

**TOWN OF UNITY,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

TOWN OF UNITY, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Select Board
Town of Unity
Unity, New Hampshire

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major governmental fund, and the aggregate remaining fund information of the Town of Unity, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Unity's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Adverse
General Fund	Unmodified
FEMA Project Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion on Governmental Activities" section of the report, the accompanying financial statements do not present fairly the financial position of the Town of Unity, as of December 31, 2023, or the changes in financial position, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Governmental and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the each major governmental fund, and the aggregate remaining fund information for the Town of Unity, as of December 31, 2023, and the respective changes in financial position, and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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 Town of Unity 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 and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 14-B 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 Town's single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which

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

would increase the assets, liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the assets, liabilities, net position, and expenses on the governmental activities has not been determined.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending December 31, 2023, the Town 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 Town of Unity'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 Town of Unity'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 Town of Unity'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 Unity'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 Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions - Pensions
- Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

Town of Unity
Independent Auditor's Report

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.

Supplementary Information

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

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

October 16, 2024
Concord, New Hampshire

Plodzik & Sanderson
Professional Association

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF UNITY, NEW HAMPSHIRE
Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,606,364
Investments	1,307,352
Taxes receivables (net)	360,704
Account receivables	7,704
Intergovernmental receivable	707,217
Tax deeded property, subject to resale	20,718
Capital assets:	
Land and construction in progress	982,645
Other capital assets, net of depreciation	4,317,697
Total assets	9,310,401
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	23,099
Amounts related to other postemployment benefits	215
Total deferred outflows of resources	23,314
LIABILITIES	
Accrued salaries and benefits payable	2,653
Intergovernmental payable	820,354
Long-term liabilities:	
Due within one year	142,971
Due in more than one year	2,373,502
Total liabilities	3,339,480
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	981
Unavailable revenue - grants	5,991
Unavailable revenue - restitution	10,717
Amounts related to pensions	17,200
Total deferred inflows of resources	34,889
NET POSITION	
Net investment in capital assets	3,645,371
Restricted	29,719
Unrestricted	2,284,256
Total net position	\$ 5,959,346

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

EXHIBIT B
TOWN OF UNITY, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 668,238	\$ 1,275	\$ -	\$ -	\$ (666,963)
Public safety	152,258	50	539	-	(151,669)
Highways and streets	1,284,455	-	166,145	667,046	(451,264)
Sanitation	525,346	50,118	-	-	(475,228)
Welfare	100	-	-	-	(100)
Culture and recreation	40,503	-	4,824	-	(35,679)
Conservation	12,416	-	-	-	(12,416)
Interest on long-term debt	38,346	-	-	-	(38,346)
Depreciation - unallocated	182,742	-	-	-	(182,742)
Total governmental activities	\$ 2,904,404	\$ 51,443	\$ 171,508	\$ 667,046	(2,014,407)
General revenues:					
Taxes:					
Property					1,195,833
Other					46,574
Motor vehicle permit fees					316,534
Licenses and other fees					5,494
Grants and contributions not restricted to specific programs					189,928
Unrestricted investment earnings					26,149
Miscellaneous					74,079
Total general revenues					<u>1,854,591</u>
Change in net position					(159,816)
Net position, beginning, as restated (see Note 18)					6,119,162
Net position, ending					<u>\$ 5,959,346</u>

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

EXHIBIT C-1
TOWN OF UNITY, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2023

	General	FEMA Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,587,663	\$ -	\$ 18,701	\$ 1,606,364
Investments	1,288,486	-	18,866	1,307,352
Receivables:				
Taxes receivable	368,204	-	-	368,204
Accounts receivable	7,704	-	-	7,704
Intergovernmental receivable	-	707,217	-	707,217
Interfund receivable	707,217	-	-	707,217
Elderly tax liens	6,290	-	-	6,290
Elderly tax liens reserved until collected	(6,290)	-	-	(6,290)
Prepaid items	18,806	-	-	18,806
Tax deeded property, subject to resale	20,718	-	-	20,718
Total assets	<u>\$ 3,998,798</u>	<u>\$ 707,217</u>	<u>\$ 37,567</u>	<u>\$ 4,743,582</u>
LIABILITIES				
Accrued salaries and benefits	\$ 2,653	\$ -	\$ -	\$ 2,653
Intergovernmental payable	820,354	-	-	820,354
Interfund payable	-	707,217	-	707,217
Total liabilities	<u>823,007</u>	<u>707,217</u>	<u>-</u>	<u>1,530,224</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	79,808	-	-	79,808
Unavailable revenue - grants	5,991	-	-	5,991
Unavailable revenue - restitution	10,717	-	-	10,717
Total deferred inflows of resources	<u>96,516</u>	<u>-</u>	<u>-</u>	<u>96,516</u>
FUND BALANCES				
Nonspendable	39,524	-	18,427	57,951
Restricted	141,801	-	540	142,341
Committed	1,562,491	-	18,600	1,581,091
Assigned	70,793	-	-	70,793
Unassigned	1,264,666	-	-	1,264,666
Total fund balances	<u>3,079,275</u>	<u>-</u>	<u>37,567</u>	<u>3,116,842</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,998,798</u>	<u>\$ 707,217</u>	<u>\$ 37,567</u>	<u>\$ 4,743,582</u>

