

**TOWN OF NEWMARKET,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

TOWN OF NEWMARKET, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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JUNE 30, 2023

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Council and Town Manager
Town of Newmarket
Newmarket, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Newmarket, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Newmarket, as of June 30, 2023, the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2023, the Town of Newmarket adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Town of Newmarket's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

***Town of Newmarket
Independent Auditor's Report***

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

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

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

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

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

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

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

Supplementary Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newmarket's basic financial statements. The accompanying combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

***Town of Newmarket
Independent Auditor's Report***

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of the Town of Newmarket's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newmarket's internal control over financial reporting and compliance.

Sheryl A. Platt

December 27, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Newmarket, New Hampshire (the Town), we offer readers of the Town's Financial Statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

1. Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent year by \$66,503,557 (*net position*). Of this amount, \$10,748,356 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$800,447.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$8,161,687, an increase of \$158,906 in comparison with the prior year.
- At the end of the current fiscal year, the budgetary-basis unassigned fund balance for the general fund was \$3,177,635 and is *available for spending* at the Annual Town Meeting's discretion.
- The Town's total bonded debt decreased by \$728,776 during the current fiscal year, to \$12,776,999. Notes/loans payable increased by \$131,716 during the current fiscal year, to \$11,675,164.

2. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information (including this management's discussion and analysis.) This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, welfare, culture and recreation, and conservation. The business-type activities of the Town include water, wastewater, and solid waste.

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town maintains fifteen individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other funds are combined into a single, aggregated presentation.

The Town adopted an annual appropriated budget for its major general, water, wastewater, solid waste funds as well as three nonmajor funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds: The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The Town uses enterprise funds to account for its water, wastewater, and solid waste operations.

Proprietary funds provide the same type of information as the governmental-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, wastewater, and solid waste operations, each of which is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the 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 required supplementary information that is required to be disclosed by accounting principles generally accepted in the United States of America.

3. Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$66,503,557 at the close of the most recent fiscal year.

The largest portion of the Town's net position (81 percent) reflects its investment in capital assets (e.g., land, buildings and building improvements, machinery, equipment and furnishings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of condensed statement of net position and statement of activities for government-wide financial data for the current and prior fiscal years.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Total assets	\$ 66,280,098	\$ 64,510,710	\$ 48,775,125	\$ 49,724,675	\$ 115,055,223	\$ 114,235,385
Deferred outflows of resources	1,796,816	3,101,466	239,524	194,136	2,036,340	3,295,602
Long-term liabilities outstanding	10,564,565	12,126,371	22,878,541	22,306,291	33,443,106	34,432,662
Other liabilities	852,481	1,127,236	1,393,582	950,996	2,246,063	2,078,232
Total liabilities	11,417,046	13,253,607	24,272,123	23,257,287	35,689,169	36,510,894
Deferred inflows of resources:	15,434,463	14,461,097	264,821	55,439	15,699,284	14,516,536
Net position:						
Net investment in capital assets	39,628,283	38,383,733	12,321,702	15,696,251	51,949,985	54,079,984
Restricted	1,562,722	1,674,389	2,718,681	828	4,281,403	1,675,217
Unrestricted	34,400	(160,650)	9,437,322	10,909,006	9,471,722	10,748,356
Total net position	\$ 41,225,405	\$ 39,897,472	\$ 24,477,705	\$ 26,606,085	\$ 65,703,110	\$ 66,503,557

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2021</u>	<u>June 30, 2023</u>
Expenses:						
General government	\$ 3,590,213	\$ 4,025,523	\$ -	\$ -	\$ 3,590,213	\$ 4,025,523
Public safety	2,694,593	2,927,012	-	-	2,694,593	2,927,012
Highways and streets	4,266,060	4,329,039	-	-	4,266,060	4,329,039
Water	-	-	1,593,515	1,653,186	1,593,515	1,653,186
Sanitation	-	-	2,815,433	2,755,807	2,815,433	2,755,807
Welfare	137,624	56,523	-	-	137,624	56,523
Culture and recreation	1,065,343	1,125,601	-	-	1,065,343	1,125,601
Conservation	88,543	15,457	-	-	88,543	15,457
Economic development	20,500	3,063	-	-	20,500	3,063
Interest on long-term debt	166,364	22,978	-	-	166,364	22,978
Miscellaneous	-	-	-	-	-	-
Total governmental activities	<u>\$ 12,029,240</u>	<u>\$ 12,505,196</u>	<u>\$ 4,408,948</u>	<u>\$ 4,408,993</u>	<u>\$ 16,438,188</u>	<u>\$ 16,914,189</u>
	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2021</u>	<u>June 30, 2023</u>
Program revenues:						
Charges for services	\$ 1,249,476	\$ 1,114,086	\$ 4,037,018	\$ 4,566,297	\$ 5,286,494	\$ 5,680,383
Operating grants and contributions	1,083,772	510,635	76,665	143,031	1,160,437	653,666
Capital grants and contributions	199,407	295,475	1,077,347	841,525	1,276,754	1,137,000
General revenues:						
Property taxes and other taxes	5,727,716	6,140,290	-	-	5,727,716	6,140,290
Motor vehicle permit fees	1,793,746	1,784,093	-	-	1,793,746	1,784,093
Licenses and other fees	309,270	351,020	-	-	309,270	351,020
Grants and contributions not related to specific programs	711,576	1,438,303	-	-	711,576	1,438,303
Investment income	34,616	176,085	14,790	117,466	49,406	293,551
Miscellaneous	207,846	96,969	126,470	30,461	334,316	127,430
Contributions to permanent funds	7,200	8,900	-	-	7,200	8,900
Loan forgiveness	-	100,000	-	-	-	100,000
Transfers	(747,443)	(838,593)	747,443	838,593	-	-
Total revenues	<u>\$ 10,577,182</u>	<u>\$ 11,177,263</u>	<u>\$ 6,079,733</u>	<u>\$ 6,537,373</u>	<u>\$ 16,656,915</u>	<u>\$ 17,714,636</u>
Change in net position						
	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Net position, beginning	42,677,463	41,225,405	22,806,920	24,477,705	65,484,383	65,703,110
Net position, ending	41,225,405	39,897,472	24,477,705	26,606,085	65,703,110	66,503,557
Change in net position	<u>(1,452,058)</u>	<u>(1,327,933)</u>	<u>1,670,785</u>	<u>2,128,380</u>	<u>218,727</u>	<u>800,447</u>

As of June 30, 2023, an additional portion of the Town's total net position (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$10,748,356, may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Net position of the governmental activities decreased by \$(1,327,933). Key elements of this change are as follows:

Governmental Activities:	
General Fund	\$ (218,750)
Grants Fund	22,151
Nonmajor Funds	355,505
Depreciation expense, net of capital asset purchases	(1,206,478)
Financial resources, such as deferred tax and grant revenue, met the revenue recognition criteria	(17,519)
Issuance of long-term debt	(573,586)
Repayment of long-term debt	525,729
Change in net pension and OPEB obligation, net of deferred resources	(197,437)
Other GAAP accruals	(17,548)
Total	<u><u>\$(1,327,933)</u></u>

Business-type activities. The Town's Business-type activities net position changed by \$2,128,380. Key elements of this change are, as follows:

Business-type Activities:	
Water operations	\$ 778,704
Wastewater operations	903,713
Solid waste operations	445,963
Total	<u><u>\$2,218,380</u></u>

4. Financial Analysis of the Government's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,161,687, which is an increase of \$158,906 in comparison with the prior year. Key elements of this change are as follows:

Governmental Activities:	
General fund	\$(218,750)
Grants	22,151
Nonmajor funds	<u>355,505</u>
Total	<u><u>\$ 158,906</u></u>

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the GAAP-basis unassigned fund balance of the general fund was \$3,159,464, while the total fund balance was \$5,189,012. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33.88 percent of total general fund expenditures, while total fund balance represents 55.64 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$(218,750) during the current fiscal year. Key elements of this change are as follows:

Revenue in excess of budget	\$ 128,993
Expenditures less than budget	400,743
Use of fund balance as a funding source	(500,000)
Change in encumbrances	(89,027)
Activity of blended funds	(312,962)
Elimination of transfers between blended funds	135,984
Change in 60-day deferred tax revenue	17,519
Total	<u><u>\$(218,750)</u></u>

5. General Fund Budgetary Highlights

The Town Council has authority under RSA 32:10 to transfer appropriation transfers between line items. The Town Council did not authorize transfers between budgeted appropriations.

In terms of budget versus actual variances, most departments were within the range of a few percentage points from expected expenses. There were some positive department expense variances of note, Human Resources and Police. There are a few others, but these two make up the bulk of the positive variance in General Fund budget versus actual expenditures. The core issue for the variances is labor. Given market conditions, all departments have found a dearth of candidates for open positions in the fiscal year. This has meant several positions remained opened. In cases where employee departures occurred, their positions were often filled with more junior personnel, resulting in lower cost health insurance plans and it also decreased the other labor associated costs. The result was approximately \$115,000 lower than planned health insurance outlay for the year. An unanticipated reduction of \$31,000 dollars was due to a premium holiday for workers' compensation insurance. Some other departments experienced the same phenomenon, such as Public Works Administration, causing an \$81,000 positive variance, and the Town Clerk/Tax Collector's department. Again, these variances were either directly or indirectly related to an inability to acquire personnel. In the case of Social Service Grants, which had a roughly \$39,000 positive variance, the issue was one of non-profit organizations not requesting money budgeted for them. This issue will be addressed through improved communication in the future.

6. Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets, as of June 30, 2023, amounted to \$42,766,486 and \$36,644,946 (net of accumulated depreciation), for its governmental and business-type activities, respectively. This investment in capital assets includes land, buildings and building improvements, machinery, vehicles, and equipment, and infrastructure.

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

	Governmental Activities	Business- Type Activities
Capital Asset Additions:		
Paving	\$777,196	
Fire Station Mezzanine Renovation	\$340,615	
Tucker Well (WTF)		\$1,749,197
South Main Street Water Project (WTF)		\$ 181,438
Sewall Pumping Station Improvements (WTF)		\$ 602,090
South Main Street Water Project (WTF)		\$ 575,840
Disc Thickener/Polymer System (WWF)		\$ 183,058
Sewer Thickener Project (WWF)		\$ 104,675

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Debt Administration: The Town's outstanding debt, as of June 30, 2023, amounted to \$4,382,753 and \$20,948,695 (consisting of bonds, notes/loans, and bond premium), for its governmental and business-type activities, respectively. This outstanding debt is used for the purchase, renovation, and maintenance of the Town's capital assets.

