

TOWN OF HANOVER, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX- 603-224-1380

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and the aggregate remaining fund information of the Town of Hanover, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Hanover's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major governmental and proprietary fund, and the aggregate remaining fund information of the Town of Hanover, as of June 30, 2024, the respective changes in financial position, and the respective budgetary comparisons for the major general and fire funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-D to the financial statements, in the year ending June 30, 2024, the Town adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment to GASB Statement No. 62*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hanover'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.

Town of Hanover
Independent Auditor's Report

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 Hanover'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 Hanover's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

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

Supplementary Information

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

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

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

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the Town of Hanover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hanover's internal control over financial reporting and compliance.



March 27, 2025
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Hanover (the Town); we offer readers this narrative overview and analysis of the financial activities of the Town of Hanover for the fiscal year ended June 30, 2024.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components:

(1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal

requirements. All the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

An annual appropriated budget is adopted for the major general and fire governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, the Town of Hanover uses enterprise funds to account for the water and water reclamation funds, which are considered major funds.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$46,092,316 (i.e., net position), a change of \$3,693,315 in comparison to the restated prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$18,511,509, a change of \$4,204,910 in comparison to the restated prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,128,537, a change of \$1,030,405 in comparison to the prior year.

C. GOVERNMENT WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current fiscal year.

Comparative Statement of Net Position

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>
Assets						
Current assets	\$ 41,294,797	\$ 46,785,689	\$ 5,498,082	\$ 6,940,674	\$ 46,792,879	\$ 53,726,363
Capital assets	34,683,672	34,884,697	17,314,881	15,697,965	51,998,553	50,582,662
Total assets	<u>75,978,469</u>	<u>81,670,386</u>	<u>22,812,963</u>	<u>22,638,639</u>	<u>98,791,432</u>	<u>104,309,025</u>
Deferred outflows of resources	4,907,870	3,787,839	249,779	205,487	5,157,649	3,993,326
Liabilities						
Other liabilities	844,872	1,914,194	770,163	1,097,257	1,615,035	3,011,451
Long-term liabilities	26,816,689	26,887,555	5,278,651	4,367,851	32,095,340	31,255,406
Total liabilities	<u>27,661,561</u>	<u>28,801,749</u>	<u>6,048,814</u>	<u>5,465,108</u>	<u>33,710,375</u>	<u>34,266,857</u>
Deferred inflows of resources	27,722,967	27,835,355	116,738	107,823	27,839,705	27,943,178
Net position						
Net investment in capital assets	32,481,342	31,450,725	13,327,276	12,634,647	45,808,618	44,085,372
Restricted	6,075,203	6,915,977	-	-	6,075,203	6,915,977
Unrestricted	(13,054,734)	(9,545,581)	3,569,914	4,636,548	(9,484,820)	(4,909,033)
Total net position	<u>\$ 25,501,811</u>	<u>\$ 28,821,121</u>	<u>\$ 16,897,190</u>	<u>\$ 17,271,195</u>	<u>\$ 42,399,001</u>	<u>\$ 46,092,316</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$46,092,316, a change of \$3,693,315 in comparison to the prior year.

The largest portion of net position, \$44,085,372, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$6,915,977, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$4,909,033, primarily resulting from unfunded pension and other postemployment benefit (OPEB) liabilities.

Comparative Statement of Activities

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>
Expenses:						
General government	\$ 5,807,513	\$ 7,077,550	\$ -	\$ -	\$ 5,807,513	\$ 7,077,550
Public safety	9,991,789	10,471,172	-	-	9,991,789	10,471,172
Highways and streets	3,288,943	4,570,648	-	-	3,288,943	4,570,648
Water	-	-	1,258,966	1,871,523	1,258,966	1,871,523
Sanitation	287,409	290,900	1,985,909	3,531,703	2,273,318	3,822,603
Health	334,138	13,607	-	-	334,138	13,607
Welfare	144,186	146,582	-	-	144,186	146,582
Culture and recreation	2,847,727	2,907,361	-	-	2,847,727	2,907,361
Conservation	26,086	51,114	-	-	26,086	51,114
Interest on long-term debt	75,059	84,230	-	-	75,059	84,230
Total governmental activities	\$ 22,802,850	\$ 25,613,164	\$ 3,244,875	\$ 5,403,226	\$ 26,047,725	\$ 31,016,390
 Program revenues:						
Charges for services	\$ 4,531,776	\$ 5,069,416	\$ 5,120,398	\$ 5,624,871	\$ 9,652,174	\$ 10,694,287
Operating grants and contributions	889,442	746,744	18,618	16,172	908,060	762,916
Capital grants and contributions	-	247,719	-	-	-	247,719
 General revenues:						
Property taxes and other taxes	14,487,548	16,205,149	-	-	14,487,548	16,205,149
Motor vehicle permit fees	1,609,021	1,750,648	-	-	1,609,021	1,750,648
Licenses and other fees	1,010,020	1,137,295	-	-	1,010,020	1,137,295
Grants and contributions not related to specific programs	1,046,271	1,737,442	-	-	1,046,271	1,737,442
Investment income	1,196,864	1,921,948	87,009	129,007	1,283,873	2,050,955
Miscellaneous	236,750	116,113	8,499	7,181	245,249	123,294
Total revenues	\$ 25,007,692	\$ 28,932,474	\$ 5,234,524	\$ 5,777,231	\$ 30,242,216	\$ 34,709,705
 Change in net position						
	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>	<i>June 30, 2023 (as restated)</i>	<i>June 30, 2024</i>
Net position, beginning	27,501,509	25,501,811	18,377,499	16,897,190	45,879,008	42,399,001
Net effect of prior period restatements	(4,204,540)	-	(3,469,958)	-	(7,674,498)	-
Net position, ending	25,501,811	28,821,121	16,897,190	17,271,195	42,399,001	46,092,316
Change in net position	(1,999,698)	3,319,310	(1,480,309)	374,005	(3,480,007)	3,693,315