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

EXHIBIT C-2
TOWN OF UNITY, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds (Exhibit C-1)		\$	3,116,842
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.			
Cost	\$	7,656,911	
Less accumulated depreciation		<u>(2,356,569)</u>	
			5,300,342
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post-retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.			
Deferred outflows of resources related to pensions	\$	23,099	
Deferred inflows of resources related to pensions		(17,200)	
Deferred outflows of resources related to OPEB		<u>215</u>	
			6,114
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.			
Receivables	\$	(707,217)	
Payables		<u>707,217</u>	
			-
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the governmental funds.			78,827
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.			(7,500)
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.			(18,806)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.			
Bond	\$	1,605,000	
Note		49,971	
Accrued landfill postclosure care costs		690,000	
Net pension liability		168,316	
Other postemployment benefits		<u>3,186</u>	
			<u>(2,516,473)</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>5,959,346</u></u>

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

EXHIBIT C-3
TOWN OF UNITY, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2023

	General	FEMA Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,253,173	\$ -	\$ -	\$ 1,253,173
Licenses and permits	322,028	-	-	322,028
Intergovernmental	361,436	542,246	-	903,682
Charges for services	51,443	-	-	51,443
Miscellaneous	224,245	-	783	225,028
Total revenues	<u>2,212,325</u>	<u>542,246</u>	<u>783</u>	<u>2,755,354</u>
EXPENDITURES				
Current:				
General government	689,086	-	127	689,213
Public safety	152,258	-	-	152,258
Highways and streets	1,070,486	288,476	-	1,358,962
Sanitation	113,746	-	-	113,746
Welfare	100	-	-	100
Culture and recreation	40,503	-	-	40,503
Conservation	11,823	-	593	12,416
Debt service:				
Principal	70,000	-	-	70,000
Interest	39,081	-	-	39,081
Capital outlay	265,249	-	-	265,249
Total expenditures	<u>2,452,332</u>	<u>288,476</u>	<u>720</u>	<u>2,741,528</u>
Net change in fund balances	(240,007)	253,770	63	13,826
Fund balances (deficit), beginning, as restated (see Note 18)	3,319,282	(253,770)	37,504	3,103,016
Fund balances, ending	<u>\$ 3,079,275</u>	<u>\$ -</u>	<u>\$ 37,567</u>	<u>\$ 3,116,842</u>

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

EXHIBIT C-4
TOWN OF UNITY, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 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)		\$ 13,826
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 312,436	
Depreciation expense	<u>(182,742)</u>	129,694
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		(10,766)
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.		
Repayment of bond principal	\$ 70,000	
Repayment of note principal	<u>48,812</u>	118,812
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 prepaid items	\$ 735	
Increase in accrued landfill postclosure care costs	(411,600)	
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	(1,014)	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>497</u>	<u>(411,382)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (159,816)</u></u>

EXHIBIT D
TOWN OF UNITY, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,235,075	\$ 1,235,075	\$ 1,242,407	\$ 7,332
Licenses and permits	308,900	308,900	322,028	13,128
Intergovernmental	251,917	302,529	361,436	58,907
Charges for services	55,000	55,000	51,443	(3,557)
Miscellaneous	372,800	372,800	201,140	(171,660)
Total revenues	<u>2,223,692</u>	<u>2,274,304</u>	<u>2,178,454</u>	<u>(95,850)</u>
EXPENDITURES				
Current:				
General government	760,195	760,195	656,194	104,001
Public safety	155,250	155,250	147,330	7,920
Highways and streets	541,200	541,200	673,766	(132,566)
Sanitation	97,500	97,500	98,837	(1,337)
Health	1,000	1,000	-	1,000
Welfare	5,000	5,000	100	4,900
Culture and recreation	51,240	56,064	40,503	15,561
Conservation	1,500	10,052	11,823	(1,771)
Debt service:				
Principal	70,000	70,000	70,000	-
Interest	39,000	39,000	39,081	(81)
Capital outlay	322,307	359,543	34,634	324,909
Total expenditures	<u>2,044,192</u>	<u>2,094,804</u>	<u>1,772,268</u>	<u>322,536</u>
Excess of revenues over expenditures	<u>179,500</u>	<u>179,500</u>	<u>406,186</u>	<u>226,686</u>
OTHER FINANCING USES				
Transfers out	<u>(379,500)</u>	<u>(379,500)</u>	<u>(379,500)</u>	<u>-</u>
Net change in fund balances	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	26,686	<u>\$ 226,686</u>
Increase in nonspendable fund balance			(27,239)	
Decrease in restricted fund balance			30,488	
Increase in committed fund balance			(322,307)	
Unassigned fund balance, beginning, as restated (see Note 18)			<u>1,628,365</u>	
Unassigned fund balance, ending			<u>\$ 1,335,993</u>	