New debt issuances during the current fiscal year included the following:

	Governmental Activities	Business- Type Activities
New Road Stormwater Improvements	\$573,586	
Water Distribution and Treatment Upgrades (WTF)		\$6,819,000

7. Currently Known Facts, Decisions, or Conditions of Future Significance

For the coming year, it is anticipated there will be significant health insurance cost increases resulting from a 23.5% Guaranteed Maximum Rate (GMR). This information was provided by our health insurance provider, HealthTrust, when preparing the FY2025 budget. Upward pressure on wages will also continue due to the recently negotiated labor contract with the police officers' union and regional labor market conditions. Underlying the labor market conditions is the real estate segment which has experienced significant valuation increases over the past nine years and driven both home ownership and home rental prices up. These increases, and other Consumer Price Index (CPI) related inflation factors, are causal elements for the regional wage increases experienced in the last few years. This phenomenon may work itself out through organic market adjustments over a time horizon of two to three years depending on the stability of national and global political and military situations. Management has made reasonable wage increases over the past two years to make working for the Town comparatively attractive. However, it is competing with both public and private sector employers. This reality has presented real challenges for management which continues to seek viable, financially responsible solutions that will enable the Town to provide high quality public services to the community.

8. Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, Town of Newmarket, 186 Main Street, Newmarket, New Hampshire 03857.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF NEWMARKET, NEW HAMPSHIRE
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,630,026	\$ 9,095,887	\$ 25,725,913
Investments	1,223,603	-	1,223,603
Taxes receivables	3,463,718	-	3,463,718
Account receivables (net)	141,114	1,042,098	1,183,212
Intergovernmental receivable	-	3,170,169	3,170,169
Internal balances	266,124	(266,124)	-
Prepaid items	12,300	37,699	49,999
Tax deeded property, subject to resale	7,339	-	7,339
Capital assets:			
Land and construction in progress	9,071,791	14,730,145	23,801,936
Other capital assets, net of depreciation	33,694,695	21,914,801	55,609,496
Total assets	<u>64,510,710</u>	<u>49,724,675</u>	<u>114,235,385</u>
DEFERRED OUTFLOWS OF RESOURCES			
School taxes paid in advance	1,441,760	-	1,441,760
Amounts related to pensions	1,431,019	167,386	1,598,405
Amounts related to other postemployment benefits	228,687	26,750	255,437
Total deferred outflows of resources	<u>3,101,466</u>	<u>194,136</u>	<u>3,295,602</u>
LIABILITIES			
Accounts payable	716,881	416,532	1,133,413
Accrued salaries and benefits	100,196	13,288	113,484
Retainage payable	5,918	250,874	256,792
Contracts payable	41,450	51,551	93,001
Accrued interest payable	87,043	211,674	298,717
Intergovernmental payable	132,981	-	132,981
Escrow and performance deposits	42,767	7,077	49,844
Long-term liabilities:			
Due within one year	338,347	908,429	1,246,776
Due in more than one year	11,788,024	21,397,862	33,185,886
Total liabilities	<u>13,253,607</u>	<u>23,257,287</u>	<u>36,510,894</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	13,451,764	-	13,451,764
Unavailable revenue - grants	535,381	-	535,381
Amounts related to pensions	121,263	14,184	135,447
Amounts related to other postemployment benefits	352,689	41,255	393,944
Total deferred inflows of resources	<u>14,461,097</u>	<u>55,439</u>	<u>14,516,536</u>
NET POSITION			
Net investment in capital assets	38,383,733	15,696,251	54,079,984
Restricted	1,674,389	828	1,675,217
Unrestricted	(160,650)	10,909,006	10,748,356
Total net position	<u>\$ 39,897,472</u>	<u>\$ 26,606,085</u>	<u>\$ 66,503,557</u>

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

EXHIBIT B
TOWN OF NEWMARKET, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 4,025,523	\$ 12,133	\$ 43,299	\$ -	\$ (3,970,091)	\$ -	\$ (3,970,091)
Public safety	2,927,012	493,089	178,242	-	(2,255,681)	-	(2,255,681)
Highways and streets	4,329,039	1,812	186,436	159,787	(3,981,004)	-	(3,981,004)
Welfare	56,523	-	10,646	83,039	37,162	-	37,162
Culture and recreation	1,125,601	607,052	84,724	-	(433,825)	-	(433,825)
Conservation	15,457	-	7,288	-	(8,169)	-	(8,169)
Economic development	3,063	-	-	-	(3,063)	-	(3,063)
Interest on long-term debt	22,978	-	-	-	(22,978)	-	(22,978)
Capital outlay	-	-	-	52,649	52,649	-	52,649
Total governmental activities	12,505,196	1,114,086	510,635	295,475	(10,585,000)	-	(10,585,000)
Business-type activities:							
Water	1,653,186	1,493,020	-	841,525	-	681,359	681,359
Wastewater	1,945,388	2,682,820	143,031	-	-	880,463	880,463
Solid waste	810,419	390,457	-	-	-	(419,962)	(419,962)
Total business-type activities	4,408,993	4,566,297	143,031	841,525	-	1,141,860	1,141,860
Total	\$ 16,914,189	\$ 5,680,383	\$ 653,666	\$ 1,137,000	(10,585,000)	1,141,860	(9,443,140)
General revenues:							
Taxes:							
Property					6,089,289	-	6,089,289
Other					51,001	-	51,001
Motor vehicle permit fees					1,784,093	-	1,784,093
Licenses and other fees					351,020	-	351,020
Grants and contributions not restricted to specific programs					1,438,303	-	1,438,303
Unrestricted investment earnings					176,085	117,466	293,551
Miscellaneous					96,969	30,461	127,430
Total general revenues					9,986,760	147,927	10,134,687
Contributions to permanent funds					8,900	-	8,900
Loan forgiveness					100,000	-	100,000
Transfers					(838,593)	838,593	-
Total general revenues, contributions, and transfers					9,257,067	986,520	10,243,587
Change in net position					(1,327,933)	2,128,380	800,447
Net position, beginning					41,225,405	24,477,705	65,703,110
Net position, ending					\$ 39,897,472	\$ 26,606,085	\$ 66,503,557

EXHIBIT C-1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2023

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,946,727	\$ 808,895	\$ 1,874,404	\$ 16,630,026
Investments	110,259	-	1,113,344	1,223,603
Receivables, net of allowance for uncollectible:				
Taxes	3,463,718	-	-	3,463,718
Accounts	133,786	-	7,328	141,114
Interfund receivable	268,160	35,498	385	304,043
Prepaid items	33,512	-	-	33,512
Tax deeded property, subject to resale	7,339	-	-	7,339
Total assets	<u>17,963,501</u>	<u>844,393</u>	<u>2,995,461</u>	<u>21,803,355</u>
DEFERRED OUTFLOWS OF RESOURCES				
School taxes paid in advance	1,441,760	-	-	1,441,760
Total assets and deferred outflows of resources	<u>\$ 19,405,261</u>	<u>\$ 844,393</u>	<u>\$ 2,995,461</u>	<u>\$ 23,245,115</u>
LIABILITIES				
Accounts payable	\$ 444,414	\$ 245,026	\$ 27,441	\$ 716,881
Accrued salaries and benefits	90,654	-	9,542	100,196
Retainage payable	-	-	5,918	5,918
Contracts payable	-	41,450	-	41,450
Intergovernmental payable	132,981	-	-	132,981
Interfund payable	35,498	385	2,036	37,919
Escrow and performance deposits	42,767	-	-	42,767
Total liabilities	<u>746,314</u>	<u>286,861</u>	<u>44,937</u>	<u>1,078,112</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	13,469,935	-	-	13,469,935
Unavailable revenue - grants	-	535,381	-	535,381
Total deferred inflows of resources	<u>13,469,935</u>	<u>535,381</u>	<u>-</u>	<u>14,005,316</u>
FUND BALANCES				
Nonspendable	40,851	-	978,881	1,019,732
Restricted	329,628	22,151	343,729	695,508
Committed	1,563,380	-	1,627,914	3,191,294
Assigned	95,689	-	-	95,689
Unassigned	3,159,464	-	-	3,159,464
Total fund balances	<u>5,189,012</u>	<u>22,151</u>	<u>2,950,524</u>	<u>8,161,687</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,405,261</u>	<u>\$ 844,393</u>	<u>\$ 2,995,461</u>	<u>\$ 23,245,115</u>

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

EXHIBIT C-2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2023

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 8,161,687
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 90,047,288	
Less accumulated depreciation	<u>(47,280,802)</u>	
		42,766,486
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 1,431,019	
Deferred inflows of resources related to pensions	(121,263)	
Deferred outflows of resources related to OPEB	228,687	
Deferred inflows of resources related to OPEB	<u>(352,689)</u>	
		1,185,754
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (37,919)	
Payables	<u>37,919</u>	
		-
Long-term revenue (taxes) is not available to pay current period expenditures, and therefore, is deferred in the governmental funds.		18,171
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(87,043)
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds are prepaid items, but reduce the liability on the government-wide financial statements.		(21,212)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 1,535,000	
Notes	2,681,408	
Unamortized bond premium	166,345	
Compensated absences	429,342	
Net pension liability	6,168,193	
Other postemployment benefits	<u>1,146,083</u>	
		<u>(12,126,371)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 39,897,472</u>

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

EXHIBIT C-3
TOWN OF NEWMARKET, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 6,205,612	\$ -	\$ 8,400	\$ 6,214,012
Licenses and permits	2,135,113	-	-	2,135,113
Intergovernmental	1,155,869	799,334	180,655	2,135,858
Charges for services	322,545	-	791,541	1,114,086
Miscellaneous	182,063	28,918	123,325	334,306
Total revenues	10,001,202	828,252	1,103,921	11,933,375
EXPENDITURES				
Current:				
General government	3,845,929	1,895	27,008	3,874,832
Public safety	2,341,393	64,194	142,010	2,547,597
Highways and streets	1,450,437	159,786	-	1,610,223
Welfare	34,543	-	21,980	56,523
Culture and recreation	662,848	24,590	418,833	1,106,271
Conservation	3,177	-	12,280	15,457
Economic development	3,063	-	-	3,063
Debt service:				
Principal	265,000	-	-	265,000
Interest	65,757	-	-	65,757
Capital outlay	654,674	610,174	699,891	1,964,739
Total expenditures	9,326,821	860,639	1,322,002	11,509,462
Excess (deficiency) of revenues over (under) expenditures	674,381	(32,387)	(218,081)	423,913
OTHER FINANCING SOURCES (USES)				
Transfers in	-	54,538	-	54,538
Transfers out	(893,131)	-	-	(893,131)
Note proceeds	-	-	573,586	573,586
Total other financing sources (uses)	(893,131)	54,538	573,586	(265,007)
Net change in fund balances	(218,750)	22,151	355,505	158,906
Fund balances, beginning	5,407,762	-	2,595,019	8,002,781
Fund balances, ending	\$ 5,189,012	\$ 22,151	\$ 2,950,524	\$ 8,161,687

