NEW LONDON-SPRINGFIELD
WATER SYSTEM PRECINCT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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TABLE OF CONTENTS

PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
New London-Springfield Water System Precinct
New London, New Hampshire

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the business-type activities and major proprietary fund of the New London-Springfield Water System Precinct, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the New London-Springfield Water System Precinct's basic financial statements as listed in the table of contents.

Summary of Opinions	
Opinion Unit:	
Business-type Activities	Adverse
Water Proprietary Fund	Adverse

Adverse Opinion on Business-type Activities and Proprietary Fund

In our opinion, because of the significance of the matter discussed in the Matters Giving Rise to Adverse Opinion on Business-type Activities and Proprietary Fund section of the report, the accompanying financial statements do not present fairly the financial position of the New London-Springfield Water System Precinct, as of December 31, 2023, or the changes in financial position and where applicable, cash flows thereof, in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 New London-Springfield Water System Precinct 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 adverse audit opinions.

Matters Giving Rise to Adverse Opinion on Business-type Activities and Proprietary Fund

As discussed in Note 1-N to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits related to the single employer plan in the business-type activities and proprietary fund. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the assets, liabilities, decrease the net position, and increase the expenses of the business-type activities and proprietary fund. The amount by which this departure would affect the assets, liabilities, net position, and expenses on the business-type activities and proprietary fund has not been determined.

We did not observe the physical inventory taken as of December 31, 2022, since that date was prior to our initial engagement as auditors for the New London-Springfield Water System Precinct, and the New London-Springfield Water System Precinct's records do not permit adequate retroactive tests of inventory quantities. Consequently, we were unable to determine whether any adjustments were necessary in the balance sheet and statement of revenues, expenditures, and changes in Net Position.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-A to the financial statements, for the year ending December 31, 2023, the Precinct adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the New London-Springfield Water System Precinct'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 New London-Springfield Water System Precinct'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 New London-Springfield Water System Precinct'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:

- Schedule of the Precinct's Proportionate Share of Net Pension Liability,
- Schedule of Precinct Contributions - Pensions
- Schedule of the Precinct's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of Precinct Contributions – Other Postemployment Benefits, and
- Note 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

April 29, 2024
Concord, New Hampshire

Plodzik & Sanderson
Professional Association

BASIC FINANCIAL STATEMENTS

EXHIBIT A
NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT
Proprietary Funds
Statement of Net Position
December 31, 2023

ASSETS	
Current:	
Cash and cash equivalents	$ 788,955
Other receivable	67,523
Intergovernmental receivable	11,349
Inventory	109,477
Total current	977,304
Noncurrent:	
Capital assets, not being depreciated/amortized	82,256
Capital assets, net of accumulated depreciation/amortization	2,902,199
Total noncurrent	2,984,455
Total assets	3,961,759
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	38,620
Amounts related to other postemployment benefits	263
Total deferred outflows of resources	38,883
LIABILITIES	
Current liabilities:	
Accounts payable	13,952
Accrued interest payable	2,474
Long term liabilities:	
Due within one year	26,940
Due in more than one year	405,998
Total liabilities	449,364
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	1,914
NET POSITION	
Net investment in capital assets	2,810,587
Restricted	18,980
Unrestricted	719,797
Total net position	$ 3,549,364

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

EXHIBIT B
NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2023

Operating revenues:	
Taxes	$ 484,543
Charges for services	313,409
Total operating revenues	797,952
Operating expenses:	
Salaries and wages	229,936
Operation and maintenance	346,189
Depreciation and amortization	178,543
Total operating expenses	754,668
Operating gain	43,284
Nonoperating revenue (expense):	
Interest income	778
Intergovernmental revenues	63,008
Interest expense	(8,295)
Total nonoperating revenues	55,491
Change in net position	98,775
Net position, beginning, as restated (see Note 12)	3,450,589
Net position, ending	$ 3,549,364

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

EXHIBIT C
NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	$ 315,692
Receipts from other governments	644,635
Payments to employees for salaries and benefits	(224,568)
Payments to suppliers	(435,206)
Net cash provided by operating activities	300,553
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on bonds	(26,179)
Acquisition and construction of fixed assets	(33,671)
Interest paid	(5,821)
Net cash used by capital and related financing activities	(65,671)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
ARRA	63,008
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	778
Net increase (decrease) in cash and cash equivalents	298,668
Cash and cash equivalents, beginning	490,287
Cash and cash equivalents, ending	$ 788,955