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

EXHIBIT E-1
TOWN OF UNITY, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 535,274
Investments	7,315
Intergovernmental receivable	820,354
Total assets	1,362,943
LIABILITIES	
Due to school	820,354
NET POSITION	
Restricted	\$ 542,589

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

EXHIBIT E-2
TOWN OF UNITY, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2023

	Custodial Funds
ADDITIONS	
Contributions	\$ 180,312
Investment earnings	8,137
Tax collections for other governments	2,829,251
State motor vehicle fees	27,254
Total additions	3,044,954
DEDUCTIONS	
Payments of taxes to other governments	2,829,251
Payments of motor vehicle fees to State	27,254
Total deductions	2,856,505
Change in net position	188,449
Net position, beginning	354,140
Net position, ending	\$ 542,589

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

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TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Unity, 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 Unity is a municipal corporation governed by an elected 3-member Select Board. 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 Statement No. 14, *The Financial Reporting Entity* (as amended). The Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits have also been omitted because the liability and expense have not been determined. 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. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense in this statement. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

Governmental Fund Financial Statements – Include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. Accompanying statements are 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.

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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, sanitation, 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.

FEMA Capital Project Fund – the FEMA project fund accounts for the activity pertaining to emergency expenditures authorized in 2021 and 2023 for road repairs that are to be reimbursed by FEMA.

Additionally, the Town reports the following fund types:

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

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the permanent funds including 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 two nonmajor governmental funds.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are custodial funds, which are custodial in nature and do not involve measurement of results of operations. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

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

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

1-D 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.

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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 are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g. an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.

Level 2 – The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.

Level 3 – Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

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

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

1-E Receivables

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

1-F Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-G Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 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 value at the date of donation. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

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.

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Capital assets of the Town are depreciated (except for land and construction on progress which are not depreciated) using the straight-line method over the following estimated useful lives:

Capital Asset Classes:	<u>Years</u>
Buildings and building improvements	20-40
Equipment	10
Vehicles	5-10
Infrastructure	40

1-H Interfund Receivable and Payable

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

1-I 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 June 5, 2023 and November 14, 2023, and due on July 12, 2023 and December 18, 2023. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

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

The Town net assessed valuation as of April 1, 2023 utilized in the setting of the tax rate was as follows:

Total assessment valuation with utilities	\$ 137,342,985
Total assessment valuation without utilities	\$ 134,370,385

The tax rates and amounts assessed for the year ended December 31, 2023 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 9.32	\$ 1,280,135
School portion:		
State of New Hampshire	1.82	245,022
Local	16.07	2,207,209
County portion	2.75	377,020
Total	\$ 29.96	\$ 4,109,386

1-J 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.

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1-K Deferred Outflows/Inflows of Resources

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

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

1-L Long-term Obligations

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

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.

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 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

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

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

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

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

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

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

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

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

When multiple net position/fund balance classifications are available for use, it is the government's 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.

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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 receivables, the useful lives of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2023, none of the beginning general fund unassigned fund balance was applied for this purpose and \$200,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

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

Revenues:	
Per Exhibit D (budgetary basis)	\$ 2,178,454
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	23,105
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	10,766
Per Exhibit C-3 (GAAP basis)	\$ 2,212,325
	<i>(Continued)</i>

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Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,151,768
Adjustments:	
Basis differences:	
Encumbrances, beginning	331,090
Encumbrances, ending	(70,793)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	419,767
To eliminate transfers between general and blended expendable trust funds	(379,500)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 2,452,332</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 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

The Town's deposits 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 \$2,141,638 and the bank balances totaled \$2,500,094. Petty cash totaled \$1,540.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,606,364
Cash per Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)	<u>535,274</u>
Total cash and cash equivalents	<u><u>\$ 2,141,638</u></u>

NOTE 4 – INVESTMENTS

Note 1-D 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.