Governmental activities. Governmental activities for the year resulted in a change in net position of \$3,319,310. Key elements of this change are as follows:

General fund operations	2,335,030
Other governmental funds operations	1,869,880
Capital asset additions, disposals, and depreciation expense	201,025
Changes in long-term debt	(1,249,610)
Changes in other long-term liabilities and related deferred outflows and inflows of resources	213,109
Change in deferred tax revenue	(50,124)
Total	<u>3,319,310</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$374,005. Key elements of this change are as follows:

Water Operations	530,302
Water Reclamation Operations	(156,297)
Total	<u>374,005</u>

D. FINANCIAL ANALYSIS OF FUNDS

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$18,511,509, a change of \$4,204,910 in comparison to the prior year restated balances. Key elements of this change are as follows:

General Fund Operating Results	2,335,030
Fire Fund Operating Results	188,533
Permanent Fund Operating Results	734,048
Non-major Fund Operating Results	947,299
Total	<u>4,204,910</u>

The general fund is the chief operating fund. At the end of the current fiscal year, GAAP-basis basis unassigned fund balance of the general fund was \$5,096,444, while total fund balance was \$9,733,534. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

General Fund	6/30/2024	6/30/2023	Change	% of General Fund
				Total Expenditures
Unassigned Fund Balance	5,096,444	4,015,915	1,080,529	28.9%
Total Fund Balance	9,733,534	7,398,504	2,335,030	55.2%

The budgetary-basis Unassigned Fund Balance of the general fund changed by \$1,030,405 during the current fiscal year. Key factors in this change are as follows:

Use of Fund Balance as funding source	(120,771)
Revenues in excess of budget	1,335,518
Expenditures less than budget	102,440
Other financing sources/uses compared to budget	(282,555)
Increase in nonspendable fund balance	(4,227)
Total	<u>1,030,405</u>

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,636,548, a change of \$1,066,634 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

For the year, the Town's General Fund revenue surplus of \$1,052,963 led a very favorable performance compared to budget and unexpended appropriations contributed an additional \$102,440. As discussed above, this increased the Town's General Fund Unassigned Fund Balance by 25%, putting the Town's finances in an excellent position. Highlights from these results are explained below.

Revenues

Licenses, Permits and Fees - \$229,743 collected in excess of budget estimate led by Motor Vehicle Registration Fees and Building and Zoning Permit Fees. Rental Housing Inspection Fees fell short by (\$99,350) due to delay in hiring an inspector.

Intergovernmental - \$139,641 collected in excess of budget estimate due primarily to unanticipated Highway Block Grant of \$76,397 and \$57,619 unanticipated FEMA.

Miscellaneous - \$526,641 collected in excess of budget estimate, led by \$460,500 more than budgeted for short-term investment income due to effective investment of the Town's idle cash as well as higher than assumed interest rates.

Appropriations

General Government – Overall expenditures were favorable to budget by \$281,279 driven by underspent NHRS contributions (Personnel Administration) due to open positions throughout FY2024.

Capital Outlay – Expenditures \$254,418 below budget due to timing of projects to be completed in future years, supported by non-lapsing appropriations.

Highways & Streets – Expenditures unfavorable to budget due to encumbrances.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year end amounted to \$50,582,662 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Capital assets put into service during the current fiscal year include the following:

Governmental Activities:

4 Ford Police Utility AWB Hybrids and Computers	Police	\$ 280,435
Ruddsboro @ 3 mile Bridge Repair	Highway	\$ 279,942
FY24 LED Street Lighting Conversion	Highway	\$ 247,650
Dump Truck	Highway	\$ 242,911
Howe Library Roof Replacement	Library	\$ 183,255
Sidewalk Tractor	Highway	\$ 170,394
Sidewalks at Crosby, Summer, South Main and Verona Streets	Highway	\$ 131,109
2023 Ford Utility Truck for LMC	Fire	\$ 86,908
2023 Ford F350	Highway	\$ 86,908
RW Black Community Center Roof Replacement	Parks & Rec	\$ 83,450
Public Works Garage Shim & Overlay	Dept of Public Works	\$ 64,933
Public Works Facility Security Fencing	Dept of Public Works	\$ 64,185
Sachem Baseball Field Renovation	Parks & Rec	\$ 55,000
Siplining	Dept of Public Works	\$ 38,427
2023 Talbert Equipment Trailer	Highway	\$ 35,176
Fire Dispatch Center Renovation Completion	Fire	\$ 35,020
Fire Restrooms Replumbing and New Ventilation	Fire	\$ 12,602

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$6,497,290, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

Currently Known Facts, Decisions, or Conditions of Future Significance

Personnel costs represent the largest expenditure across all funds. For FY2025 Health Trust increased the health care premiums by 13.1% while dental premiums increased 4.7%. These increases far exceed the rate of inflation, and the 2.5% COLA increases awarded to Town employees. Open positions were a factor in the FY2024 favorable financial performance, and to date in FY2025 most positions have been filled. Fewer open positions support much more effective Town operations and FY2025 personnel expenses will be more in line with budgeted levels. Over the next several fiscal years, significant debt burden will come online in the Fire, Water, and Sewer Funds, although only the Fire Fund debt will impact tax rates. The Town is adjusting user fees to set aside funds in the capital reserve funds to defray future debt payments. The largest unknown is how future national policy related to trade will impact our regional economy. The Director of Public Works estimated that proposed tariffs could increase operating costs as much as \$150K/year which translates to more than a 1% tax rate increase. Management is working to stay abreast of state, national and global changes impacting the community to thoughtfully plan for a successful future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Hanover's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Administrative Services
Town of Hanover
P.O. Box 483
Hanover, New Hampshire 03755
(603) 640-3203

