 45 at June 30, 2015 or contracted with an actuarial firm to assist in evaluating the impact of this new standard on the Town. The amounts that should be recorded as the annual required contribution/OPEB cost and the net OPEB obligation are unknown.

**NOTE 19 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2015, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs. These entities are considered public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member Towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in fiscal year ending June 30, 2015, to be recorded as an insurance expenditure totaled \$61,059. There were no unpaid contributions for the year ended June 30, 2015.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation Program is a pooled risk management program under RSAs 5-B and 281-A. Coverage was provided from July 1, 2014 to June 30, 2015 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 estimated net contribution from the Town billed and paid for the year ended June 30, 2015 was \$45,346 for workers' compensation.

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***NOTE 20 – 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 government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

***NOTE 21 – 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 April 27, 2016, the date the June 30, 2015 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2015*

Fiscal Year	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	July 1, 2014	0.08175265%	\$ 3,068,656	\$ 1,964,526	156.20%	59.81%
June 30, 2014	July 1, 2013	0.08372859%	\$ 3,603,498	\$ 1,942,187	185.54%	66.32%

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT G**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Schedule of Town Contributions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2015*

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	July 1, 2014	\$ 265,225	\$ 265,225	\$ -	\$ 1,964,526	13.50%
June 30, 2014	July 1, 2013	\$ 208,194	\$ 208,194	\$ -	\$ 1,942,187	10.72%

The note to the required supplementary information is an integral part of this schedule.

**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

***Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at June 30, 2015.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2014:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 Years beginning July 1, 2014
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	4.29% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

**Other Information:**

Notes Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2015**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 3,997,404	\$ 4,129,762	\$ 132,358
Land use change	3,000	51,285	48,285
Yield	2,500	16,288	13,788
Interest and penalties on taxes	70,000	67,730	(2,270)
Total from taxes	<u>4,072,904</u>	<u>4,265,065</u>	<u>192,161</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	40,000	56,658	16,658
Motor vehicle permit fees	775,000	837,922	62,922
Other	68,000	72,148	4,148
Total from licenses, permits, and fees	<u>883,000</u>	<u>966,728</u>	<u>83,728</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	221,577	221,577	-
Highway block grant	120,882	121,998	1,116
Federal:			
FEMA	37,562	41,249	3,687
Other	-	12,530	12,530
Total from intergovernmental	<u>380,021</u>	<u>397,354</u>	<u>17,333</u>
<b>Charges for services:</b>			
Income from departments	<u>170,300</u>	<u>173,877</u>	<u>3,577</u>
<b>Miscellaneous:</b>			
Sale of municipal property	17,000	11,858	(5,142)
Interest on investments	2,000	2,939	939
Rent of property	16,200	16,135	(65)
Fines and forfeits	5,400	9,646	4,246
Insurance dividends and reimbursements	40,824	49,617	8,793
Contributions and donations	20,000	65,029	45,029
Other	-	3,263	3,263
Total from miscellaneous	<u>101,424</u>	<u>158,487</u>	<u>57,063</u>
<b>Other financing sources:</b>			
Transfers in	<u>535,514</u>	<u>384,359</u>	<u>(151,155)</u>
Total revenues and other financing sources	6,143,163	<u>\$ 6,345,870</u>	<u>\$ 202,707</u>
Unassigned fund balance used to reduce tax rate	453,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 6,596,163</u>		