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The Town has the following recurring fair value measurements as of December 31, 2023:

	Valuation Measurement Method	Less Than 1 Year
Investments type:		
Certificates of deposit	Level 1	\$ 1,314,667

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.

Credit Risk - The Town has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-D.

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. All the Town’s investments are held by third parties in the Town’s name.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,307,352
Investments per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit E-1)	7,315
Total investments	\$ 1,314,667

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represents the amount of current and prior year taxes which have not been collected as of December 31, 2023. The amount has been reduced by an allowance for an estimated uncollectible amount of \$7,500. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2023	\$ 275,360	\$ 275,360
Unredeemed (under tax lien):		
Levy of 2022	61,933	61,933
Levy of 2021	27,750	27,750
Yield	2,831	2,831
Land use change	330	330
Less: allowance for estimated uncollectible taxes	(7,500) *	-
Net taxes receivable	\$ 360,704	\$ 368,204

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

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2023, consisted of accounts (restitution) and intergovernmental (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 December 31, 2023 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds			Custodial Funds
	General	FEMA Capital Project	Total	
Receivables:				
Accounts	\$ 7,704	\$ -	\$ 7,704	\$ -
Intergovernmental	-	707,217	707,217	820,354 ¹
Liens	6,290	-	6,290	-
Gross receivables	13,994	707,217	721,211	820,354
Less: allowance for uncollectibles	(6,290)	-	(6,290)	-
Net total receivables	<u>\$ 7,704</u>	<u>\$ 707,217</u>	<u>\$ 714,921</u>	<u>\$ 820,354</u>

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

NOTE 7 – PREPAID ITEMS

Prepaid items of \$18,806 in the general fund at December 31, 2023 consisted of interest paid early on debt which is not recognized on the full accrual basis of accounting.

NOTE 8 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 321,950	\$ -	\$ -	\$ 321,950
Construction in progress	673,620	128,876	(141,801)	660,695
Total capital assets not being depreciated	<u>995,570</u>	<u>128,876</u>	<u>(141,801)</u>	<u>982,645</u>
Being depreciated:				
Buildings and building improvements	1,038,642	154,400	-	1,193,042
Vehicles	1,185,965	170,961	-	1,356,926
Equipment	305,030	-	-	305,030
Infrastructure	3,819,268	-	-	3,819,268
Total capital assets being depreciated	<u>6,348,905</u>	<u>325,361</u>	<u>-</u>	<u>6,674,266</u>
Total all capital assets	<u>7,344,475</u>	<u>454,237</u>	<u>(141,801)</u>	<u>7,656,911</u>
Less accumulated depreciation:				
Buildings and building improvements	(589,556)	(26,654)	-	(616,210)
Vehicles	(865,147)	(51,515)	-	(916,662)
Equipment	(234,155)	(9,091)	-	(243,246)
Infrastructure	(484,969)	(95,482)	-	(580,451)
Total accumulated depreciation	<u>(2,173,827)</u>	<u>(182,742)</u>	<u>-</u>	<u>(2,356,569)</u>
Net book value, capital assets being depreciated	4,175,078	142,619	-	4,317,697
Net book value, all capital assets	<u>\$ 5,170,648</u>	<u>\$ 271,495</u>	<u>\$ (141,801)</u>	<u>\$ 5,300,342</u>

Depreciation expense of \$182,742 was charged to the unallocated depreciation function in the governmental activities.

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NOTE 9 – INTERFUND RECEIVABLE AND PAYABLE

The composition of interfund balances as of December 31, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
General	FEMA Capital Project	\$ 707,217

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.

NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2023 consist of:

	Governmental Fund General	Fiduciary Funds
	Property taxes due to the custodial funds	² \$ 820,354
Property taxes due to the Unity School District	³ -	820,354
Total intergovernmental payables due	\$ 820,354	\$ 820,354

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

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

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Exhibit A
Amounts related to pensions (see Note 13)	\$ 23,099
Amounts related to other postemployment benefits (see Note 14)	215
Total deferred inflows of resources	\$ 23,314

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Prepaid property taxes	\$ 981	\$ 981
Deferred property taxes not collected within 60 days of fiscal year-end	-	78,827
Federal grant revenue collected in advance of eligible expenditures being made	5,991	5,991
Restitution	10,717	10,717
Amounts related to pensions (see Note 13)	17,200	-
Total deferred inflows of resources	\$ 34,889	\$ 96,516