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

EXHIBIT C-4
TOWN OF NEWMARKET, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

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

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 158,906
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 1,202,871	
Depreciation expense	<u>(2,409,349)</u>	
		(1,206,478)
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 tax revenue		(17,519)
Prepaid debt consumes current financial resources of governmental funds, but reduces net position on the government-wide statements. Change in prepaid debt		1,711
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds of notes/loans	\$ (573,586)	
Repayment of bonds	265,000	
Repayment of notes/loans	260,729	
Amortization of bond premium	<u>9,785</u>	
		(38,072)
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	\$ 31,283	
Increase in compensated absences payable	(60,327)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	9,000	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(206,437)</u>	
		(226,481)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (1,327,933)</u></u>

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

EXHIBIT D
TOWN OF NEWMARKET, 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, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ 6,148,800	\$ 6,148,800	\$ 6,188,093	\$ 39,293
Licenses and permits	2,051,877	2,051,877	2,082,883	31,006
Intergovernmental	1,198,012	1,198,012	1,155,869	(42,143)
Charges for services	221,700	221,700	314,821	93,121
Miscellaneous	85,277	85,277	167,993	82,716
Total revenues	9,705,666	9,705,666	9,909,659	203,993
EXPENDITURES				
Current:				
General government	4,123,948	4,123,948	3,856,393	267,555
Public safety	2,587,996	2,587,996	2,370,934	217,062
Highways and streets	1,421,226	1,421,226	1,319,405	101,821
Welfare	89,530	89,530	34,543	54,987
Culture and recreation	301,028	301,028	292,387	8,641
Conservation	4,185	4,185	3,177	1,008
Economic development	30,000	30,000	3,063	26,937
Debt service:				
Principal	190,000	265,000	265,000	-
Interest	66,369	70,044	65,757	4,287
Capital outlay	-	640,149	640,149	-
Total expenditures	8,814,282	9,533,106	8,850,808	682,298
Excess of revenues over expenditures	891,384	172,560	1,058,851	886,291
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	793,824	718,824	(75,000)
Transfers out	(1,466,384)	(1,466,384)	(1,747,939)	(281,555)
Total other financing sources (uses)	(1,391,384)	(672,560)	(1,029,115)	(356,555)
Net change in fund balances	\$ (500,000)	\$ (500,000)	29,736	\$ 529,736
Decrease in nonspendable fund balance			71,563	
Unassigned fund balance, beginning			3,076,336	
Unassigned fund balance, ending			\$ 3,177,635	

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

EXHIBIT E-1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-type Activities			
	Enterprise Funds			Total
	Water	Wastewater	Solid Waste	Enterprise Funds
ASSETS				
Cash and cash equivalents	\$ 3,262,878	\$ 4,374,317	\$ 1,458,692	\$ 9,095,887
Receivables, net of allowance for uncollectible:				
Accounts	379,396	620,448	42,254	1,042,098
Intergovernmental	326,658	2,843,511	-	3,170,169
Prepaid items	-	37,699	-	37,699
Capital assets:				
Land and construction in progress	13,371,508	1,358,637	-	14,730,145
Other capital assets, net of depreciation	7,034,611	14,880,190	-	21,914,801
Total assets	24,375,051	24,114,802	1,500,946	49,990,799
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to pensions	64,966	102,420	-	167,386
Amounts related to other postemployment benefits	10,382	16,368	-	26,750
Total deferred outflows of resources	75,348	118,788	-	194,136
LIABILITIES				
Current liabilities:				
Accounts payable	147,597	171,335	97,600	416,532
Accrued salaries and benefits	4,359	8,798	131	13,288
Retainage payable	250,874	-	-	250,874
Contract payable	47,173	4,378	-	51,551
Accrued interest payable	100,421	111,253	-	211,674
Internal balances	170,142	95,982	-	266,124
Escrow and performance deposits	7,077	-	-	7,077
Long term liabilities:				
Due within one year	496,189	388,240	24,000	908,429
Due in more than one year	12,419,751	8,618,111	360,000	21,397,862
Total liabilities	13,643,583	9,398,097	481,731	23,523,411
DEFERRED INFLOWS OF RESOURCES				
Amounts related to pensions	5,505	8,679	-	14,184
Amounts related to other postemployment benefits	16,012	25,243	-	41,255
Total deferred inflows of resources	21,517	33,922	-	55,439
NET POSITION				
Net investment in capital assets	7,871,664	7,824,587	-	15,696,251
Restricted	828	-	-	828
Unrestricted	2,912,807	6,976,984	1,019,215	10,909,006
Total net position	\$ 10,785,299	\$ 14,801,571	\$ 1,019,215	\$ 26,606,085

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

EXHIBIT E-2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Business-type Activities			
	Enterprise Funds			Total
	Water	Wastewater	Solid Waste	Enterprise Funds
Operating revenues:				
User charges	\$ 1,373,438	\$ 2,059,124	\$ 377,470	\$ 3,810,032
Other sales	-	-	12,987	12,987
Fees and interest	3,171	5,964	-	9,135
Miscellaneous	116,411	617,732	-	734,143
Total operating revenues	<u>1,493,020</u>	<u>2,682,820</u>	<u>390,457</u>	<u>4,566,297</u>
Operating expenses:				
Salaries and wages	343,676	494,306	16,109	854,091
Operation and maintenance	191,545	423,648	-	615,193
Contractual services	361,243	193,386	736,371	1,291,000
Materials and supplies	112,918	142,061	57,939	312,918
Depreciation and amortization	358,262	461,665	-	819,927
Total operating expenses	<u>1,367,644</u>	<u>1,715,066</u>	<u>810,419</u>	<u>3,893,129</u>
Operating gain	<u>125,376</u>	<u>967,754</u>	<u>(419,962)</u>	<u>673,168</u>
Nonoperating revenue (expense):				
Interest income	66,884	23,250	27,332	117,466
Intergovernmental revenues	841,525	143,031	-	984,556
Interest expense	(285,542)	(230,322)	-	(515,864)
Other	30,461	-	-	30,461
Total nonoperating revenues (expense)	<u>653,328</u>	<u>(64,041)</u>	<u>27,332</u>	<u>616,619</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>838,593</u>	<u>838,593</u>
Change in net position	778,704	903,713	445,963	2,128,380
Net position, beginning	10,006,595	13,897,858	573,252	24,477,705
Net position, ending	<u>\$ 10,785,299</u>	<u>\$ 14,801,571</u>	<u>\$ 1,019,215</u>	<u>\$ 26,606,085</u>

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

EXHIBIT E-3
TOWN OF NEWMARKET, NEW HAMPSHIRE
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Business-type Activities			
	Enterprise Funds			Total
	Water	Wastewater	Solid Waste	Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,508,915	\$ 2,752,293	\$ 390,311	\$ 4,651,519
Payments to employees	(340,569)	(539,672)	(16,104)	(896,345)
Payments to suppliers	(1,111,967)	(306,099)	(762,917)	(2,180,983)
Net cash provided by (used for) operating activities	56,379	1,906,522	(388,710)	1,574,191
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
State Aid grants received	-	122,896	-	122,896
Principal paid on bonds and notes	(299,462)	(345,455)	-	(644,917)
Acquisition and construction of fixed assets	(2,324,763)	(338,533)	-	(2,663,296)
Interest paid	(285,542)	(230,322)	-	(515,864)
Net cash used for capital and related financing activities	(2,909,767)	(791,414)	-	(3,701,181)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers in	-	-	838,593	838,593
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	66,884	23,250	27,332	117,466
Net increase (decrease) in cash and cash equivalents	(2,786,504)	1,138,358	477,215	(1,170,931)
Cash and cash equivalents, beginning	6,049,382	3,235,959	981,477	10,266,818
Cash and cash equivalents, ending	\$ 3,262,878	\$ 4,374,317	\$ 1,458,692	\$ 9,095,887
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating gain (loss)	\$ 125,376	\$ 967,754	\$ (419,962)	\$ 673,168
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:				
Depreciation expense	358,262	461,665	-	819,927
(Increase)/Decrease in accounts receivable	(5,752)	56,977	(146)	51,079
(Increase)/Decrease in intergovernmental receivables	21,647	12,496	-	34,143
Decrease in internal balances	165,787	323,611	-	489,398
Decrease in prepaid items	-	581	-	581
(Increase)/Decrease in deferred outflows related to pensions	(6,402)	2,560	-	(3,842)
Decrease in deferred outflows related to OPEB	17,382	31,848	-	49,230
Increase in accounts payable	139,045	137,008	43,393	319,446
Increase in accrued salaries and benefits	446	2,672	5	3,123
Increase in retainage payable	(6,243)	-	-	(6,243)
Increase in contracts payable	(744,850)	(8,204)	-	(753,054)
Increase in compensated absences	4,335	10,492	-	14,827
Decrease in accrued landfill postclosure care costs	-	-	(12,000)	(12,000)
Increase in net pension liability	86,655	94,837	-	181,492
Decrease in OPEB liabilities	(25,202)	(52,500)	-	(77,702)
Decrease in deferred inflows related to pensions	(54,837)	(99,489)	-	(154,326)
Decrease in deferred inflows related to OPEB	(19,270)	(35,786)	-	(55,056)
Total adjustments	(68,997)	938,768	31,252	901,023
Net cash provided by (used for) operating activities	\$ 56,379	\$ 1,906,522	\$ (388,710)	\$ 1,574,191

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

EXHIBIT F-1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	Private Purpose Trust	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 54,891	\$ 1,764,544
Investments	731,857	-
Intergovernmental receivables	-	10,326,645
Total assets	<u>786,748</u>	<u>12,091,189</u>
LIABILITIES		
Intergovernmental payables:		
School	-	9,857,029
County	-	469,616
Total liabilities	<u>-</u>	<u>10,326,645</u>
NET POSITION		
Unrestricted	<u>\$ 786,748</u>	<u>\$ 1,764,544</u>

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

EXHIBIT F-2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust	All Custodial Funds
ADDITIONS		
Contributions	\$ 300	\$ 50,000
Investment earnings	24,648	4,622
Change in fair market value	34,511	(188,849)
Impact fees collected	-	131,914
Taxes collected for other governments	-	20,615,142
Motor vehicle permit fees collected	-	552,890
Total additions	<u>59,459</u>	<u>21,165,719</u>
DEDUCTIONS		
Benefits paid	6,107	-
Administrative expenses	5,241	-
Payments of taxes to other governments	-	20,615,142
Payments of motor vehicle permit fees	-	552,890
Total deductions	<u>11,348</u>	<u>21,168,032</u>
Net increase in fiduciary net position	48,111	(2,313)
Net position, beginning	738,637	1,766,857
Net position, ending	<u><u>\$ 786,748</u></u>	<u><u>\$ 1,764,544</u></u>

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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TOWN OF NEWMARKET, NEW HAMPSHIRE
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

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

1-B Basis of Accounting and Measurement Focus

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

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

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

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
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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.