**SCHEDULE 2**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended June 30, 2015**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 271,981	\$ 266,946	\$ -	\$ 5,035
Election and registration	-	66,339	68,063	-	(1,724)
Financial administration	-	251,414	255,934	-	(4,520)
Revaluation of property	-	88,300	89,400	-	(1,100)
Legal	-	25,200	9,347	-	15,853
Personnel administration	-	96,888	75,208	-	21,680
Planning and zoning	2,500	84,939	84,169	2,500	770
General government buildings	3,536	177,325	185,673	-	(4,812)
Cemeteries	-	23,902	21,178	-	2,724
Insurance, not otherwise allocated	-	66,989	65,694	-	1,295
Advertising and regional associations	-	17,785	17,785	-	-
Total general government	<u>6,036</u>	<u>1,171,062</u>	<u>1,139,397</u>	<u>2,500</u>	<u>35,201</u>
Public safety:					
Police	15,000	963,553	935,662	20,411	22,480
Fire	-	312,940	311,261	-	1,679
Emergency management	-	14,100	13,441	-	659
Dispatching	-	361,006	333,814	960	26,232
Total public safety	<u>15,000</u>	<u>1,651,599</u>	<u>1,594,178</u>	<u>21,371</u>	<u>51,050</u>
Highways and streets:					
Public works garage	-	845,069	813,037	-	32,032
Highways and streets	188,495	494,000	444,041	233,115	5,339
Street lighting	-	16,000	17,122	-	(1,122)
Total highways and streets	<u>188,495</u>	<u>1,355,069</u>	<u>1,274,200</u>	<u>233,115</u>	<u>36,249</u>
Sanitation:					
Administration	5,000	411,993	361,759	5,000	50,234
Solid waste clean-up	-	22,000	20,424	-	1,576
Total sanitation	<u>5,000</u>	<u>433,993</u>	<u>382,183</u>	<u>5,000</u>	<u>51,810</u>
Health:					
Administration	8,000	5,436	9,105	-	4,331
Health agencies	-	173,573	173,573	3,000	(3,000)
Total health	<u>8,000</u>	<u>179,009</u>	<u>182,678</u>	<u>3,000</u>	<u>1,331</u>
Welfare:					
Administration	-	2,697	2,810	-	(113)
Intergovernmental welfare payments	-	3,809	3,809	-	-
Vendor payments	-	16,000	17,139	-	(1,139)
Total welfare	<u>-</u>	<u>22,506</u>	<u>23,758</u>	<u>-</u>	<u>(1,252)</u>
Culture and recreation:					
Parks and recreation	-	143,338	143,339	-	(1)
Library	-	15,600	15,600	-	-
Patriotic purposes	-	300	300	-	-
Other	-	4,000	1,063	-	2,937
Total culture and recreation	<u>-</u>	<u>163,238</u>	<u>160,302</u>	<u>-</u>	<u>2,936</u>
Conservation	-	42,636	35,164	-	7,472

*(Continued)*

*SCHEDULE 2 (Continued)*  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Major General Fund*  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2015*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	203,264	203,264	-	-
Interest on long-term debt	-	47,011	46,991	-	20
Interest on tax anticipation notes	-	1	-	-	1
Total debt service	-	250,276	250,255	-	21
Capital outlay	-	405,125	349,249	-	55,876
Other financing uses:					
Transfers out	-	921,650	921,650	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 222,531</u>	<u>\$ 6,596,163</u>	<u>\$ 6,313,014</u>	<u>\$ 264,986</u>	<u>\$ 240,694</u>

*SCHEDULE 3  
TOWN OF NEW LONDON, NEW HAMPSHIRE  
Major General Fund  
Schedule of Changes in Unassigned Fund Balance  
For the Fiscal Year Ended June 30, 2015*

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,344,795
Changes:		
Unassigned fund balance used to reduce 2015 tax rate		(453,000)
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 202,707	
Unexpended balance of appropriations (Schedule 2)	240,694	
2015 Budget surplus		443,401
Decrease in nonspendable fund balance		17,293
Unassigned fund balance, ending (Non-GAAP Budgetary Basis) (Exhibit D)		1,352,489
<b><i>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</i></b>		
To comply with generally accepted accounting principles by deferring inflows of resources relating to property taxes not collected within 60 days of fiscal year-end		(242,271)
Unassigned fund balance, ending (GAAP basis Exhibit C-1)		\$ 1,110,218