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities

Operating gain	$ 43,284
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:	
Depreciation expense	178,543
Change in other receivables	2,283
Change in intergovermental recevable	160,092
Change in inventory	(59,881)
Change in deferrred outflows of resources	9,028
Change in accounts payable	(29,136)
Change in compensated absenses payable	2
Change in net pension liability	(1,436)
Change in net OPEB liability	(399)
Change in deferred inflows of resources	(1,827)
Total adjustments	257,269
Net cash provided by operating activities	$ 300,553

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

NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

DETAILED NOTES ON ALL FUNDS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New London-Springfield Water System Precinct 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 Precinct's accounting policies are described below.

1-A Reporting Entity

The New London-Springfield Water System Precinct is a municipal corporation governed by an elected three-member Board of Commissioners. In evaluating how to define the Precinct 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 Statement No. 14, *The Financial Reporting Entity* (as amended). The Precinct has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

The accounts of the Precinct are organized on the basis of a proprietary fund, which is reported as business-type activities. The 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 Flow.

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, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits have been omitted because the liability and expense have not been determined. 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. As in the Statement of Net Position the Precinct has not recorded other postemployment benefit expense in this statement.

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.

1-C Cash and Cash Equivalents

The Precinct 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.

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 Precinct considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-E Receivables

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

1-F Inventory

The inventories of the Precinct are valued at cost using the first-in/first-out (FIFO) method. The inventories consist of expendable materials and supplies held for consumption. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

1-G Capital Assets

Capital assets are defined by the Precinct as assets with an initial individual cost of more than $4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition vale at the date of donation.

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 Precinct are depreciated or amortized (except for land and construction on progress which are not depreciated) using the straight-line method over the following estimated useful lives:

	Years
Capital Asset Classes:	
Buildings and building improvements	12-50
Machinery, equipment, and vehicles	5-12
Right to use leased equipment and vehicles	10
Infrastructure	50

1-H Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2023.

1-I Deferred Outflows/Inflows of Resources

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

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Precinct has one type of item which qualify for reporting in this category. Deferred inflows of resources related to pensions are reported in the Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

1-J Compensated Absences

General leave for the Precinct includes vacation 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 Precinct'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. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources.

1-K Lease

Lessee – The Precinct is a lessee for a noncancellable lease of Colby Point Wells. The Precinct recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

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

Key estimates and judgments related to leases include how the Precinct determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Precinct uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Precinct generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Precinct is reasonably certain to exercise.

The Precinct monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

1-L Long-term Obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund Statements of Net Position.

1-M 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-N Postemployment Benefits Other Than Pensions (OPEB)

The Precinct 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 – The Precinct maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board pronouncement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

1-O Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

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 Precinct typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

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

1-P 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, recoverability of inventory and 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, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A 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 Precinct has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2023, the reported amount of the Precinct's deposits was $788,955 and the bank balance $800,509. Of the bank balance, $491,386 was covered by federal depository insurance and $309,123 was uninsured and uncollateralized.

NOTE 4 – OTHER RECEIVABLES

Receivables at December 31, 2023, consisted of water billings and taxes due from the Town of Springfield. Receivables are recorded on the Precinct's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated/amortized:				
Construction in progress	$ 106,429	$ 33,671	$ (57,844)	$ 82,256
Being depreciated/amortized:				
Buildings and building improvements	1,880,595	-	-	1,880,595
Machinery, equipment and vehicles	251,713	57,844	-	309,557
Right to use leased equipment and vehicles	274,225	-	-	274,225
Infrastructure	4,721,281	-	-	4,721,281
Total capital assets being depreciated/amortized	7,127,814	57,844	-	7,185,658
Total all capital assets	7,234,243	91,515	(57,844)	7,267,914
Less accumulated depreciation/amortization:				
Buildings and building improvements	(1,283,406)	(37,475)	-	(1,320,881)
Machinery, equipment and vehicles	(165,482)	(19,229)	-	(184,711)
Right to use leased equipment and vehicles	(82,267)	(27,422)	-	(109,689)
Infrastructure	(2,573,761)	(94,417)	-	(2,668,178)
Total accumulated depreciation/amortization	(4,104,916)	(178,543)	-	(4,283,459)
Net book value, capital assets being depreciated/amortized	3,022,898	(120,699)	-	2,902,199
Net book value, all business-type activities capital assets	$ 3,129,327	$ (87,028)	$ (57,844)	$ 2,984,455

Depreciation/amortization expense of $178,543 was charged as such to the Precinct based on their usage of the related assets.