The Town reports the following major governmental funds:

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

Grants Fund – accounts for the resources received from various federal, state, and local agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

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 Project 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.

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

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary funds:

Water Fund – accounts for the operating activities of the Town’s water utility system.

Wastewater Fund – accounts for the operating activities of the Town’s sewer utility system.

Solid Waste Fund – accounts for the operating activities of the Town’s solid waste collection system.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town reports the following fiduciary funds:

Private Purpose Trust Fund – is used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The private purpose trust fund accounts for scholarship funds held for the benefit of the students of the Newmarket School District.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Custodial Fund – is custodial in nature and is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, 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.

1-D Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

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.

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

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

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

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

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

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

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

1-F Receivables

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

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses/expenditures as the items are used. Under the full accrual basis of accounting used for the government-wide and proprietary fund financial statements, prepayments of interest are recognized as expense to the extent they have been accrued.

1-H Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The Town has established a threshold of \$5,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets. All acquisitions of land and land improvements are capitalized regardless of cost.

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

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	5 - 40
Machinery, equipment, and vehicles	3 - 20
Infrastructure	5 - 40

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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JUNE 30, 2023

1-I Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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 proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

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 May 23, 2022 and October 26, 2022, and were due on July 6, 2022, and December 5, 2022, respectively. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at June 30, 2023, and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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, Newmarket School District, and Rockingham County, which are remitted to these entities as required by law.

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

Total assessment valuation with utilities	\$ 995,277,048
Total assessment valuation without utilities	\$ 989,156,531

The tax rates and amounts assessed for the year ended June 30, 2023 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 6.27	\$ 6,238,694
School portion:		
State of New Hampshire	1.42	1,407,023
Local	18.36	18,270,622
County portion	0.94	937,497
Total	<u>\$ 26.99</u>	<u>\$ 26,853,836</u>

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

1-K Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2023.

1-L Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until then. The Town has three items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to other postemployment benefits are reported in the government-wide and proprietary funds Statements of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, school taxes paid in advance for the 2023-24 school year are reported as a deferred outflow of resources in the general fund and governmental activities.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Town has four types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and proprietary fund Statements of Net Position for various estimate differences that will be amortized and recognized over future years. Property taxes not collected within 60-days of the fiscal year end, subsequent period tax commitments and taxes collected in advance are all reported as deferred inflows of resources. In addition, unavailable revenues from grants and donations arises when the related eligible expenditures will not be made until the subsequent period.

1-M Compensated Absences

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

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

1-N Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

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

Direct Placements – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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1-O Defined Benefit Pension Plan

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

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

1-P Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-Q Net Position/Fund Balances

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any 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 is not included in the calculation of net investment in capital assets.

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

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

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make the nature and extent of constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

Assigned – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council and Town Manager through the budgetary process.

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

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

The Town shall achieve and maintain a minimum unassigned fund balance of 5% of the general fund's annual budget, including Town, School, and County appropriations. The Town shall work toward maintaining an unassigned fund balance of at least 8% of the general fund's annual budget, including Town, School, and County appropriations.

1-R Use of Estimates

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

1-S Material Change in Fund Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the grants fund, which accounts for the resources received from various federal, state, and local agencies, did qualify as a major fund for the current fiscal year. As such it was reclassified from the nonmajor governmental funds.

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 major general fund, blended library fund, water, wastewater, and solid waste proprietary funds, and nonmajor recreation 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.

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State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2023, \$500,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 10,628,483
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	74,024
To eliminate transfers between the general fund and blended funds	(718,824)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	17,519
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 10,001,202</u></u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 10,598,747
Adjustments:	
Basis differences:	
Encumbrances, beginning	184,716
Encumbrances, ending	(95,689)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	386,986
To eliminate transfers between the general fund and blended funds	(854,808)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 10,219,952</u></u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The Town has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and has determined that none of the agreements met the requirements of the pronouncement.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits and certificates of deposit are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$27,545,348 and the bank balances totaled \$27,833,917. Petty cash totaled \$1,484.

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 25,725,913
Cash per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	1,819,435
Total cash and cash equivalents	<u>\$ 27,545,348</u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of June 30, 2023:

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Investments type:				
Common stock	\$ 385,083	\$ -	\$ -	\$ 385,083
Corporate bonds	195,742	-	-	195,742
Certificates of deposit	42,668	-	-	42,668
Equity mutual funds	397,079	-	-	397,079
Fixed income mutual funds	672,625	-	-	672,625
U.S. Treasury bonds	194,672	-	-	194,672
Total fair value of investments	<u>\$ 1,887,869</u>	<u>\$ -</u>	<u>\$ -</u>	1,887,869
Investments carried at amortized cost:				
NH Public Deposit Investment Pool				67,591
Total investments				<u>\$ 1,955,460</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 not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments Type	Reported Balance	Exempt from Disclosure	Remaining Maturity (in Months)			
			12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Common stock - no maturity	\$ 385,083	\$ 385,083	\$ -	\$ -	\$ -	\$ -
Corporate bonds	195,742	-	49,587	97,462	48,693	-
Certificates of deposit	42,668	-	42,668	-	-	-
Equity mutual funds - no maturity	397,079	397,079	-	-	-	-
Fixed income mutual funds	672,625	563,950	-	-	-	108,675
New Hampshire Public Deposit Investment Pool	67,591	67,591	-	-	-	-
U.S. Treasury bonds	194,672	97,742	-	-	96,930	-
Total	<u>\$ 1,955,460</u>	<u>\$ 1,511,445</u>	<u>\$ 92,255</u>	<u>\$ 97,462</u>	<u>\$ 145,623</u>	<u>\$ 108,675</u>

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Credit Risk - The Town has no formal policy on managing credit risk; however, State law limits investments as explained in Note 1-E. As of June 30, 2023, the Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt From Disclosure	Rating as of Year End	
			A	BBB
Common stock	\$ 385,083	\$ 385,083	\$ -	\$ -
Corporate bonds	195,742	-	98,317	97,425
Certificates of deposit	42,668	42,668	-	-
Equity mutual funds	397,079	397,079	-	-
Fixed income mutual funds	672,625	672,625	-	-
New Hampshire Public Deposit Investment Pool	67,591	67,591	-	-
U.S. Treasury bonds	194,672	194,672	-	-
Total	<u>\$ 1,955,460</u>	<u>\$ 1,759,718</u>	<u>\$ 98,317</u>	<u>\$ 97,425</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have custodial credit risk policies for investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,223,603
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	731,857
Total investments	<u>\$ 1,955,460</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivables represent the amount of current and prior year taxes which have not been collected as of June 30, 2023. Taxes receivable by year are as follows:

	Governmental Activities	Governmental Fund General
Property:		
Levy of 2023	\$ 3,339,215	\$ 3,339,215
Unredeemed (under tax lien):		
Levy of 2022	80,595	80,595
Levy of 2021	43,908	43,908
Taxes receivable	<u>\$ 3,463,718</u>	<u>\$ 3,463,718</u>

NOTE 6 – OTHER RECEIVABLES

Receivables at June 30, 2023, consisted of accounts (billings for ambulance, police details, water, wastewater, solid waste, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

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Receivables as of June 30, 2023 for the Town's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Governmental Funds		Proprietary Funds			Fiduciary Funds
			General	Nonmajor	Water	Wastewater	Solid Waste	All Custodial
Receivables:								
Accounts	\$ 442,415	\$ 1,043,310	\$ 435,087	\$ 7,328	\$ 379,396	\$ 620,448	\$ 43,466	\$ -
Intergovernmental	-	3,170,169	-	-	326,658	2,843,511	-	10,326,645
Gross receivables	442,415	4,213,479	435,087	7,328	706,054	3,463,959	43,466	10,326,645
Less:								
Allowance for uncollectibles	(301,301)	(1,212)	(301,301)	-	-	-	(1,212)	-
Net total receivables	\$ 141,114	\$ 4,212,267	\$ 133,786	\$ 7,328	\$ 706,054	\$ 3,463,959	\$ 42,254	\$ 10,326,645

* Fiduciary Funds - intergovernmental receivables represent property taxes collected on behalf of the Newmarket School District and Rockingham County. These amounts are collected and are part of the Town's general fund cash at year-end. The general fund reports an offsetting deferred inflow of resources for unavailable property tax revenue for this amount at year-end, see Note 11.

NOTE 7 – PREPAID ITEMS

Prepaid items at June 30, 2023 consisted of the following:

	Governmental Activities	Business-type Activities	Governmental Fund General	Proprietary Fund Wastewater
Interest on long-term debt	\$ 7,227	\$ 37,699	\$ 28,439	\$ 37,699
Insurance	2,763	-	2,763	-
Other miscellaneous	2,310	-	2,310	-
Total	\$ 12,300	\$ 37,699	\$ 33,512	\$ 37,699

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 6,213,245	\$ -	\$ 6,213,245
Intangible asset	75,986	-	75,986
Construction in progress	2,441,945	340,615	2,782,560
Total capital assets not being depreciated	8,731,176	340,615	9,071,791
Being depreciated:			
Buildings and building improvements	6,384,018	35,002	6,419,020
Machinery, vehicles, and equipment	6,694,133	44,370	6,738,503
Infrastructure	67,035,090	782,884	67,817,974
Total capital assets being depreciated	80,113,241	862,256	80,975,497
Total all capital assets	88,844,417	1,202,871	90,047,288
Less accumulated depreciation:			
Buildings and building improvements	(2,732,980)	(220,271)	(2,953,251)
Machinery, vehicles, and equipment	(4,357,277)	(405,846)	(4,763,123)
Infrastructure	(37,781,196)	(1,783,232)	(39,564,428)
Total accumulated depreciation	(44,871,453)	(2,409,349)	(47,280,802)
Net book value, capital assets being depreciated	35,241,788	(1,547,093)	33,694,695
Net book value, all governmental activities capital assets	\$ 43,972,964	\$ (1,206,478)	\$ 42,766,486