NOTE 12 – LONG-TERM LIABILITIES

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

	Balance January 1, 2023			Balance December 31, 2023		
	Additions	Reductions	Due Within One Year	Due In More Than One Year		
Bond payable-direct placement	\$ -	\$ (70,000)	\$ 70,000	\$ 1,535,000		
Note payable-direct borrowing	98,783	(48,812)	49,971	-		
Accrued landfill postclosure care costs	278,400	411,600	690,000	23,000		
Net pension liability	182,947	(14,631)	168,316	168,316		
Net other postemployment benefits	3,733	(547)	3,186	3,186		
Total long-term liabilities	\$ 2,238,863	\$ 411,600	\$ 2,516,473	\$ 2,373,502		

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Long-term bond and note are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2023	Current Portion
Bond payable - direct placement:						
Broadband bond	\$ 1,749,375	2021	2041	2.50%	\$ 1,605,000	\$ 70,000
Note payable - direct borrowing:						
John Deere Backhoe	\$ 146,461	2022	2024	2.38%	49,971	49,971
Total					<u>\$ 1,654,971</u>	<u>\$ 119,971</u>

The annual requirements to amortize all general obligation bond and note outstanding as of December 31, 2023, including interest payments, are as follows:

Fiscal Year Ending December 31,	Bond - Direct Placement			Note - Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 75,000	\$ 37,612	\$ 112,612	\$ 49,971	\$ 1,190	\$ 51,161
2025	75,000	36,036	111,036	-	-	-
2026	75,000	33,711	108,711	-	-	-
2027	80,000	31,386	111,386	-	-	-
2028	80,000	28,906	108,906	-	-	-
2029-2033	430,000	122,805	552,805	-	-	-
2034-2038	475,000	75,871	550,871	-	-	-
2039-2041	315,000	16,861	331,861	-	-	-
Totals	<u>\$ 1,605,000</u>	<u>\$ 383,188</u>	<u>\$ 1,988,188</u>	<u>\$ 49,971</u>	<u>\$ 1,190</u>	<u>\$ 51,161</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 2017. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs. The estimated liability for landfill postclosure care costs has a balance of \$690,000 as of December 31, 2023. The estimated total current cost of the landfill postclosure care (\$23,000) is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 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 Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2023 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 17, 2007	Stage Road Bridge	\$ 1,075,000
March 17, 2012	Old Cheshire Road Bridge	760,000
		<u>\$ 1,835,000</u>

NOTE 13 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their

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beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

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

Contributions – The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For the period of January 1, 2023 to June 30, 2023, the Town contributed 30.67% for police and 29.78% for fire. For the period of July 1, 2023 to December 31, 2023, the Town contributed 28.68% for police and 27.75% for fire. The contribution requirement for the fiscal year 2023 was \$18,411, 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 Town reported a liability of \$168,316 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 Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2023, the Town’s proportion was 0.003% which was the same as its proportion measured as of June 30, 2022.

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For the year ended December 31, 2023, the Town recognized pension expense of \$18,559. At December 31, 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	\$ 1,180	\$ 17,132
Changes in assumptions	4,430	-
Net difference between projected and actual investment earnings on pension plan investments	2,434	-
Differences between expected and actual experience	4,301	68
Contributions subsequent to the measurement date	10,754	-
Total	\$ 23,099	\$ 17,200

The \$10,754 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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	\$ (1,275)
2025	(6,853)
2026	5,020
2027	(1,747)
Thereafter	-
Totals	\$ (4,855)

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.

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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 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, 2023	\$ 228,385	\$ 168,316	\$ 116,991

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

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

14-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

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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 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 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 Town contributed 3.21% for police and fire. For the period of July 1, 2023 to December 31, 2023, the Town contributed 2.60% for police and fire. The contribution requirement for the fiscal year 2023 was \$405, 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 Town reported a liability of \$3,186 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 Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2023, the Town’s proportion was 0.001% which was the same as its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized OPEB benefit of \$133. At December 31, 2023, the Town 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	\$ 4
Contributions subsequent to the measurement date	211
Total	\$ 215

The \$211 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 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	(5)
2026	10
2027	-
Thereafter	-
Totals	\$ 4

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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	30 Year Geometric Return
	Allocation	
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 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, 2023	\$ 3,460	\$ 3,186	\$ 2,946

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.

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14-B Town of Unity Retiree Health Benefit Program

The Town 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 Town'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 Town 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 Town. The amounts that should be recorded as the net OPEB liability and the OPEB expense is unknown.

NOTE 15 - ENCUMBRANCES

The outstanding encumbrances of \$70,793 in the general fund are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed for the highways and streets function at December 31, 2023.