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF HANOVER, NEW HAMPSHIRE
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,262,952	\$ 2,438,265	\$ 27,701,217
Investments	12,698,080	3,094,246	15,792,326
Taxes receivables	7,024,490	-	7,024,490
Account receivables (net)	299,432	914,177	1,213,609
Intergovernmental receivable	201,509	493,986	695,495
Internal balances	1,029,723	(1,029,723)	-
Prepaid items	176,675	-	176,675
Tax deeded property, subject to resale	19,628	-	19,628
Other assets	73,200	-	73,200
Capital assets:			
Land and construction in progress	7,490,860	390,582	7,881,442
Other capital assets, net of depreciation	27,393,837	15,307,383	42,701,220
Total assets	<u>81,670,386</u>	<u>21,608,916</u>	<u>103,279,302</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,787,839</u>	<u>205,487</u>	<u>3,993,326</u>
LIABILITIES			
Accounts payable	1,404,452	49,980	1,454,432
Accrued salaries and benefits	181,842	-	181,842
Retainage payable	29,326	-	29,326
Accrued interest payable	16,309	17,554	33,863
Intergovernmental payable	32,235	-	32,235
Escrow and performance deposits	250,030	-	250,030
Long-term liabilities:			
Due within one year	738,808	216,198	955,006
Due in more than one year	<u>26,148,747</u>	<u>4,151,653</u>	<u>30,300,400</u>
Total liabilities	<u>28,801,749</u>	<u>4,435,385</u>	<u>33,237,134</u>
DEFERRED INFLOWS OF RESOURCES	<u>27,835,355</u>	<u>107,823</u>	<u>27,943,178</u>
NET POSITION			
Net investment in capital assets	31,450,725	12,634,647	44,085,372
Restricted	6,915,977	-	6,915,977
Unrestricted	<u>(9,545,581)</u>	<u>4,636,548</u>	<u>(4,909,033)</u>
Total net position	<u>\$ 28,821,121</u>	<u>\$ 17,271,195</u>	<u>\$ 46,092,316</u>

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

EXHIBIT B
TOWN OF HANOVER, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 7,077,550	\$ 30,993	\$ 17,550	\$ -	\$ (7,029,007)	\$ -	\$ (7,029,007)
Public safety	10,471,172	4,074,336	303,348	-	(6,093,488)	-	(6,093,488)
Highways and streets	4,570,648	-	348,301	247,719	(3,974,628)	-	(3,974,628)
Sanitation	290,900	115,585	-	-	(175,315)	-	(175,315)
Health	13,607	-	-	-	(13,607)	-	(13,607)
Welfare	146,582	5,028	-	-	(141,554)	-	(141,554)
Culture and recreation	2,907,361	843,474	50,929	-	(2,012,958)	-	(2,012,958)
Conservation	51,114	-	26,616	-	(24,498)	-	(24,498)
Interest on long-term debt	84,230	-	-	-	(84,230)	-	(84,230)
Total governmental activities	<u>25,613,164</u>	<u>5,069,416</u>	<u>746,744</u>	<u>247,719</u>	<u>(19,549,285)</u>	<u>-</u>	<u>(19,549,285)</u>
Business-type activities:							
Water	1,871,523	2,333,658	-	-	-	462,135	462,135
Water reclamation	3,531,703	3,291,213	16,172	-	-	(224,318)	(224,318)
Total business-type activities	<u>5,403,226</u>	<u>5,624,871</u>	<u>16,172</u>	<u>-</u>	<u>-</u>	<u>237,817</u>	<u>237,817</u>
Total	<u><u>\$ 31,016,390</u></u>	<u><u>\$ 10,694,287</u></u>	<u><u>\$ 762,916</u></u>	<u><u>\$ 247,719</u></u>	<u><u>(19,549,285)</u></u>	<u><u>237,817</u></u>	<u><u>(19,311,468)</u></u>
General revenues:							
Taxes:							
Property					15,984,597	-	15,984,597
Other					220,552	-	220,552
Motor vehicle permit fees					1,750,648	-	1,750,648
Licenses and other fees					1,137,295	-	1,137,295
Grants and contributions not restricted to specific programs					1,737,442	-	1,737,442
Unrestricted investment earnings					1,230,907	129,007	1,359,914
Miscellaneous					116,113	7,181	123,294
Change in fair value of investments					691,041	-	691,041
Total general revenues					22,868,595	136,188	23,004,783
Change in net position					3,319,310	374,005	3,693,315
Net position, beginning, as restated, see Note 18					25,501,811	16,897,190	42,399,001
Net position, ending					<u><u>\$ 28,821,121</u></u>	<u><u>\$ 17,271,195</u></u>	<u><u>\$ 46,092,316</u></u>

EXHIBIT C-1
TOWN OF HANOVER, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2024