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Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Business-type activities:			
At cost:			
Not being depreciated:			
Land	\$ 852,397	\$ -	\$ 852,397
Construction in progress	10,585,012	3,292,736	13,877,748
Total capital assets not being depreciated	<u>11,437,409</u>	<u>3,292,736</u>	<u>14,730,145</u>
Being depreciated:			
Buildings and building improvements	20,502,966	-	20,502,966
Machinery, vehicles, and equipment	1,293,925	222,873	1,516,798
Infrastructure	15,378,336	-	15,378,336
Total capital assets being depreciated	<u>37,175,227</u>	<u>222,873</u>	<u>37,398,100</u>
Total all capital assets	<u>48,612,636</u>	<u>3,515,609</u>	<u>52,128,245</u>
Less accumulated depreciation:			
Buildings and building improvements	(7,003,835)	(401,386)	(7,405,221)
Machinery, vehicles, and equipment	(409,170)	(81,773)	(490,943)
Infrastructure	(7,250,367)	(336,768)	(7,587,135)
Total accumulated depreciation	<u>(14,663,372)</u>	<u>(819,927)</u>	<u>(15,483,299)</u>
Net book value, capital assets being depreciated	<u>22,511,855</u>	<u>(597,054)</u>	<u>21,914,801</u>
Net book value, all business-type activities capital assets	<u>\$ 33,949,264</u>	<u>\$ 2,695,682</u>	<u>\$ 36,644,946</u>

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

Governmental activities:	
General government	\$ 102,737
Public safety	373,608
Highways and streets	1,812,522
Culture and recreation	120,482
Total depreciation expense	<u>\$ 2,409,349</u>
Business-type activities:	
Water	\$ 358,262
Sewer	461,665
Total depreciation expense	<u>\$ 819,927</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 170,142
General	Wastewater	95,982
General	Nonmajor	2,036
Grants	General	35,498
Nonmajor	Grants	385
		<u>\$ 304,043</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.

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Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2023 is as follows:

	Transfers In:		
	Governmental	Proprietary	Total
	Fund	Funds	
	Grants	Solid Waste	
Transfers out:			
General fund	\$ 54,538	\$ 838,593	\$ 893,131

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

NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at June 30, 2023 consist of the following:

	Governmental	Governmental	Fiduciary Funds
			All
	Activities	Fund	Custodial
		General	Funds
Balance due to the State of New Hampshire	\$ 4,850	\$ 4,850	\$ -
Balance due to New Hampshire Retirement System	128,131	128,131	-
Property taxes due to:			
Newmarket School District	-	-	9,857,029 *
Rockingham County	-	-	469,616
Total intergovernmental payables due	\$ 132,981	\$ 132,981	\$ 10,326,645

* Property taxes due to the Newmarket School District represent amounts collected by the Town that will be paid to the School District in incremental payments based upon an agreed schedule in the next fiscal year.

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental	Business-type	Governmental	Proprietary Funds	
	Activities	Activities	Fund	Water	Wastewater
			General		
School taxes paid in advance	\$ 1,441,760	\$ -	\$ 1,441,760	\$ -	\$ -
Amounts related to pensions, see Note 14	1,431,019	167,386	-	64,966	102,420
Amounts related to OPEB, see Note 15	228,687	26,750	-	10,382	16,368
Total deferred inflows of resources	\$ 3,101,466	\$ 194,136	\$ 1,441,760	\$ 75,348	\$ 118,788

Deferred inflows of resources are as follows:

	Governmental	Governmental Funds	
	Activities	General	Grants
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 18,171	\$ -
Property taxes collected in advance	13,451,764	13,451,764	-
Grant revenue collected in advance of eligible expenditures being made	535,381	-	535,381
Amounts related to pensions, see Note 14	121,263	-	-
Amounts related to OPEB, see Note 15	352,689	-	-
Total deferred inflows of resources	\$ 14,461,097	\$ 13,469,935	\$ 535,381

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Deferred inflows of resources continued:

	Business-type Activities	Proprietary Funds	
		Water	Wastewater
Amounts related to pensions, see Note 14	\$ 14,184	\$ 5,505	\$ 8,679
Amounts related to OPEB, see Note 15	41,255	16,012	25,243
Total deferred inflows of resources	<u>\$ 55,439</u>	<u>\$ 21,517</u>	<u>\$ 33,922</u>

NOTE 12 – DEBT REFUNDING

On February 17, 2023, the Town issued \$6,819,000 of general obligation refunding bonds, with an interest rate of 2.75%. The bond was issued by the United States of America acting through the USDA Rural Utility Service and will be repaid through fifty-one (51) equal semi-annual installments of \$184,454, commencing August 17, 2023. The final payment will be due February 17, 2049.

The general obligation refunding bonds replaced an interim financing note payable issued through a local financial institution upon completion of municipal water system upgrades throughout the Town.

NOTE 13 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due In More Than One Year
Governmental activities:						
Bonds payable - direct placements	\$ 1,800,000	\$ -	\$ (265,000)	\$ 1,535,000	\$ 90,000	\$ 1,445,000
Notes/loans payable - direct borrowings	2,368,551	573,586	(260,729)	2,681,408	202,756	2,478,652
Premium	176,130	-	(9,785)	166,345	9,785	156,560
Total bonds/notes payable	4,344,681	573,586	(535,514)	4,382,753	302,541	4,080,212
Compensated absences	369,015	60,327	-	429,342	35,806	393,536
Net pension liability	4,823,086	1,345,107	-	6,168,193	-	6,168,193
Net other postemployment benefits	1,027,783	139,584	(21,284)	1,146,083	-	1,146,083
Total long-term liabilities	<u>\$ 10,564,565</u>	<u>\$ 2,118,604</u>	<u>\$ (556,798)</u>	<u>\$ 12,126,371</u>	<u>\$ 338,347</u>	<u>\$ 11,788,024</u>
Business-type activities:						
Bonds payable - direct placements	\$ 11,705,775	\$ -	\$ (463,776)	\$ 11,241,999	\$ 471,705	\$ 10,770,294
Notes/loans payable - direct borrowings	9,174,897	6,819,000	(7,000,141)	8,993,756	357,794	8,635,962
Premium	746,890	-	(33,950)	712,940	33,950	678,990
Total bonds/notes payable	21,627,562	6,819,000	(7,497,867)	20,948,695	863,449	20,085,246
Compensated absences	103,218	14,827	-	118,045	20,980	97,065
Accrued landfill postclosure care costs	396,000	-	(12,000)	384,000	24,000	360,000
Net pension liability	540,002	181,492	-	721,494	-	721,494
Net other postemployment benefits	211,759	1,041	(78,743)	134,057	-	134,057
Total long-term liabilities	<u>\$ 22,878,541</u>	<u>\$ 7,016,360</u>	<u>\$ (7,588,610)</u>	<u>\$ 22,306,291</u>	<u>\$ 908,429</u>	<u>\$ 21,397,862</u>

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

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2023	Current Portion
Governmental activities:						
Bonds payable - direct placements:						
Macallen Dam renovation	\$ 1,804,300	2020	2040	2.15%	\$ 1,535,000	\$ 90,000
Notes/loans payable - direct borrowing:						
Energy efficiency upgrades	\$ 149,794	2018	2028	3.99%	82,200	15,179
Energy efficiency upgrades	\$ 328,000	2019	2039	4.28%	985,368	44,146
Fire engine	\$ 625,000	2020	2031	2.32%	306,717	35,334
Dump trucks	\$ 328,000	2021	2028	2.77%	234,111	44,299
Sludge thickening equipment	\$ 199,172	2021	2029	2.79%	173,012	26,889
New Road stormwater improvements	\$ 1,000,000	2022	2043	2.00%	900,000	36,909
Total direct borrowings					2,681,408	202,756
Business-type activities:						
Bonds payable - direct placements:						
Wastewater treatment project	\$ 7,805,775	2022	2044	2.47%	7,489,800	320,300
Macintosh and Tucker wells	\$ 3,900,000	2022	2042	2.84%	3,752,199	151,405
Total bonds payable					11,241,999	471,705
Notes/loans payable - direct borrowing:						
Macintosh Well land acquisition	\$ 340,000	2009	2029	0.00%	120,000	20,000
New Village	\$ 940,000	2012	2032	1.10%	211,500	23,500
Macintosh Well	\$ 2,002,080	2016	2037	1.96%	1,401,456	100,104
Great Hill	\$ 631,143	2016	2037	1.96%	441,800	31,557
Water distribution and treatment upgrades	\$ 6,819,000	2020	2049	2.75%	6,819,000	182,633
Total direct borrowings					8,993,756	357,794
Bond premium					712,940	33,950
Total					\$ 20,948,695	\$ 863,449

The annual requirements to amortize all general obligation bonds/notes/loans outstanding as of June 30, 2023, including interest payments, are as follows:

Fiscal Year Ending June 30,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 90,000	\$ 56,879	\$ 146,879	\$ 202,756	\$ 82,014	\$ 284,770
2025	90,000	52,289	142,289	208,927	75,851	284,778
2026	90,000	47,699	137,699	215,154	69,625	284,779
2027	90,000	43,109	133,109	221,581	63,196	284,777
2028	90,000	38,519	128,519	228,216	56,560	284,776
2029-2033	455,000	126,444	581,444	661,881	204,032	865,913
2034-2038	450,000	55,013	505,013	600,642	106,206	706,848
2039-2043	180,000	6,683	186,683	342,251	19,317	361,568
Totals	\$ 1,535,000	\$ 426,635	\$ 1,961,635	\$ 2,681,408	\$ 676,801	\$ 3,358,209

(Continued)

TOWN OF NEWMARKET, NEW HAMPSHIRE
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Annual requirements continued:

Business-type activities:

Fiscal Year Ending June 30,	Bonds - Direct Placements			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 471,705	\$ 390,699	\$ 862,404	\$ 357,794	\$ 192,840	\$ 550,634
2025	484,535	370,033	854,568	362,851	220,602	583,453
2026	494,489	348,810	843,299	368,048	212,093	580,141
2027	504,171	327,180	831,351	373,388	203,444	576,832
2027	517,384	305,157	822,541	378,876	168,840	547,716
2029-2033	2,744,964	1,202,944	3,947,908	1,878,684	835,774	2,714,458
2034-2038	2,956,424	718,513	3,674,937	1,794,916	602,074	2,396,990
2039-2043	2,881,527	264,589	3,146,116	1,453,855	390,685	1,844,540
2044-2048	186,800	5,557	192,357	1,666,595	177,945	1,844,540
2049	-	-	-	358,749	7,393	366,142
Totals	<u>\$ 11,241,999</u>	<u>\$ 3,933,482</u>	<u>\$ 15,175,481</u>	<u>\$ 8,993,756</u>	<u>\$ 3,011,690</u>	<u>\$ 12,005,446</u>