NOTE 16 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Governmental activities and fiduciary fund net position reported on the Statements of Net Position at December 31, 2023 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 5,300,342	\$ -
Less:		
General obligation bond payable	(1,605,000)	-
Note payable	(49,971)	-
Total net investment in capital assets	3,645,371	-
Restricted net position:		
Perpetual care - nonexpendable	18,427	-
Perpetual care - income balance	540	-
Library	10,752	-
Broadband project	-	-
Individuals, organizations, and other governments	-	542,589
Total restricted net position	29,719	542,589
Unrestricted	2,284,256	-
Total net position	\$ 5,959,346	\$ 542,589

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2023 include the following:

	General	FEMA Capital Project	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 18,806	\$ -	\$ -	\$ 18,806
Tax dedeed property, subject to resale	20,718	-	-	20,718
Permanent fund - principal balance	-	-	18,427	18,427
Total nonspendable fund balance	39,524	-	18,427	57,951

(Continued)

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Governmental fund balances continued:

	General	FEMA Capital Project	Nonmajor Funds	Total Governmental Funds
Restricted:				
Library	10,752	-	-	10,752
Bridge aid	131,049	-	-	131,049
Permanent - income balance	-	-	540	540
Total restricted fund balance	<u>141,801</u>	<u>-</u>	<u>540</u>	<u>142,341</u>
Committed:				
Expendable trust	1,240,184	-	-	1,240,184
Nonlapsing appropriation	322,307	-	-	322,307
Conservation commission	-	-	18,600	18,600
Total committed fund balance	<u>1,562,491</u>	<u>-</u>	<u>18,600</u>	<u>1,581,091</u>
Assigned:				
Encumbrances	70,793	-	-	70,793
Unassigned	<u>1,264,666</u>	<u>-</u>	<u>-</u>	<u>1,264,666</u>
Total governmental fund balances	<u>\$ 3,079,275</u>	<u>\$ -</u>	<u>\$ 37,567</u>	<u>\$ 3,116,842</u>

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

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

	General Fund			Broadband Project
	Government-wide Statements	Total Fund Balance (Modified Accrual Basis)	Unassigned Fund Balance (Budgetary Basis)	
To restate to combine broadband project with general fund	\$ -	\$ 77,399	\$ -	\$ (77,399)
To record prepaid interest not previously recorded	5,351	19,541	19,541	-
Net position, as previously reported	6,113,811	3,222,342	1,608,824	77,399
Net position, as restated	<u>\$ 6,119,162</u>	<u>\$ 3,319,282</u>	<u>\$ 1,628,365</u>	<u>\$ -</u>

NOTE 19 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 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 Town's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2023 the Town paid \$29,119 and \$17,670 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

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DECEMBER 31, 2023

NOTE 20 – TAX ABATEMENTS

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

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through October 16, 2024, the date the December 31, 2023 financial statements were available to be issued, and the following events occurred that require recognition or disclosure:

The voters approved Warrant Article Nos. 18 and 19 at the Annual Town Meeting held on March 16, 2024. Warrant Article No. 18 authorized the use of \$77,339 of unassigned fund balance to be transferred to the Bridges and Culverts Capital Reserve Fund. Warrant Article No. 19 authorized the use of \$58,000 of unassigned fund balance to remove and replace the culverts on Lear Hill Road.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 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
Town's proportion of the net pension liability	0.004%	0.004%	0.004%	0.004%	0.003%	0.004%	0.003%	0.003%	0.003%	0.003%
Town's proportionate share of the net pension liability	\$ 159,657	\$ 150,208	\$ 201,801	\$ 188,977	\$ 149,837	\$ 178,996	\$ 213,679	\$ 150,652	\$ 182,947	\$ 168,316
Town's covered payroll (as of the measurement date)	\$ 132,174	\$ 121,843	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405	\$ 147,014	\$ 160,231	\$ 169,513
Town's proportionate share of the net pension liability as a percentage of its covered payroll	120.79%	123.28%	161.28%	145.80%	125.40%	122.51%	156.65%	102.47%	114.18%	99.29%
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%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.
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EXHIBIT G
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 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 contributions	\$ 13,799	\$ 12,721	\$ 13,589	\$ 14,077	\$ 13,152	\$ 16,189	\$ 14,841	\$ 17,025	\$ 17,810	\$ 18,411
Contributions in relation to the contractually required contributions	(13,799)	(12,721)	(13,589)	(14,077)	(13,152)	(16,189)	(14,841)	(17,025)	(17,810)	(18,411)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year end)	\$ 121,843	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405	\$ 147,014	\$ 156,206	\$ 163,039	\$ 168,450
Contributions as a percentage of covered payroll	11.33%	10.17%	10.48%	11.78%	9.00%	11.87%	10.09%	10.90%	10.92%	10.93%