	General	Fire	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 22,191,257	\$ 793,551	\$ 322,742	\$ 1,955,402	\$ 25,262,952
Investments	5,786,914	-	6,436,509	474,657	12,698,080
Taxes receivables	7,024,490	-	-	-	7,024,490
Account receivables (net)	134,540	-	-	164,892	299,432
Intergovernmental receivable	4,931	-	-	196,578	201,509
Interfund receivable	1,308,493	178,816	-	20,000	1,507,309
Prepaid items	194,643	-	-	-	194,643
Tax deeded property, subject to resale	19,628	-	-	-	19,628
Other assets	73,200	-	-	-	73,200
Total assets	<u>\$ 36,738,096</u>	<u>\$ 972,367</u>	<u>\$ 6,759,251</u>	<u>\$ 2,811,529</u>	<u>\$ 47,281,243</u>
LIABILITIES					
Accounts payable	\$ 866,856	\$ 67,073	\$ -	\$ 470,523	\$ 1,404,452
Accrued salaries and benefits	181,842	-	-	-	181,842
Retainage payable	-	-	-	29,326	29,326
Intergovernmental payable	32,235	-	-	-	32,235
Interfund payable	198,816	-	-	278,770	477,586
Escrow and performance deposits	250,030	-	-	-	250,030
Total liabilities	<u>1,529,779</u>	<u>67,073</u>	<u>-</u>	<u>778,619</u>	<u>2,375,471</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>25,474,783</u>	<u>-</u>	<u>-</u>	<u>919,480</u>	<u>26,394,263</u>
FUND BALANCES					
Nonspendable	214,271	-	6,644,691	-	6,858,962
Restricted	-	-	114,560	156,726	271,286
Committed	3,301,082	905,294	-	958,264	5,164,640
Assigned	1,121,737	-	-	-	1,121,737
Unassigned	5,096,444	-	-	(1,560)	5,094,884
Total fund balances	<u>9,733,534</u>	<u>905,294</u>	<u>6,759,251</u>	<u>1,113,430</u>	<u>18,511,509</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,738,096</u>	<u>\$ 972,367</u>	<u>\$ 6,759,251</u>	<u>\$ 2,811,529</u>	<u>\$ 47,281,243</u>

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

EXHIBIT C-2
TOWN OF HANOVER, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2024

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

Total fund balances of governmental funds (Exhibit C-1) \$ 18,511,509

Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.

Cost	\$ 98,016,450
Less accumulated depreciation	<u>(63,131,753)</u>
	34,884,697

Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:

Deferred outflows of resources related to pensions	\$ 3,422,193
Deferred inflows of resources related to pensions	(674,867)
Deferred outflows of resources related to OPEB	365,646
Deferred inflows of resources related to OPEB	<u>(798,318)</u>
	2,314,654

Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.

Receivables	\$ (477,586)
Payables	<u>477,586</u>
	-

Long-term revenue (taxes) is not available to pay current period expenditures, and therefore, is deferred in the governmental funds.

32,093

Interest on long-term debt is not accrued in governmental funds.

Accrued interest payable	(16,309)
	-

Repayment of long-term liabilities not due until subsequent year is recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.

(17,968)

Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.

Bonds	\$ 1,415,000
Notes/Loans	2,018,972
Compensated absences	2,445,403
Net pension liability	17,974,226
Other postemployment benefits liability:	
NHRS	1,031,840
Single employer	<u>2,002,114</u>
	(26,887,555)

Net position of governmental activities (Exhibit A)

\$ 28,821,121

EXHIBIT C-3
TOWN OF HANOVER, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	General	Fire	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 12,245,171	\$ 3,920,452	\$ -	\$ 89,650	\$ 16,255,273
Licenses and permits	2,887,943	-	-	-	2,887,943
Intergovernmental	1,522,511	-	-	2,104,280	3,626,791
Charges for services	1,980,316	145,814	-	2,943,286	5,069,416
Miscellaneous	1,188,719	9,884	870,370	77,768	2,146,741
Total revenues	<u>19,824,660</u>	<u>4,076,150</u>	<u>870,370</u>	<u>5,214,984</u>	<u>29,986,164</u>
EXPENDITURES					
Current:					
General government	7,047,072	-	36,322	67,634	7,151,028
Public safety	3,481,741	3,727,617	-	2,818,075	10,027,433
Highways and streets	2,928,191	-	-	293,256	3,221,447
Sanitation	290,900	-	-	-	290,900
Health	13,607	-	-	-	13,607
Welfare	146,582	-	-	-	146,582
Culture and recreation	2,696,834	-	-	118,240	2,815,074
Conservation	12,683	-	-	35,863	48,546
Debt service:					
Principal	116,825	-	-	245,000	361,825
Interest	8,390	-	-	64,579	72,969
Capital outlay	<u>899,955</u>	<u>-</u>	<u>-</u>	<u>1,362,212</u>	<u>2,262,167</u>
Total expenditures	<u>17,642,780</u>	<u>3,727,617</u>	<u>36,322</u>	<u>5,004,859</u>	<u>26,411,578</u>
Excess of revenues over expenditures	<u>2,181,880</u>	<u>348,533</u>	<u>834,048</u>	<u>210,125</u>	<u>3,574,586</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	540,522	-	-	387,372	927,894
Transfers out	(387,372)	(160,000)	(100,000)	(280,522)	(927,894)
Note proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,324</u>	<u>630,324</u>
Total other financing sources (uses)	<u>153,150</u>	<u>(160,000)</u>	<u>(100,000)</u>	<u>737,174</u>	<u>630,324</u>
Net change in fund balances	2,335,030	188,533	734,048	947,299	4,204,910
Fund balances, beginning, as restated, see Note 18	<u>7,398,504</u>	<u>716,761</u>	<u>6,025,203</u>	<u>166,131</u>	<u>14,306,599</u>
Fund balances, ending	<u>\$ 9,733,534</u>	<u>\$ 905,294</u>	<u>\$ 6,759,251</u>	<u>\$ 1,113,430</u>	<u>\$ 18,511,509</u>

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

EXHIBIT C-4
TOWN OF HANOVER, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

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

Net change in fund balances of governmental funds (Exhibit C-3) \$ 4,204,910

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	\$ 3,101,870
Depreciation expense	<u>(2,898,646)</u>
	203,224

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

(2,199)

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

Transfers in	\$ (927,894)
Transfers out	<u>927,894</u>
	-

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	(50,124)
--------------------------------	----------

Prepaid debt consumes current financial resources of governmental funds, but
 reduces net position on the government-wide statements.