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 1990 and completed closure construction in 1995. Federal and State laws and regulations require that the Town 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 after the date the landfill no longer accepts waste. The New Hampshire Department of Environmental Services requirements for financial assurance for landfills require financial assurance for 30 years on an on-going basis. The estimated total current cost of the landfill postclosure care (\$384,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2023. 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/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2023 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 8, 2022	Sludge thickening & supplemental carbon upgrade survey	<u>\$ 75,000</u>

NOTE 14 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80%, respectively. For fiscal year 2023, the Town contributed 30.67% for police, 29.78% for firefighters, and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$695,457, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the Town reported a liability of \$6,889,687 (\$6,168,193 for the governmental activities; \$280,026 for the water fund, and \$441,468 for the wastewater fund, for a total of \$721,494 for the business-type activities) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the Town's proportion was 0.12%, which was the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$713,448. At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 146,055	\$ 108,999
Changes in assumptions	366,476	-
Net difference between projected and actual investment earnings on pension plan investments	261,110	-
Differences between expected and actual experience	129,307	26,448
Contributions subsequent to the measurement date	695,457	-
Total	<u>\$ 1,598,405</u>	<u>\$ 135,447</u>

The \$695,457 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, 2024.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 283,556
2024	229,440
2025	(96,994)
2026	351,499
2027	-
Thereafter	-
Totals	<u>\$ 767,501</u>

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

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

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

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

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 2022:

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

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 9,244,223	\$ 6,889,687	\$ 4,932,108

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

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

15-A New Hampshire Retirement System (NHRS)

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

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

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

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

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

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

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Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2023, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2023 was \$45,286, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2023, the Town reported a liability of \$398,860 (\$357,091 for the governmental activities; \$16,211 for the water fund and \$25,558 for the wastewater fund, for a total of \$41,769 in the business-type activities) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the Town's proportion was 0.11%, which was the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$16,272. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 1,090	\$ -
Contributions subsequent to the measurement date	45,286	-
Total	<u>\$ 46,376</u>	<u>\$ -</u>

The \$45,286 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 181
2024	47
2025	(429)
2026	1,291
2027	-
Thereafter	-
Totals	<u>\$ 1,090</u>

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

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

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

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

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

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

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 433,030	\$ 398,860	\$ 369,100

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

15-B Town of Newmarket Retiree Health Benefit Program

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

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Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire Inter-Local Trust.

Employees Covered by Benefit Terms – At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	57
Total participants covered by OPEB plan	<u>58</u>

Total OPEB Liability – The Town's total OPEB liability of \$881,280 (\$788,992 for the governmental activities; \$35,819 for the water fund and \$56,469 for the wastewater fund for a total of \$92,288 in the business-type activities) was measured as of June 30, 2023 and was determined by an actuarial valuation of July 1, 2021.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$881,280 in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.54%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.50%
Decrement	decreasing
Ultimate Trend	4.24%
Year Ultimate Trend is Reached	2090
Salary Increases:	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2022.

Mortality rates were based on Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Safety Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 fully generational.

Changes in the Total OPEB Liability

	June 30,	
	2022	2023
OPEB liability, beginning of year	\$ 1,291,497	\$ 818,804
Changes for the year:		
Service cost	42,317	43,815
Interest	26,715	28,806
Assumption changes	(475,994)	-
Benefit payments	(9,798)	(10,145)
Gain attributable to experience	(55,933)	-
OPEB liability, end of year:	<u>\$ 818,804</u>	<u>\$ 881,280</u>

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The July 1, 2021, actuarial valuation was prepared using a discount rate of 3.54%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to \$961,706, or by 9.13%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to \$808,579, or by 8.25%.

	Discount Rate		
	1% Decrease	Baseline 3.54%	1% Increase
Total OPEB Liability	<u>\$ 961,706</u>	<u>\$ 881,280</u>	<u>\$ 808,579</u>

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Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2021, actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to \$774,534, or by 12.11%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to \$1,007,808, or by 14.36%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	<u>\$ 774,534</u>	<u>\$ 881,280</u>	<u>\$ 1,007,808</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the Town recognized OPEB expense of \$119,331. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 195,465	\$ 352,520
Differences between expected and actual experience	13,596	41,424
Total	<u>\$ 209,061</u>	<u>\$ 393,944</u>

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

Fiscal Year Ending June 30,	
2024	\$ 46,710
2025	(19,072)
2026	(39,835)
2027	(54,710)
2028	(68,992)
Thereafter	(48,983)
Totals	<u>\$ (184,882)</u>

NOTE 16 – STATE AID TO WATER POLLUTION PROJECTS

The Town is due to receive from the State of New Hampshire the following amounts in the form of State aid to water pollution projects, which is reported in the wastewater fund:

Business-type activities:			
Bond Issued	Principal	Interest	Total
C-929 WWTF Upgrade	\$ 2,733,111	\$ 810,465	\$ 3,543,576

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.

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At June 30, 2023, the Town is due to receive the following annual amounts to offset debt payments:

Business-type activities:			
Fiscal Year Ending			
June 30,	Principal	Interest	Total
2024	\$ 123,063	\$ 69,755	\$ 192,818
2025	123,063	66,587	189,650
2026	121,269	63,419	184,688
2027	121,269	60,287	181,556
2028	121,269	57,156	178,425
2029-2033	606,345	238,805	845,150
2034-2038	606,345	160,505	766,850
2039-2043	606,345	82,207	688,552
2044-2046	304,143	11,744	315,887
Total	<u>\$ 2,733,111</u>	<u>\$ 810,465</u>	<u>\$ 3,543,576</u>

NOTE 17 – COMMITMENTS

The Town entered into construction contracts during the fiscal year for several ongoing projects. As of June 30, 2023, the Town had outstanding construction contracts totaling \$1,203,209, as follows:

	Spent to Date	Remaining Commitment
Governmental activities:		
Fire station renovation	\$ 396,066	\$ 348,619
Business-type activities:		
Water:		
New Road water and drainage improvements	1,813,991	181,761
Tucker Well improvements	1,795,607	284,869
Sewall pumping station improvements	990,338	88,720
Total water	<u>4,599,936</u>	<u>555,350</u>
Wastewater:		
Sludge thickener project	115,821	299,240
Total construction commitments	<u>\$ 5,111,823</u>	<u>\$ 1,203,209</u>

NOTE 18 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2023 and are as follows:

General fund:	
General government	\$ 18,237
Public safety	74,824
Highways and streets	628
Culture and recreation	2,000
Total encumbrances	<u>\$ 95,689</u>

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NOTE 19 – NET POSITION

Net position at June 30, 2023 includes the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, all capital assets	\$ 42,766,486	\$ 36,644,946	\$ 79,411,432	\$ -
Less:				
Bonds payable - direct placements	(1,535,000)	(11,241,999)	(12,776,999)	-
Unamortized bond premiums	(166,345)	(712,940)	(879,285)	-
Notes/loans payable - direct borrowings	(2,681,408)	(8,993,756)	(11,675,164)	-
Total net investment in capital assets	<u>38,383,733</u>	<u>15,696,251</u>	<u>54,079,984</u>	<u>-</u>
Restricted net position:				
Grants	22,151	-	22,151	-
Capital projects	93,907	828	94,735	-
Library	329,628	-	329,628	-
Perpetual care - nonexpendable	978,881	-	978,881	-
Perpetual care - expendable	217,966	-	217,966	-
Pistol permits	5,964	-	5,964	-
Drug forfeiture	838	-	838	-
Federal drug forfeiture	25,054	-	25,054	-
Total restricted net position	<u>1,674,389</u>	<u>828</u>	<u>1,675,217</u>	<u>-</u>
Unrestricted	(160,650)	10,909,006	10,748,356	2,551,292
Total net position	<u>\$ 39,897,472</u>	<u>\$ 26,606,085</u>	<u>\$ 66,503,557</u>	<u>\$ 2,551,292</u>

NOTE 20 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2023 include the following:

	General Fund	Grants Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 33,512	\$ -	\$ -	\$ 33,512
Tax deeded property	7,339	-	-	7,339
Permanent fund - principal balance	-	-	978,881	978,881
Total nonspendable fund balance	<u>40,851</u>	<u>-</u>	<u>978,881</u>	<u>1,019,732</u>
Restricted:				
Library	329,628	-	-	329,628
Grants	-	22,151	-	22,151
Capital projects	-	-	93,907	93,907
Pistol permits	-	-	5,964	5,964
Drug forfeiture	-	-	838	838
Federal drug forfeiture	-	-	25,054	25,054
Permanent - income balance	-	-	217,966	217,966
Total restricted fund balance	<u>329,628</u>	<u>22,151</u>	<u>343,729</u>	<u>695,508</u>

(Continued)

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Governmental fund balances continued:

	General Fund	Grants Fund	Nonmajor Funds	Total Governmental Funds
Committed:				
Expendable trust	1,563,380	-	-	1,563,380
Recreation	-	-	1,079,824	1,079,824
Ambulance revolving	-	-	136,868	136,868
Public safety service revolving	-	-	236,566	236,566
Conservation commission	-	-	138,154	138,154
Impact fees	-	-	36,502	36,502
Total committed fund balance	1,563,380	-	1,627,914	3,191,294
Assigned:				
Encumbrances	95,689	-	-	95,689
Unassigned	3,159,464	-	-	3,159,464
Total governmental fund balances	\$ 5,189,012	\$ 22,151	\$ 2,950,524	\$ 8,161,687

NOTE 21 – 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 2023, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2022, to June 30, 2023 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The Workers' Compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. For the year ending June 30, 2022, the Town paid \$154,491 and \$133,231, respectively, to Primex³ for Workers' Compensation and Property/Liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 22 – CONTINGENT LIABILITIES

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

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 23 – SUBSEQUENT EVENTS

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Management has evaluated subsequent events through December 27, 2023, the date the June 30, 2023 financial statements were available to be issued, and the following event occurred that requires recognition or disclosure:

On March 14, 2023, the Town's legislative body voted to approve Warrant Article No. 2 to raise and appropriate \$100,000 for the purpose of Stormwater planning work relative to management of the municipal storm drain system in the area of Moody Point with funding to be raised through the issuance of bonds and notes.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF NEWMARKET, 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, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net pension liability	0.14%	0.13%	0.12%	0.12%	0.12%	0.12%	0.12%	0.11%	0.12%	0.12%
Town's proportionate share of the net pension liability	\$ 5,012,607	\$ 4,447,840	\$ 4,802,182	\$ 6,333,818	\$ 5,827,776	\$ 5,654,926	\$ 5,825,930	\$ 7,496,179	\$ 5,363,087	\$ 6,889,687
Town's covered payroll (as of the measurement date)	\$ 2,768,188	\$ 2,811,851	\$ 2,877,003	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138	\$ 3,538,138	\$ 3,631,838
Town's proportionate share of the net pension liability as a percentage of its covered payroll	181.08%	158.18%	166.92%	207.45%	186.18%	169.73%	173.68%	211.87%	151.58%	189.70%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

EXHIBIT H
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 289,606	\$ 384,428	\$ 422,316	\$ 466,972	\$ 495,679	\$ 525,896	\$ 521,538	\$ 520,644	\$ 691,791	\$ 695,457
Contributions in relation to the contractually required contributions	(289,606)	(384,428)	(422,316)	(466,972)	(495,679)	(525,896)	(521,538)	(520,644)	(691,791)	(695,457)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year-end)	\$ 2,768,188	\$ 2,811,851	\$ 2,877,003	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138	\$ 3,631,838	\$ 3,872,484
Contributions as a percentage of covered payroll	10.46%	13.67%	14.68%	15.29%	15.84%	15.78%	15.55%	14.72%	19.05%	17.96%

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years.