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Business-type Activities
Amounts related to pensions, see Note 9	$ 38,620
Amounts related to OPEB, see Note 10	263
Total deferred inflows of resources	$ 38,883

Deferred inflows of resources are as follows:

	Business-type Activities
Amounts related to pensions, see Note 9	$ 1,914

NOTE 7 – LEASE

Lease Payable – The Precinct had the following lease payable as of December 31, 2023:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Payable at December 31, 2023
Lease payable:					
Colby Point Wells	$ 274,225	2020	2029	2.91%	$ 173,868

The annual requirements to amortize all lease payables outstanding as of December 31, 2023, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2024	$ 26,940	$ 5,060	$ 32,000
2025	27,724	4,276	32,000
2026	28,531	3,469	32,000
2027	29,361	2,639	32,000
2028	30,216	1,784	32,000
2029	31,095	905	32,000
Totals	$ 173,868	$ 18,132	$ 192,000

NOTE 8 – LONG-TERM LIABILITIES

Changes in the Precinct's long-term liabilities consisted of the following for the year ended December 31, 2023:

	Balance January 1, 2023 (as restated)	Additions	Reductions	Balance December 31, 2023	Due Within One Year	Due In More Than One Year
Lease	$ 200,047	$ -	$ (26,179)	$ 173,868	$ 26,940	$ 146,928
Compensated absences	8,401	2	-	8,403	-	8,403
Net pension liability	247,450	-	(1,436)	246,014	-	246,014
Net other postemployment benefits	5,052	-	(399)	4,653	-	4,653
Total long-term liabilities	$ 460,950	$ 2	$ (28,014)	$ 432,938	$ 26,940	$ 405,998

NOTE 9 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

Contributions - The System is financed by contributions from both the employees and the Precinct. 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 the period of January 1, 2023, to June 30, 2023, the Precinct contributed 13.75% for other employees. For the period of July 1, 2023, to December 31, 2023, the Precinct contributed 13.27% for other employees. The contribution requirement for the fiscal year 2023 was $26,799 which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2023 the Precinct reported a liability of $246,014 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Precinct's proportion of the net pension liability was based on a projection of the Precinct's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Precinct's proportion was 0.004% which was the same as its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Precinct recognized pension expense of $33,111. At December 31, 2023 the Precinct 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	$ 9,184	$ 1,815
Changes in assumptions	6,475	-
Net difference between projected and actual investment earnings on pension plan investments	3,558	-
Differences between expected and actual experience	6,286	99
Contributions subsequent to the measurement date	13,117	-
Total	$ 38,620	$ 1,914

The $13,117 reported as deferred outflows of resources related to pensions results from the Precinct contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2024	$ 10,555
2025	(2,687)
2026	15,515
2027	206
2028	-
Thereafter	-
Totals	$ 23,589

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions which, accordingly, apply to 2023 measurements:

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

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

The actuarial assumptions used in the June 30, 2022, 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 2023:

Asset Class	Target Allocation	30 Year Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	50.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	25.00%	2.15%
Total	100.00%	

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

Sensitivity of the Precinct's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Precinct's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Precinct'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, 2023	$ 333,811	$ 246,014	$ 170,996

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 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

10-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 2023 were as follows:

> For qualified retirees not eligible for Medicare, the amounts were $375.56 for a single-person plan and $751.12 for a two-person plan.
>
> For those qualified retirees eligible for Medicare, the amounts were $236.84 for a single-person plan and $473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lessor 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 2023, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For the period of January 1, 2023, to June 30, 2023, the Precinct contributed 0.31% for other employees. For the period of July 1, 2023, to December 31, 2023, the Precinct contributed 0.26% for other employees. The contribution requirement for the fiscal year 2023 was $566 which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2023, the Precinct reported a liability of $4,653 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The Precinct's proportion of the net OPEB liability was based on a projection of the Precinct's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities actuarially determined. At June 30, 2023, the Precinct's proportion was 0.001% which was the same its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Precinct recognized OPEB expense of $205. At December 31, 2023, the Precinct reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	$ 6
Contributions subsequent to the measurement date	257
Total	$ 263