Prepaid debt, current year	(17,968)
----------------------------	----------

Proceeds from issuing long-term liabilities provide current financial resources to
 governmental funds, but issuing debt increases long-term liabilities in the Statement of
 Net Position. Repayment of long-term liabilities is an expenditure in the governmental
 funds, but the repayment reduces long-term liabilities in the Statement
 of Net Position.

Proceeds of debt	\$ (1,633,891)
Repayment of bond principal	157,249
Repayment of note/loan principal	<u>245,000</u>
	(1,231,642)

Some expenses reported in the Statement of Activities do not require the use of
 current financial resources, and therefore, are not reported as expenditures in governmental funds.

Decrease in accrued interest expense	\$ 6,707
Decrease in compensated absences payable	33,383
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	24,855
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>148,164</u>
	213,109

Changes in net position of governmental activities (Exhibit B)

\$ 3,319,310

EXHIBIT D-1
TOWN OF HANOVER, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 11,823,729	\$ 11,823,729	\$ 12,195,047	\$ 371,318
Licenses and permits	2,658,200	2,658,200	2,887,943	229,743
Intergovernmental	1,382,870	1,382,870	1,522,511	139,641
Charges for services	1,912,141	1,912,141	1,980,316	68,175
Miscellaneous	471,000	471,000	997,641	526,641
Total revenues	<u>18,247,940</u>	<u>18,247,940</u>	<u>19,583,458</u>	<u>1,335,518</u>
EXPENDITURES				
Current:				
General government	7,314,021	7,424,793	7,143,514	281,279
Public safety	3,356,077	3,356,077	3,232,171	123,906
Highways and streets	2,988,185	2,988,185	3,710,254	(722,069)
Sanitation	313,975	313,975	290,900	23,075
Health	9,949	9,949	13,607	(3,658)
Welfare	164,888	164,888	146,582	18,306
Culture and recreation	2,808,030	2,808,030	2,695,499	112,531
Conservation	23,875	23,875	12,683	11,192
Debt service:				
Principal	125,000	125,000	116,825	8,175
Interest	3,675	3,675	8,390	(4,715)
Capital outlay	1,201,000	1,201,000	946,582	254,418
Total expenditures	<u>18,308,675</u>	<u>18,419,447</u>	<u>18,317,007</u>	<u>102,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,735)</u>	<u>(171,507)</u>	<u>1,266,451</u>	<u>1,437,958</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,269,475	1,380,247	1,097,692	(282,555)
Transfers out	(1,329,511)	(1,329,511)	(1,329,511)	-
Total other financing sources (uses)	<u>(60,036)</u>	<u>50,736</u>	<u>(231,819)</u>	<u>(282,555)</u>
Net change in fund balances	<u>\$ (120,771)</u>	<u>\$ (120,771)</u>	<u>1,034,632</u>	<u>\$ 1,155,403</u>
Increase in nonspendable fund balance			(4,227)	
Unassigned fund balance, beginning, as restated, see Note 18			4,098,132	
Unassigned fund balance, ending			<u>\$ 5,128,537</u>	

EXHIBIT D-2
TOWN OF HANOVER, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Budgetary Basis)
Fire Fund
For the Fiscal Year Ended June 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 3,904,706	\$ 3,920,452	\$ 15,746
Charges for services	163,135	145,814	(17,321)
Miscellaneous	2,000	9,884	7,884
Total revenues	<u>4,069,841</u>	<u>4,076,150</u>	<u>6,309</u>
EXPENDITURES			
Current:			
Public safety	4,012,218	3,727,617	284,601
Excess of revenues over expenditures	<u>57,623</u>	<u>348,533</u>	<u>290,910</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,500	-	(15,500)
Transfers out	(160,000)	(160,000)	-
Total other financing sources (uses)	<u>(144,500)</u>	<u>(160,000)</u>	<u>(15,500)</u>
Net change in fund balances	<u>\$ (86,877)</u>	<u>188,533</u>	<u>\$ 275,410</u>
Committed fund balance, beginning		716,761	
Committed fund balance, ending		<u>\$ 905,294</u>	

EXHIBIT E-1
TOWN OF HANOVER, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
June 30, 2024

	Business-type Activities		
	Enterprise Funds		Total Enterprise Funds
	Water	Water Reclamation	
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,438,265	\$ 2,438,265
Investments	1,528,681	1,565,565	3,094,246
Receivables:			
Accounts	914,177	-	914,177
Intergovernmental	-	493,986	493,986
Capital assets:			
Land and construction in progress	282,965	107,617	390,582
Other capital assets, net of depreciation	8,020,874	7,286,509	15,307,383
Total assets	<u>10,746,697</u>	<u>11,891,942</u>	<u>22,638,639</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>86,260</u>	<u>119,227</u>	<u>205,487</u>
LIABILITIES			
Current liabilities:			
Accounts payable	25,723	24,257	49,980
Accrued interest payable	-	17,554	17,554
Internal balances	1,029,723	-	1,029,723
Long term liabilities:			
Due within one year	-	216,198	216,198
Due in more than one year	<u>1,797,481</u>	<u>2,354,172</u>	<u>4,151,653</u>
Total liabilities	<u>2,852,927</u>	<u>2,612,181</u>	<u>5,465,108</u>
DEFERRED INFLOWS OF RESOURCES	<u>42,249</u>	<u>65,574</u>	<u>107,823</u>
NET POSITION			
Net investment in capital assets	7,022,846	5,611,801	12,634,647
Unrestricted	<u>914,935</u>	<u>3,721,613</u>	<u>4,636,548</u>
Total net position	<u>\$ 7,937,781</u>	<u>\$ 9,333,414</u>	<u>\$ 17,271,195</u>