EXHIBIT I
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Town's proportion of the net OPEB liability	0.08%	0.08%	0.11%	0.11%	0.10%	0.11%	0.11%
Town's proportionate share of the net OPEB liability (asset)	\$ 375,963	\$ 342,998	\$ 502,479	\$ 493,351	\$ 443,195	\$ 420,739	\$ 398,860
Town's covered payroll (as of the measurement date)	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138	\$ 3,538,138	\$ 3,631,838
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.31%	10.96%	15.08%	14.71%	12.53%	11.89%	10.98%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

EXHIBIT J
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 44,462	\$ 44,462	\$ 48,545	\$ 51,355	\$ 46,999	\$ 44,435	\$ 44,446
Contributions in relation to the contractually required contribution	(44,462)	(44,462)	(48,545)	(51,355)	(46,999)	(44,435)	(44,446)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year end)	<u>\$ 3,053,172</u>	<u>\$ 3,130,137</u>	<u>\$ 3,331,670</u>	<u>\$ 3,354,421</u>	<u>\$ 3,538,138</u>	<u>\$ 3,631,838</u>	<u>\$ 3,872,484</u>
Contributions as a percentage of covered payroll	1.46%	1.42%	1.46%	1.53%	1.33%	1.22%	1.15%

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

EXHIBIT K
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended June 30, 2023
Unaudited

	June 30,						
	2017	2018	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 349,147	\$ 930,008	\$ 895,748	\$ 944,292	\$ 1,225,970	\$ 1,291,497	\$ 818,804
Changes for the year:							
Service cost	52,859	37,983	38,742	55,242	56,463	42,317	43,815
Interest	13,254	32,745	31,716	25,502	26,897	26,715	28,806
Assumption changes	139,746	-	-	367,231	-	(475,994)	-
Differences between actual and expected experience	575,283	(74,309)	(2,283)	(148,850)	-	-	-
Change in actuarial cost method	(164,695)	-	-	-	-	-	-
Benefit payments	(35,586)	(30,679)	(19,631)	(17,447)	(17,833)	(9,798)	(10,145)
Gain attributable to experience	-	-	-	-	-	(55,933)	-
OPEB liability, end of year	<u>\$ 930,008</u>	<u>\$ 895,748</u>	<u>\$ 944,292</u>	<u>\$ 1,225,970</u>	<u>\$ 1,291,497</u>	<u>\$ 818,804</u>	<u>\$ 881,280</u>
Covered payroll	<u>\$ 3,053,172</u>	<u>\$ 3,925,787</u>	<u>\$ 4,004,303</u>	<u>\$ 3,230,471</u>	<u>\$ 3,295,080</u>	<u>\$ 3,450,074</u>	<u>\$ 3,622,578</u>
Total OPEB liability as a percentage of covered payroll	30.46%	22.82%	23.58%	37.95%	39.19%	23.73%	24.33%

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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

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

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

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

As required by GASB Statement No. 75, Exhibits I, J, and K represent the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

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

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2023. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 6,085,633	\$ 6,089,289	\$ 3,656
Land use change	18,958	8,400	(10,558)
Yield	128	5,180	5,052
Excavation	1,149	465	(684)
Payment in lieu of taxes	25,432	27,672	2,240
Interest and penalties on taxes	17,500	57,087	39,587
Total from taxes	<u>6,148,800</u>	<u>6,188,093</u>	<u>39,293</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	1,817,503	1,731,863	(85,640)
Building permits	40,423	209,760	169,337
Other	193,951	141,260	(52,691)
Total from licenses, permits, and fees	<u>2,051,877</u>	<u>2,082,883</u>	<u>31,006</u>
Intergovernmental:			
State:			
Meals and rooms distribution	827,401	827,401	-
Highway block grant	186,459	186,436	(23)
Other	27,113	27,113	-
Other:			
Newmarket School District	157,039	114,919	(42,120)
Total from intergovernmental	<u>1,198,012</u>	<u>1,155,869</u>	<u>(42,143)</u>
Charges for services:			
Income from departments	<u>221,700</u>	<u>314,821</u>	<u>93,121</u>
Miscellaneous:			
Sale of municipal property	40,674	-	(40,674)
Interest on investments	34,767	128,111	93,344
Other	9,836	39,882	30,046
Total from miscellaneous	<u>85,277</u>	<u>167,993</u>	<u>82,716</u>
Other financing sources:			
Transfers in	<u>793,824</u>	<u>718,824</u>	<u>(75,000)</u>
Total revenues and other financing sources	<u>10,499,490</u>	<u>\$ 10,628,483</u>	<u>\$ 128,993</u>
Unassigned fund balance used to reduce tax rate	<u>500,000</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 10,999,490</u>		

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 261,678	\$ 256,792	\$ -	\$ 4,886
Election and registration	-	217,765	178,075	-	39,690
Financial administration	1,200	296,565	281,403	-	16,362
Revaluation of property	-	86,253	87,485	-	(1,232)
Legal	-	90,000	99,498	-	(9,498)
Personnel administration	-	1,948,528	1,742,180	1,261	205,087
Planning and zoning	1,000	155,496	140,805	2,200	13,491
General government buildings	5,573	667,666	683,237	14,776	(24,774)
Cemeteries	-	42,417	21,391	-	21,026
Insurance, not otherwise allocated	-	110,157	109,201	-	956
Other	-	247,423	245,862	-	1,561
Total general government	7,773	4,123,948	3,845,929	18,237	267,555
Public safety:					
Police	43,435	1,943,103	1,707,058	41,748	237,732
Fire	1,848	539,103	519,047	33,076	(11,172)
Building inspection	-	103,540	115,254	-	(11,714)
Emergency management	-	2,250	34	-	2,216
Total public safety	45,283	2,587,996	2,341,393	74,824	217,062
Highways and streets:					
Administration	21	644,626	573,110	-	71,537
Highways and streets	131,280	491,800	621,547	628	905
Bridges	-	10,000	4,228	-	5,772
Street lighting	-	33,000	28,869	-	4,131
Other	359	241,800	222,683	-	19,476
Total highways and streets	131,660	1,421,226	1,450,437	628	101,821
Welfare:					
Administration and direct assistance	-	38,950	22,943	-	16,007
Intergovernmental welfare payments	-	50,580	11,600	-	38,980
Total welfare	-	89,530	34,543	-	54,987
Culture and recreation:					
Parks and recreation	-	243,528	245,330	-	(1,802)
Patriotic purposes	-	2,500	557	-	1,943
Other	-	55,000	44,500	2,000	8,500
Total culture and recreation	-	301,028	290,387	2,000	8,641
Conservation	-	4,185	3,177	-	1,008
Economic development	-	30,000	3,063	-	26,937
Debt service:					
Principal of long-term debt	-	265,000	265,000	-	-
Interest on long-term debt	-	70,044	65,757	-	4,287
Total debt service	-	335,044	330,757	-	4,287
Capital outlay	-	640,149	640,149	-	-
Other financing uses:					
Transfers out	-	1,466,384	1,747,939	-	(281,555)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 184,716	\$ 10,999,490	\$ 10,687,774	\$ 95,689	\$ 400,743

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF NEWMARKET, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2023

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 3,076,336
Changes:		
Unassigned fund balance used to reduce 2022-23 tax rate		(500,000)
2022-23 Budget summary:		
Revenue surplus (Schedule 1)	\$ 128,993	
Unexpended balance of appropriations (Schedule 2)	<u>400,743</u>	
Budget surplus		529,736
Decrease in nonspendable fund balance		<u>71,563</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		3,177,635
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		<u>(18,171)</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 3,159,464</u></u>

See Independent Auditor's Report.

SCHEDULE 4
TOWN OF NEWMARKET, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds					Conservation Commission
	Pistol Permits	Recreation	Drug Forfeiture	Ambulance Revolving	Public Safety Service Revolving	
ASSETS						
Cash and cash equivalents	\$ 5,964	\$ 1,103,392	\$ 838	\$ 152,319	\$ 228,853	\$ 138,154
Investments	-	-	-	-	-	-
Receivables, net of allowance for uncollectable:						
Accounts	-	-	-	-	7,328	-
Interfund receivable	-	-	-	-	385	-
Total assets	<u>\$ 5,964</u>	<u>\$ 1,103,392</u>	<u>\$ 838</u>	<u>\$ 152,319</u>	<u>\$ 236,566</u>	<u>\$ 138,154</u>
LIABILITIES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 11,990	\$ -	\$ 15,451	\$ -	\$ -
Accrued salaries and benefits	-	9,542	-	-	-	-
Retainage payable	-	-	-	-	-	-
Interfund payable	-	2,036	-	-	-	-
Total liabilities	<u>-</u>	<u>23,568</u>	<u>-</u>	<u>15,451</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	5,964	-	838	-	-	-
Committed	-	1,079,824	-	136,868	236,566	138,154
Total fund balances	<u>5,964</u>	<u>1,079,824</u>	<u>838</u>	<u>136,868</u>	<u>236,566</u>	<u>138,154</u>
Total liabilities and fund balances	<u>\$ 5,964</u>	<u>\$ 1,103,392</u>	<u>\$ 838</u>	<u>\$ 152,319</u>	<u>\$ 236,566</u>	<u>\$ 138,154</u>

Special Revenue Funds			Capital Project Funds				Permanent Fund	Total
Federal Drug Forfeiture	CDBG	Impact Fees	Macallen Dam	Open Space	New Road Drainage			
\$ 25,054	\$ -	\$ 36,502	\$ 6,707	\$ 87,200	\$ 5,918	\$ 83,503	\$ 1,874,404	
-	-	-	-	-	-	1,113,344	1,113,344	
-	-	-	-	-	-	-	7,328	
-	-	-	-	-	-	-	385	
<u>\$ 25,054</u>	<u>\$ -</u>	<u>\$ 36,502</u>	<u>\$ 6,707</u>	<u>\$ 87,200</u>	<u>\$ 5,918</u>	<u>\$ 1,196,847</u>	<u>\$ 2,995,461</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,441	
-	-	-	-	-	-	-	9,542	
-	-	-	-	-	5,918	-	5,918	
-	-	-	-	-	-	-	2,036	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,918</u>	<u>-</u>	<u>44,937</u>	
-	-	-	-	-	-	978,881	978,881	
25,054	-	-	6,707	87,200	-	217,966	343,729	
-	-	36,502	-	-	-	-	1,627,914	
<u>25,054</u>	<u>-</u>	<u>36,502</u>	<u>6,707</u>	<u>87,200</u>	<u>-</u>	<u>1,196,847</u>	<u>2,950,524</u>	
<u>\$ 25,054</u>	<u>\$ -</u>	<u>\$ 36,502</u>	<u>\$ 6,707</u>	<u>\$ 87,200</u>	<u>\$ 5,918</u>	<u>\$ 1,196,847</u>	<u>\$ 2,995,461</u>	

See Independent Auditor's Report.