**SCHEDULE 4**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2015**

	Special Revenue Funds				Capital Project Funds						Total
	Conservation Commission	Capital Cost Recovery	Recreation	Recycling	Library Building	Elkins Sidewalk	Wastewater Treatment Plant	Highway Building Repairs	Permanent Fund		
<b>ASSETS</b>											
Cash and cash equivalents	\$ 13,091	\$ 16,110	\$ 48,976	\$ 19,906	\$ -	\$ -	\$ 48,327	\$ -	\$ 208,144	\$ 354,554	
Investments	-	47	-	-	-	-	-	-	1,359,450	1,359,497	
Accounts receivable	-	40,525	-	-	-	-	-	-	-	40,525	
Intergovernmental receivable	-	-	-	-	-	28,091	274	-	-	28,365	
Interfund receivable	-	-	-	-	-	4,705	55,227	500	-	60,432	
Total assets	\$ 13,091	\$ 56,682	\$ 48,976	\$ 19,906	\$ -	\$ 32,796	\$ 103,828	\$ 500	\$ 1,567,594	\$ 1,843,373	
<b>LIABILITIES</b>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,308	\$ -	\$ -	\$ 11,308	
Interfund payable	-	-	5,819	14,906	-	32,796	-	500	12,252	66,273	
Retainage payable	-	-	-	-	-	-	90,522	-	-	90,522	
Other	-	-	-	-	-	-	1,826	-	-	1,826	
Total liabilities	-	-	5,819	14,906	-	32,796	103,656	500	12,252	169,929	
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - Special assessments	-	40,000	-	-	-	-	-	-	-	40,000	
<b>FUND BALANCES</b>											
Nonspendable	-	-	-	-	-	-	-	-	1,386,561	1,386,561	
Restricted	13,091	16,682	-	-	-	-	172	-	168,781	198,726	
Committed	-	-	43,157	5,000	-	-	-	-	-	48,157	
Total fund balances	13,091	16,682	43,157	5,000	-	-	172	-	1,555,342	1,633,444	
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,091	\$ 56,682	\$ 48,976	\$ 19,906	\$ -	\$ 32,796	\$ 103,828	\$ 500	\$ 1,567,594	\$ 1,843,373	

**SCHEDULE 5**  
**TOWN OF NEW LONDON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2015**

	Special Revenue Funds				Capital Project Funds					Total
	Conservation Commission	Capital Cost Recovery	Recreation	Recycling	Library Building	Elkins Sidewalk	Wastewater Treatment Plant	Highway Building Repairs	Permanent Fund	
<b>REVENUES</b>										
Intergovernmental	\$ -	\$ 3,734	\$ -	\$ -	\$ -	\$ 36,805	\$ 432,329	\$ -	\$ -	\$ 472,868
Charges for services	-	13,600	77,154	29,067	-	-	-	-	-	119,821
Miscellaneous	6	38	3	7	-	-	69	-	21,558	21,681
Total revenues	6	17,372	77,157	29,074	-	36,805	432,398	-	21,558	614,370
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	-	-	-	-	-	11,054	11,054
Sanitation	-	-	-	14,168	-	-	-	-	-	14,168
Culture and recreation	-	-	74,603	-	-	-	-	-	-	74,603
Capital outlay	-	-	-	-	970	46,487	432,329	500	-	480,286
Total expenditures	-	-	74,603	14,168	970	46,487	432,329	500	11,054	580,111
Excess (deficiency) of revenues over (under) expenditures	6	17,372	2,554	14,906	(970)	(9,682)	69	(500)	10,504	34,259
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	9,682	-	500	-	10,182
Transfers out	-	(12,363)	-	(14,906)	(314)	-	-	-	(26,019)	(53,602)
Total other financing sources (uses)	-	(12,363)	-	(14,906)	(314)	9,682	-	500	(26,019)	(43,420)
Net change in fund balances	6	5,009	2,554	-	(1,284)	-	69	-	(15,515)	(9,161)
Fund balances, beginning	13,085	11,673	40,603	5,000	1,284	-	103	-	1,570,857	1,642,605
Fund balances, ending	\$ 13,091	\$ 16,682	\$ 43,157	\$ 5,000	\$ -	\$ -	\$ 172	\$ -	\$ 1,555,342	\$ 1,633,444