EXHIBIT E-2
TOWN OF HANOVER, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

	Business-type Activities		
	Enterprise Funds		Total Enterprise Funds
	Water	Water Reclamation	
Operating revenues:			
User charges	\$ 2,211,008	\$ 3,291,213	\$ 5,502,221
Other sales	121,443	-	121,443
Fees and interest	1,207	-	1,207
Total operating revenues	<u>2,333,658</u>	<u>3,291,213</u>	<u>5,624,871</u>
Operating expenses:			
Salaries and wages	540,573	724,255	1,264,828
Operation and maintenance	766,522	1,140,357	1,906,879
Contractual services	135,728	83,941	219,669
Materials and supplies	10,414	325,536	335,950
Depreciation and amortization	395,564	1,221,352	1,616,916
Total operating expenses	<u>1,848,801</u>	<u>3,495,441</u>	<u>5,344,242</u>
Operating gain	<u>484,857</u>	<u>(204,228)</u>	<u>280,629</u>
Nonoperating revenue (expense):			
Interest income	60,986	68,021	129,007
Intergovernmental revenues	-	16,172	16,172
Interest expense	(22,722)	(36,262)	(58,984)
Other	7,181	-	7,181
Total nonoperating revenues	<u>45,445</u>	<u>47,931</u>	<u>93,376</u>
Change in net position	530,302	(156,297)	374,005
Net position, beginning, as restated, see Note 18	7,407,479	9,489,711	16,897,190
Net position, ending	<u>\$ 7,937,781</u>	<u>\$ 9,333,414</u>	<u>\$ 17,271,195</u>

EXHIBIT E-3
TOWN OF HANOVER, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

	Business-type Activities			
	Enterprise Funds		Total Enterprise	
	Water	Reclamation	Water	Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,808,487	\$ 3,291,213	\$ 5,099,700	
Payments to employees	(518,538)	(697,426)	(1,215,964)	
Payments to suppliers	(911,835)	(1,577,092)	(2,488,927)	
Net cash provided by operating activities	378,114	1,016,695	1,394,809	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
State Aid grants received	-	86,671	86,671	
Changes in internal balances	358,239	-	358,239	
Principal paid on notes/loans	(399,599)	(524,688)	(924,287)	
Interest paid	(22,722)	(40,030)	(62,752)	
Net cash used for capital and related financing activities	(64,082)	(478,047)	(542,129)	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(382,194)	(375,021)	(757,215)	
Interest on investments	68,162	83,250	151,412	
Net cash used for investing activities	(314,032)	(291,771)	(605,803)	
Net increase in cash and cash equivalents	-	246,877	246,877	
Cash and cash equivalents, beginning	-	2,191,388	2,191,388	
Cash and cash equivalents, ending	\$ -	\$ 2,438,265	\$ 2,438,265	
<i>Reconciliation of Operating Gain (Loss) to Net Cash Provided by Operating Activities</i>				
Operating gain (loss)	\$ 484,857	\$ (204,228)	\$ 280,629	
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:				
Depreciation expense	395,564	1,221,352	1,616,916	
Increase in accounts receivable	(525,171)	-	(525,171)	
Decrease in deferred outflows related to pensions	8,908	29,209	38,117	
Decrease in deferred outflows related to OPEB	2,665	3,510	6,175	
Increase/(Decrease) in accounts payable	829	(27,258)	(26,429)	
Increase/(Decrease) in compensated absences	(21,864)	19,854	(2,010)	
Increase/(Decrease) in net pension liability	36,216	(24,294)	11,922	
Increase/(Decrease) in OPEB liabilities	(191)	3,766	3,575	
Increase/(Decrease) in deferred inflows related to pensions	1,295	(1,013)	282	
Decrease in deferred inflows related to OPEB	(4,994)	(4,203)	(9,197)	
Total adjustments	(106,743)	1,220,923	1,114,180	
Net cash provided by operating activities	\$ 378,114	\$ 1,016,695	\$ 1,394,809	

EXHIBIT F-1
TOWN OF HANOVER, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	Private Purpose Trust	All Custodial Funds	Total
ASSETS			
Cash and cash equivalents	\$ 2,937	\$ 346,946	\$ 349,883
Investments	43,958	2,909,064	2,953,022
Total assets	<u>46,895</u>	<u>3,256,010</u>	<u>3,302,905</u>
LIABILITIES			
Accounts payable	-	417,754	417,754
NET POSITION			
Restricted	<u>\$ 46,895</u>	<u>\$ 2,838,256</u>	<u>2,885,151</u>

EXHIBIT F-2
TOWN OF HANOVER, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust	All Custodial Funds	Total
ADDITIONS			
Contributions	\$ -	\$ 250,000	\$ 250,000
Investment earnings	4,021	99,790	103,811
Change in fair market value	5,226	211,390	216,616
Taxes collected for other governments	-	34,439,193	34,439,193
Motor vehicle permit fees collected	-	439,525	439,525
Total additions	<u>9,247</u>	<u>35,439,898</u>	<u>35,449,145</u>
DEDUCTIONS			
Benefits paid	-	417,754	417,754
Administrative expenses	1,943	12,775	14,718
Payments of taxes to other governments	-	34,439,193	34,439,193
Payments of motor vehicle permit fees	-	439,525	439,525
Total deductions	<u>1,943</u>	<u>35,309,247</u>	<u>35,311,190</u>
Net increase in fiduciary net position	7,304	130,651	137,955
Net position, beginning	<u>39,591</u>	<u>2,707,605</u>	<u>2,747,196</u>
Net position, ending	<u>\$ 46,895</u>	<u>\$ 2,838,256</u>	<u>\$ 2,885,151</u>

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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TOWN OF HANOVER, NEW HAMPSHIRE
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TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hanover, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereafter referred to as generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Town of Hanover's significant accounting policies are described below.