SCHEDULE 5
TOWN OF NEWMARKET, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds					
	Pistol Permits	Recreation	Drug Forfeiture	Ambulance Revolving	Public Safety Service Revolving	Conservation Commission
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,400
Intergovernmental	-	-	-	-	-	-
Charges for services	350	597,665	-	75,000	118,526	-
Miscellaneous	98	15,324	1	289	1,000	6,733
Total revenues	<u>448</u>	<u>612,989</u>	<u>1</u>	<u>75,289</u>	<u>119,526</u>	<u>15,133</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	809	-	-	55,451	85,750	-
Welfare	-	-	-	-	-	-
Culture and recreation	-	384,512	-	-	-	-
Conservation	-	-	-	-	-	12,280
Capital outlay	-	-	-	-	1,951	-
Total expenditures	<u>809</u>	<u>384,512</u>	<u>-</u>	<u>55,451</u>	<u>87,701</u>	<u>12,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(361)</u>	<u>228,477</u>	<u>1</u>	<u>19,838</u>	<u>31,825</u>	<u>2,853</u>
Other financing sources:						
Note proceeds	-	-	-	-	-	-
Net change in fund balances	(361)	228,477	1	19,838	31,825	2,853
Fund balances, beginning	6,325	851,347	837	117,030	204,741	135,301
Fund balances, ending	<u>\$ 5,964</u>	<u>\$ 1,079,824</u>	<u>\$ 838</u>	<u>\$ 136,868</u>	<u>\$ 236,566</u>	<u>\$ 138,154</u>

Special Revenue Funds			Capital Project Funds				Permanent Fund	Total
Federal Drug Forfeiture	CDBG	Impact Fees	Macallen Dam	Open Space	New Road Drainage			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,400	
-	180,655	-	-	-	-	-	180,655	
-	-	-	-	-	-	-	791,541	
178	-	16,780	-	555	-	82,367	123,325	
178	180,655	16,780	-	555	-	82,367	1,103,921	
-	-	-	-	-	-	27,008	27,008	
-	-	-	-	-	-	-	142,010	
-	21,980	-	-	-	-	-	21,980	
-	34,321	-	-	-	-	-	418,833	
-	-	-	-	-	-	-	12,280	
-	124,354	-	-	-	573,586	-	699,891	
-	180,655	-	-	-	573,586	27,008	1,322,002	
178	-	16,780	-	555	(573,586)	55,359	(218,081)	
-	-	-	-	-	573,586	-	573,586	
178	-	16,780	-	555	-	55,359	355,505	
24,876	-	19,722	6,707	86,645	-	1,141,488	2,595,019	
\$ 25,054	\$ -	\$ 36,502	\$ 6,707	\$ 87,200	\$ -	\$ 1,196,847	\$ 2,950,524	

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF NEWMARKET, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
June 30, 2023

	Custodial Funds				Total
	Taxes	Trust Funds	Impact Fees	State of NH Motor Vehicle Registrations	
ASSETS					
Cash and cash equivalents	\$ -	\$ 1,504,900	\$ 259,644	\$ -	\$ 1,764,544
Intergovernmental receivables	10,326,645	-	-	-	10,326,645
Total assets	10,326,645	1,504,900	259,644	-	12,091,189
LIABILITIES					
Intergovernmental payables:					
School	9,857,029	-	-	-	9,857,029
County	469,616	-	-	-	469,616
Total liabilities	10,326,645	-	-	-	10,326,645
NET POSITION					
Unrestricted	\$ -	\$ 1,504,900	\$ 259,644	\$ -	\$ 1,764,544

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF NEWMARKET, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023

	Custodial Funds				
	Taxes	Trust Funds	Impact Fees	State of NH Motor Vehicle Permit Fees	Total
Additions:					
Contributions	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Investment earnings	-	1,585	3,037	-	4,622
Impact fees collected	-	-	131,914	-	131,914
Tax collections for other governments	20,615,142	-	-	-	20,615,142
Motor vehicle permit fees collected	-	-	-	552,890	552,890
Total additions	<u>20,615,142</u>	<u>51,585</u>	<u>134,951</u>	<u>552,890</u>	<u>21,354,568</u>
Deductions:					
Change in fair market value	-	188,849	-	-	188,849
Payments of taxes to other governments	20,615,142	-	-	-	20,615,142
Payments of motor vehicle permit fees	-	-	-	552,890	552,890
Total deductions	<u>20,615,142</u>	<u>188,849</u>	<u>-</u>	<u>552,890</u>	<u>21,356,881</u>
Change in net position	-	(137,264)	134,951	-	(2,313)
Net position, beginning	-	1,642,164	124,693	-	1,766,857
Net position, ending	<u>\$ -</u>	<u>\$ 1,504,900</u>	<u>\$ 259,644</u>	<u>\$ -</u>	<u>\$ 1,764,544</u>

See Independent Auditor's Report.

***SINGLE AUDIT ACT SCEDULES
AND INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Members of the Town Council and Town Manager
Town of Newmarket
Newmarket, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and the aggregate remaining fund information of the Town of Newmarket as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Newmarket's basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Newmarket's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Newmarket's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Newmarket's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Newmarket's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Town of Newmarket
Report on Internal Control Over Financial Reporting and
On Compliance and Other Matters Based on An Audit of Financial Statements
Performed in Accordance With Government Auditing Standards***

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 27, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association



PLODZIK & SANDERSON

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Members of the Town Council and Town Manager
Town of Newmarket
Newmarket, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Newmarket's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Newmarket's major federal programs for the year ended June 30, 2023. The Town of Newmarket's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Newmarket complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Newmarket and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Newmarket's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Newmarket's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Newmarket's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Newmarket's compliance with the requirements of each major federal program as a whole.

Town of Newmarket

***Report on Compliance for Each Major Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance***

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Newmarket's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Newmarket's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Newmarket's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Newmarket's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Newmarket's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sheryl A. Platt

December 27, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

SCHEDULE I
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified opinions on governmental activities, business-type activities, each major governmental and proprietary fund,
and aggregate remaining fund information

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant/State's Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through the State of New Hampshire Community Development Finance Authority				
COVID-19 - Community Development Block Grant/State's Program	14.228	20-192-CDPS-CV	\$ -	\$ 9,046
COVID-19 - Community Development Block Grant/State's Program	14.228	20-192-CDPS-CV1	52,649	52,649
COVID-19 - Community Development Block Grant/State's Program	14.228	20-192-CDPS-CV2	1,600	1,600
COVID-19 - Community Development Block Grant/State's Program	14.228	20-192-CDPS-CV4	34,321	34,321
Community Development Block Grant/State's Program	14.228	20-192-CDHS	71,705	83,039
Community Development Block Grant/State's Program	14.228	20-192-CDPF	126,696	140,787
PROGRAM TOTAL			286,971	321,442
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the State of New Hampshire Department of Safety				
State and Community Highway Safety:				
Ped/Bike Ptrls 176800	20.600	22-136	-	816
Drive Sober/Get Pulled Over 176811	20.600	22-136	-	454
Speed Enforcement 176821	20.600	22-136	-	3,286
Join the Clique - 176950	20.600	23-136	-	516
Ped/Bike Ptrls 176800	20.600	23-136	-	2,234
DUI Patrols 176810	20.600	23-136	-	1,001
Drive Sober/Get Pulled Over 176811	20.600	23-136	-	716
Distracted Drvng 176820	20.600	23-136	-	285
Speed Enforcement 176821	20.600	23-136	-	427
Speed Equipment 176822	20.600	23-136	-	4,874
PROGRAM TOTAL			-	14,609
U.S. DEPARTMENT OF TREASURY				
Passed Through the State of New Hampshire Governor's Office for Emergency Relief and Recovery (GOFERR)				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	45,949
Passed Through the State of New Hampshire Department of Environmental Services				
COVID-19 - Collection System Evaluation	21.027	SLFRP0145	-	40,459
COVID-19 - Sludge Thickner Program	21.027	SLFRP0145	-	115,822
COVID-19 - DES Clean Water	21.027	SLFRP0145	-	16,250
PROGRAM TOTAL			-	172,531
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
Passed Through the State of New Hampshire Department of Environmental Services				
Drinking Water State Revolving Fund	66.468	N/A	-	8,022
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the State of New Hampshire Department of Safety				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	23DR4516PA	-	5,427

(Continued)

The accompanying notes are an integral part of this schedule.

SCHEDULE II (Continued)
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Provided to Subrecipients	Federal Expenditures
DIRECT FUNDING				
U.S. DEPARTMENT OF AGRICULTURE				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	-	3,409,048
U.S. DEPARTMENT OF JUSTICE				
Bullet Proof Vest Partnership Program	16.607	N/A	-	567
U.S. DEPARTMENT OF TREASURY				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	577,790
Total Expenditures of Federal Awards			\$ 286,971	\$ 4,555,385

The accompanying notes are an integral part of this schedule.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Newmarket under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Newmarket, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Newmarket.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Town of Newmarket has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Loans Outstanding

The Town of Newmarket had the following loan balance outstanding at June 30, 2023. The loans made during the year are included in the Federal expenditures presented in Schedule II.

Assistance Listing Number	Program Name	Current Year Expenditures	Loan Balance Outstanding June 30, 2023
10.760	Water and Waste Disposal Systems for Rural Communities	\$ 3,409,048	\$ 7,502,853