The $257 reported as deferred outflows of resources related to OPEB results from the Precinct contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 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 December 31,	
2024	$ (1)
2025	(7)
2026	14
2027	(2)
2028	-
Thereafter	-
Totals	$ 4

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2022, and a measurement date of June 30, 2023. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

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

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

The actuarial assumptions used in the June 30, 2022, 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 2023:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	50.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	25.00%	2.15%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2023, 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 Precinct's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the Precinct's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Precinct'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, 2023	$ 5,054	$ 4,653	$ 4,304

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.

10-B New London-Springfield Water System Precinct Retiree Health Benefit Program

The Precinct provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Precinct's contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Precinct has not fully implemented GASB Statement No. 75 at December 31, 2023, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Precinct. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

NOTE 11 – BUSINESS-TYPE AND PROPRIETARY FUND ACTIVITIES NET POSITION

Business-type activities and proprietary fund net position reported on the Statements of Net Position at December 31, 2023 include the following:

	Business-type Activities
Net investment in capital assets:	
Net book value, all capital assets	$ 2,984,455
Less:	
Lease payable	(173,868)
Total net investment in capital assets	2,810,587
Restricted net position:	
Other	18,980
Unrestricted	719,797
Total net position	$ 3,549,364

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

Net position at January 1, 2023, was restated to give retroactive effect to the following prior period adjustments:

	Business-type Activities
To correct the calculation of the lease payable and right to use asset in accordance with GASB statement No. 87.	$ (8,089)
To remove tax receivables that should have been recorded as a receivable in the prior year.	171,441
To remove water user charges revenue that should have been recorded as receivable in the prior year.	66,393
To record the implementation of GASB statement No 68, not previously reported.	(203,294)
To record the partial implementation of GASB statement No. 75 not previously reported.	(5,038)
To adjust for the overstatement of the compensated absences liability in the prior year.	47,834
Net position, as previously reported	3,381,342
Net position, as restated	$ 3,450,589

NOTE 13 – RISK MANAGEMENT

The Precinct 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 January 1, 2023 to December 31, 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 Precinct's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2023 the Precinct paid $9,609 and $3,209 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Precinct 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 14 – CONTINGENT LIABILITIES

The Precinct 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 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through April 29, 2024, the date the December 31, 2023 financial statements were available to be issued, and the following event occurred that require recognition or disclosure:

At the March 19, 2024 annual meeting, the Precinct authorized Warrant Article No. 2 for the issuance of a bond for $4,800,000 in connection with the Main Street water main replacement project.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT D

NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT

Schedule of the Town's Proportionate Share of Net Pension Liability

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended December 31, 2023

Unaudited

Fiscal year-end	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	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
Precincts proportion of the net pension liability	0.005%	0.005%	0.004%	0.005%	0.004%	0.004%	0.004%	0.004%	0.004%	0.004%
Precinct's proportionate share of the net pension liability	$ 171,963	$ 183,902	$ 234,412	$ 223,022	$ 201,240	$ 201,087	$ 269,874	$ 183,006	$ 247,450	$ 246,014
Precinct's covered payroll (as of the measurement date)	$ 142,364	$ 145,781	$ 144,382	$ 149,175	$ 154,695	$ 161,790	$ 169,728	$ 173,326	$ 159,887	$ 190,032
Precinct's proportionate share of the net pension liability as a percentage of its covered payroll	120.79%	126.15%	162.36%	149.50%	130.09%	124.29%	159.00%	105.58%	154.77%	129.46%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%	67.18%

EXHIBIT E
NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	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
Contractually required contribution	$ 14,863	$ 15,574	$ 15,785	$ 16,613	$ 17,664	$ 18,187	$ 18,744	$ 18,971	$ 24,978	$ 26,799
Contributions in relation to the contractually required contributions	(14,863)	(15,574)	(15,785)	(16,613)	(17,664)	(18,187)	(18,744)	(18,971)	(24,978)	(26,799)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Precinct's covered payroll (as of the fiscal year end)	$ 142,364	$ 146,301	$ 145,350	$ 151,461	$ 159,422	$ 165,646	$ 172,279	$ 156,229	$ 181,658	$ 198,351
Contributions as a percentage of covered payroll	-10.44%	-10.65%	-10.86%	-10.97%	-11.08%	-10.98%	-10.88%	-12.14%	-13.75%	-13.51%

NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

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

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits D and E represent the actuarial determined costs associated with the Precinct's pension plan at December 31, 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.