1-A Reporting Entity

The Town of Hanover is a municipal corporation governed by an elected 5-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 GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*. The Town has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Governmental activities normally are supported through property taxes and intergovernmental revenues, while business-type activities are supported by user charges and fees.

The *Statement of Net Position* presents the financial position of the Town at year-end. This Statement includes all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, with the difference being reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) operating grants and contributions, and 3) capital grants and contributions. Property taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

The effect of interfund activity has been eliminated from the government-wide financial statements, except those balances between governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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

Government-wide Financial Statements – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – 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.

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to long-term liabilities including compensated absences and claims and judgments, are recorded only when payment is mature and due.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

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, welfare, culture and recreation, debt service, and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the expendable trust funds are consolidated in the general fund.

Fire Fund – accounts for the activities related to the operation and maintenance of the Town’s three fire districts.

Permanent Funds – are held in the custody of the Trustees of Trust Funds and are used to record activity of legal trusts for which the interest on the corpus provides funds for the permanent funds purposes, including the Town’s cemetery operations.

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

The Town reports the following major proprietary funds:

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the water expendable trust funds are consolidated in the water fund.

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Water Reclamation Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the water reclamation expendable trust funds are consolidated in the water reclamation fund.

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

The Town reports the following fiduciary funds:

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

Custodial Funds – are used to account for assets held on behalf of outside parties, including other governments.

1-D Cash and Cash Equivalents

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

New Hampshire statutes require that the Town treasurer have custody of all money belonging to the Town and pay out the same only upon orders of the Select Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-F 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; and
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or monies 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.

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Fair Value Measurement of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using the 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 – Quoted prices for identical investments in active markets;

Level 2 – Observable inputs other than those in Level 1; and

Level 3 – Unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level of the fair value hierarchy is 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 as Level 1. Corporate fixed income securities and certain government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair value for shares in registered mutual funds and exchange traded funds are based on published share prices and classified in Level 1.

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

1-G Receivables

Receivables in the financial statements represent amounts due to the Town at June 30, and are recorded as revenue, which will be collected in the future and consist of taxes, accounts, and intergovernmental receivables.

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses/expenditures as the items are used. Under the full accrual basis of accounting used for the government-wide financial statements, prepayments of debt are eliminated and reduce the outstanding liability.

1-I Capital Assets

Capital assets are reported 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 \$10,000 or more 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.

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 assets lives are not capitalized.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. Capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide and proprietary fund Statements of Net Position.

In the government-wide and proprietary fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	5 - 50
Vehicles	3 - 20
Machinery, equipment, and furnishings	4 - 25
Infrastructure	10 - 75

1-J Interfund Activities

Interfund activities are reported as follows:

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

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

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 26, 2023, and November 27, 2023, and were due on June 25, 2023, and December 27, 2023, respectively. For any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at June 30, 2024, and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable taxes at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Hanover School District, Dresden School District, and Grafton 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	\$ 2,721,968,787
Total assessment valuation without utilities	\$ 2,705,792,687

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

The tax rates and amounts assessed for the year ended June 30, 2024, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.39	\$ 11,973,007
School portion:		
State of New Hampshire	\$1.52	4,109,734
Local	\$9.75	26,530,907
County portion	\$1.40	3,798,552
Village portions:		
Fire District #1	\$1.48	2,916,655
Fire District #2	\$1.32	965,449
Fire District #3	\$0.67	14,537
Total	<u><u>\$20.53</u></u>	<u><u>\$ 50,308,841</u></u>

1-L Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until that time. 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 and proprietary fund Statements 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) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The Town has four types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and proprietary fund Statements of Net Position for various estimate differences that will be amortized and recognized over future years. Deferred inflows related to property taxes consist of tax payments collected in advance and tax billings that are not due until the subsequent period. In addition, unavailable revenue arises from grants, registrations, and other amounts collected in advance, which will be recognized as revenue in a future accounting period.

1-M Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements 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-N Compensated Absences

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

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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JUNE 30, 2024

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

1-O Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as an expense when the related liabilities are incurred.

1-P 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* 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 the 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-Q Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-R Net Position/Fund Balances

In the government-wide, proprietary fund, and fiduciary fund financial statements, net position is reported in the following categories:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form; 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 – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting assigned fund balance amounts.

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

The Town will maintain unassigned fund balance in the general fund of 10-15%. The percentage shall be calculated by dividing the unassigned fund balance at the end of the most recently completed fiscal year by the total of the annual gross fund appropriations, less capital projects funded from capital and other reserve funds as approved by Town Meeting. If the unassigned fund balance exceeds (or is projected to exceed) the range at the end of the fiscal year, the fund balance will be brought to its targeted upper limit over no more than three fiscal years. If the unassigned fund balance falls below (or is projected to be below) the range at the end of the fiscal year, the fund balance will be brought to its targeted lower limit over no more than three fiscal years.

1-S Use of Estimates

The preparation of the accompanying basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those 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 major general and fire governmental funds, major water, and water reclamation proprietary funds, and nonmajor ambulance and parking funds. 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.

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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 fiscal year 2024, none of the beginning general fund unassigned fund balance was applied for this purpose. However, \$120,771 was voted from unassigned fund balance to fund fiscal year 2024 appropriations at the annual Town meeting.