TOWN OF UNITY, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 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 – 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 F and G represent the actuarial determined costs associated with the Town'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 H
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan 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, 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, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Town's proportion of the net OPEB liability	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%	0.001%
Town's proportionate share of the net OPEB liability	\$ 3,233	\$ 3,093	\$ 3,685	\$ 4,208	\$ 3,734	\$ 3,467	\$ 3,733	\$ 3,186
Town's covered payroll (as of the measurement date)	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405	\$ 147,014	\$ 160,231	\$ 169,513
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.58%	2.39%	3.08%	2.88%	2.74%	2.36%	2.33%	1.88%
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%	12.80%

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

EXHIBIT I
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2023
Unaudited

Fiscal year-end	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31 2023
Measurement date	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	\$ 388	\$ 401	\$ 356	\$ 438	\$ 396	\$ 423	\$ 402	\$ 405
Contributions in relation to the contractually required contributions	(388)	(401)	(356)	(438)	(396)	(423)	(402)	(405)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year end)	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405	\$ 147,014	\$ 163,039	\$ 168,450
Contributions as a percentage of covered payroll	0.31%	0.31%	0.30%	0.30%	0.29%	0.29%	0.25%	0.24%

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 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 – 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 H and I represent the actuarial determined costs associated with the Town’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.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2023

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,184,005	\$ 1,195,833	\$ 11,828
Land use change	5,000	430	(4,570)
Yield	10,000	10,512	512
Excavation	70	211	141
Interest and penalties on taxes	36,000	35,421	(579)
Total from taxes	<u>1,235,075</u>	<u>1,242,407</u>	<u>7,332</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	100	150	50
Motor vehicle permit fees	300,000	316,534	16,534
Building permits	6,600	2,696	(3,904)
Other	2,200	2,648	448
Total from licenses, permits, and fees	<u>308,900</u>	<u>322,028</u>	<u>13,128</u>
Intergovernmental:			
State:			
Meals and rooms distribution	143,740	143,740	-
Highway block grant	108,177	143,089	34,912
Other	13,376	37,371	23,995
Federal:			
GOFERR grant	37,236	37,236	-
Total from intergovernmental	<u>302,529</u>	<u>361,436</u>	<u>58,907</u>
Charges for services:			
Income from departments	<u>55,000</u>	<u>51,443</u>	<u>(3,557)</u>
Miscellaneous:			
Sale of municipal property	240,000	60,172	(179,828)
Interest on investments	3,500	2,570	(930)
Other	129,300	138,398	9,098
Total from miscellaneous	<u>372,800</u>	<u>201,140</u>	<u>(171,660)</u>
Total revenues	2,274,304	<u>\$ 2,178,454</u>	<u>\$ (95,850)</u>
Amounts voted from fund balance	200,000		
Total revenues and use of fund balance	<u>\$ 2,474,304</u>		

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 10,547	\$ 84,000	\$ 84,301	\$ -	\$ 10,246
Election and registration	-	116,920	109,141	-	7,779
Financial administration	-	158,700	117,780	-	40,920
Revaluation of property	-	22,500	17,624	-	4,876
Legal	-	40,000	27,486	-	12,514
Personnel administration	-	152,525	156,191	-	(3,666)
Planning and zoning	-	4,750	3,432	-	1,318
General government buildings	-	106,100	115,036	-	(8,936)
Cemeteries	-	17,000	6,631	-	10,369
Insurance, not otherwise allocated	-	29,200	29,119	-	81
Other	-	28,500	-	-	28,500
Total general government	<u>10,547</u>	<u>760,195</u>	<u>666,741</u>	<u>-</u>	<u>104,001</u>
Public safety:					
Police	-	60,500	56,313	-	4,187
Ambulance	-	10,300	10,294	-	6
Fire	-	72,250	72,249	-	1
Building inspection	-	6,200	3,122	-	3,078
Emergency management	4,928	6,000	10,280	-	648
Total public safety	<u>4,928</u>	<u>155,250</u>	<u>152,258</u>	<u>-</u>	<u>7,920</u>
Highways and streets	<u>85,000</u>	<u>541,200</u>	<u>687,973</u>	<u>70,793</u>	<u>(132,566)</u>
Sanitation:					
Administration	-	54,000	37,805	-	16,195
Solid waste collection	-	900	893	-	7
Solid waste disposal	-	40,000	57,632	-	(17,632)
Sewage collection and disposal	-	2,600	2,507	-	93
Total sanitation	<u>-</u>	<u>97,500</u>	<u>98,837</u>	<u>-</u>	<u>(1,337)</u>
Health:					
Pest control	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Welfare:					
Administration and direct assistance	<u>-</u>	<u>5,000</u>	<u>100</u>	<u>-</u>	<u>4,900</u>
Culture and recreation:					
Parks and recreation	-	9,700	4,717	-	4,983
Library	-	43,364	32,755	-	10,609
Patriotic purposes	-	3,000	3,031	-	(31)
Total culture and recreation	<u>-</u>	<u>56,064</u>	<u>40,503</u>	<u>-</u>	<u>15,561</u>
Conservation	<u>-</u>	<u>10,052</u>	<u>11,823</u>	<u>-</u>	<u>(1,771)</u>
Debt service:					
Principal of long-term debt	-	70,000	70,000	-	-
Interest on long-term debt	-	39,000	39,081	-	(81)
Total debt service	<u>-</u>	<u>109,000</u>	<u>109,081</u>	<u>-</u>	<u>(81)</u>