EXHIBIT F
NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Precinct's proportion of the net OPEB liability	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
Precinct's proportionate share of the net OPEB liability (asset)	$ 3,657	$ 4,999	$ 4,861	$ 4,772	$ 4,292	$ 5,052	$ 4,653
Precinct's covered payroll (as of the measurement date)	$ 149,175	$ 154,695	$ 161,790	$ 169,728	$ 173,326	$ 159,887	$ 190,032
Precinct's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.45%	3.23%	3.00%	2.81%	2.48%	3.16%	2.45%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%	12.80%

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

EXHIBIT G
NEW LONDON-SPRINGFIELD WATER SYSTEM PRECINCT
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually required contribution	$ 474	$ 483	$ 506	$ 506	$ 515	$ 563	$ 566
Contributions in relation to the contractually required contribution	(474)	(483)	(506)	(506)	(515)	(563)	(566)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Precinct's covered payroll (as of the fiscal year end)	$ 151,461	$ 159,422	$ 165,646	$ 172,279	$ 156,229	$ 181,658	$ 198,351
Contributions as a percentage of covered payroll	-0.31%	-0.30%	-0.31%	-0.29%	-0.33%	-0.31%	-0.29%

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

NEW-LONDON SPRINGFIELD WATER SYSTEM PRECINCT

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

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

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

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

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

As required by GASB Statement No. 75, Exhibits F and G represent the actuarial determined costs associated with the Precinct's other postemployment benefits at December 31, 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.

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INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESS AND SIGNIFICANT DEFICIENCIES

To the Members of the Board of Commissioners
New London-Springfield Water System Precinct
New London, New Hampshire

In planning and performing our audit of the basic financial statements of the New London-Springfield Water System Precinct as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the New London-Springfield Water System Precinct'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the New London-Springfield Water System Precinct's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

We consider the following deficiency in the New London-Springfield Water System Precinct's internal control to be a material weakness:

Segregation of Duties

Upon review of internal controls, it was discovered that there is a lack of segregation of duties as the Office Manager is able to perform both the billing and cash receipts processes. Due to the size and limited staff of the Precinct, there is an inherent risk in the billing and cash receipts processes due to a lack of an appropriate segregation of duties. It is recommended that the Precinct review these processes and, where possible, involve another existing employee or elected official to provide a better separation between the billing, collection, recording, and depositing of user charges.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Precinct's internal control to be significant deficiencies:

Lack of Approval for Voided and Deleted Transactions

When obtaining an understanding of internal controls over financial close and reporting, the voided and deleted transactions are not formally reviewed and approved by the Superintendent or other authorized knowledgeable personnel. All voided and deleted transactions should be reviewed and approved by knowledgeable personnel not under the direction of the individual preparing and posting the transactions. It is recommended that the Precinct have the Superintendent formally review and approve all voided and deleted transactions. Formal approval should be done formally via initial or signature.

Billing and Adjustments Approvals

There is no formal documentation of approval from the Board of Commissioners regarding the semi-annually billing for water user charges or any changes or adjustments that are made to those charges. All billings and related changes or adjustments to the water user charges should be formally reviewed and approved by the Board of Commissioners. We recommend that all semi-annually billings for water user charges should be reviewed and formally approved by the Board of Commissioners, as evidenced by formal signature. Additionally, any changes or adjustments to the billings for water user charges should be documented on a standard form and formally approved by the Board of Commissioners, as evidenced by formal signature as well.

Access to Signature Stamp

During our documentation of internal controls, we noted that the Office Manager has access to the Commissioners signature Stamp. Per best practice the Commissioners should be maintaining their own stamp at all times, or it should be in a secure location where only they can access it. We recommend the Commissioners signature stamp be kept by a Commissioner or be located in a secure location that only they have access to.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control over financial reporting and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

April 29, 2024
Concord, New Hampshire

Plodzik & Sanderson
Professional Association