(Continued)

See Independent Auditor's Report.

SCHEDULE 2 (continued)
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	230,615	359,543	265,249	-	324,909
Other financing uses:					
Transfers out	-	379,500	379,500	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 331,090</u>	<u>\$ 2,474,304</u>	<u>\$ 2,412,065</u>	<u>\$ 70,793</u>	<u>\$ 322,536</u>

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2023

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 18)		\$ 1,628,365
Changes:		
Amounts voted from fund balance		(200,000)
2023 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (95,850)	
Unexpended balance of appropriations (Schedule 2)	<u>322,536</u>	
2023 Budget surplus		226,686
Increase in nonspendable fund balance		(27,239)
Decrease in restricted fund balance		30,488
Increase in committed fund balance		<u>(322,307)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,335,993
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		(78,827)
Elimination of the allowance for uncollectible taxes		<u>7,500</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,264,666</u></u>

SCHEDULE 4
TOWN OF UNITY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
ASSETS			
Cash and cash equivalents	\$ 18,600	\$ 101	\$ 18,701
Investments	-	18,866	18,866
Total assets	<u>\$ 18,600</u>	<u>\$ 18,967</u>	<u>\$ 37,567</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 18,427	\$ 18,427
Restricted	-	540	540
Committed	18,600	-	18,600
Total fund balances	<u>\$ 18,600</u>	<u>\$ 18,967</u>	<u>\$ 37,567</u>

See Independent Auditor's Report.

SCHEDULE 5
TOWN OF UNITY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2023

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
REVENUES			
Miscellaneous	\$ 36	\$ 747	\$ 783
EXPENDITURES			
Current:			
General government	-	127	127
Conservation	593	-	593
Total expenditures	593	127	720
Net change in fund balances	(557)	620	63
Fund balances, beginning	19,157	18,347	37,504
Fund balances, ending	\$ 18,600	\$ 18,967	\$ 37,567

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF UNITY, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2023

	Custodial Funds			Total
	Taxes	Trust Funds	State of NH Motor Vehicle Fees	
ASSETS				
Cash and cash equivalents	\$ -	\$ 535,274	\$ -	\$ 535,274
Investments	-	7,315	-	7,315
Intergovernmental receivables	820,354	-	-	820,354
Total assets	<u>820,354</u>	<u>542,589</u>	<u>-</u>	<u>1,362,943</u>
LIABILITIES				
Intergovernmental payables:				
Due to school	820,354	-	-	820,354
NET POSITION				
Restricted	<u>\$ -</u>	<u>\$ 542,589</u>	<u>\$ -</u>	<u>\$ 542,589</u>

See Independent Auditor's Report.

SCHEDULE 7
TOWN OF UNITY, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2023

	Custodial Funds			Total
	Taxes	Trust Funds	State of NH Motor Vehicle Fees	
ADDITIONS				
Contributions	\$ -	\$ 180,312	\$ -	\$ 180,312
Investment earnings	-	8,137	-	8,137
Tax collections for other governments	2,829,251	-	-	2,829,251
State motor vehicle fees	-	-	27,254	27,254
Total additions	<u>2,829,251</u>	<u>188,449</u>	<u>27,254</u>	<u>3,044,954</u>
DEDUCTIONS				
Payments of taxes to other governments	2,829,251	-	-	2,829,251
Payments of motor vehicle fees to State	-	-	27,254	27,254
Total deductions	<u>2,829,251</u>	<u>-</u>	<u>27,254</u>	<u>2,856,505</u>
Change in net position	-	188,449	-	188,449
Net position, beginning	-	354,140	-	354,140
Net position, ending	<u>\$ -</u>	<u>\$ 542,589</u>	<u>\$ -</u>	<u>\$ 542,589</u>

See Independent Auditor's Report.