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 each major governmental fund which had a budget. There are no differences between the budgetary basis and GAAP basis of accounting for the major fire fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D-1 (budgetary basis)	\$ 20,681,150
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	191,078
To eliminate transfers between the general fund and blended expendable trust funds	(557,170)
Change in deferred tax revenue relating to 60-day revenue recognition	
recognized as revenue on the GAAP basis, but not on the budgetary basis	50,124
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 20,365,182</u></u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 19,646,518
Adjustments:	
Basis differences:	
Encumbrances, beginning	447,510
Encumbrances, ending	(1,121,737)
GASB Statement No. 54:	
To eliminate transfers between the general fund and blended expendable trust funds	(942,139)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 18,030,152</u></u>

2-C Deficit Fund Balance

The nonmajor downtown business service district fund had a deficit fund balance of \$1,560 at June 30, 2024. This deficit will be financed through future revenues of the fund.

2-D Change in Accounting Principle

During the fiscal year, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This statement will improve the clarity and consistency of the accounting and financial reporting requirements for accounting changes and error corrections.

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC). 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 collateral. As of year-end, the carrying amount of the Town's deposits was \$28,051,100 and the bank balances totaled \$29,235,364.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 27,701,217
Cash per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	349,883
Total cash and cash equivalents	<u>\$ 28,051,100</u>

NOTE 4 – INVESTMENTS

Note 1-F describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value and cost measurements as of June 30, 2024:

	Fair Value
	Hierarchy
	Level 1
Investments type:	
Equity exchange traded funds	\$ 5,880,342
Fixed income exchange traded funds	2,639,823
Total fair value of investments	<u>8,520,165</u>
Investments carried at amortized cost:	
NH Public Deposit Investment Pool	10,225,183
Total investments	<u>\$ 18,745,348</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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 of the Town's investments are held by third parties in the Town's name. The Town does not have custodial credit risk policies for investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 15,792,326
Investments per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit F-1)	2,953,022
Total investments	<u>\$ 18,745,348</u>

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NOTE 5 – TAXES RECEIVABLE

Taxes receivables represent the amount of current and prior year taxes which have not been collected as of June 30, 2024. Taxes receivable by year are as follows:

Property:						
Levy of 2024					\$ 6,620,363	
Unredeemed (under tax lien):						
Levy of 2023					184,568	
Levy of 2022					110,900	
Levy of 2021					68,118	
Levy of 2020					40,405	
Yield					136	
Total taxes receivable					<u>\$ 7,024,490</u>	

NOTE 6 – RECEIVABLES

Receivables at June 30, 2024, consisted of accounts (billings for water, ambulance, and other miscellaneous amounts) and intergovernmental amounts. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of June 30, 2024 for the Town's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Governmental Funds		Proprietary Funds	
			General	Nonmajor	Water	Reclamation
Receivables:						
Accounts	\$ 329,432	\$ 914,177	\$ 134,540	\$ 194,892	\$ 914,177	\$ -
Intergovernmental	201,509	493,986	4,931	196,578	-	493,986
Gross receivables	<u>530,941</u>	<u>1,408,163</u>	<u>139,471</u>	<u>391,470</u>	<u>914,177</u>	<u>493,986</u>
Less:						
Allowance for uncollectibles	(30,000)	-	-	(30,000)	-	-
Net total receivables	<u>\$ 500,941</u>	<u>\$ 1,408,163</u>	<u>\$ 139,471</u>	<u>\$ 361,470</u>	<u>\$ 914,177</u>	<u>\$ 493,986</u>

NOTE 7 – PREPAID ITEMS

Prepaid items at June 30, 2024 consisted of the following:

	Governmental Activities	Governmental Fund	
		General	
Software	\$ 61,687	\$ 61,687	
Administrative fees	59,411	59,411	
Equipment	45,715	45,715	
Interest	-	17,968	*
Other	9,862	9,862	
Total	<u>\$ 176,675</u>	<u>\$ 194,643</u>	

**Not recognized on the full accrual basis of accounting.*

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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 consisted of the following:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 6,467,295	\$ -	\$ -	\$ 6,467,295
Construction in progress	20,000	1,003,565	-	1,023,565
Total capital assets not being depreciated	<u>6,487,295</u>	<u>1,003,565</u>	<u>-</u>	<u>7,490,860</u>
Being depreciated:				
Buildings and building improvements	17,675,459	433,512	-	18,108,971
Vehicles	8,029,235	879,507	(571,221)	8,337,521
Machinery, equipment, and furnishings	5,474,618	23,225	-	5,497,843
Infrastructure	57,819,194	762,061	-	58,581,255
Total capital assets being depreciated	<u>88,998,506</u>	<u>2,098,305</u>	<u>(571,221)</u>	<u>90,525,590</u>
Total all capital assets	<u>95,485,801</u>	<u>3,101,870</u>	<u>(571,221)</u>	<u>98,016,450</u>
Less accumulated depreciation:				
Buildings and building improvements	(8,450,782)	(541,266)	-	(8,992,048)
Vehicles	(4,907,778)	(700,202)	569,022	(5,038,958)
Machinery, equipment, and furnishings	(2,696,712)	(365,800)	-	(3,062,512)
Infrastructure	(44,746,857)	(1,291,378)	-	(46,038,235)
Total accumulated depreciation	<u>(60,802,129)</u>	<u>(2,898,646)</u>	<u>569,022</u>	<u>(63,131,753)</u>
Net book value, capital assets being depreciated	<u>28,196,377</u>	<u>(800,341)</u>	<u>(2,199)</u>	<u>27,393,837</u>
Net book value, all governmental activities capital assets	<u>\$ 34,683,672</u>	<u>\$ 203,224</u>	<u>\$ (2,199)</u>	<u>\$ 34,884,697</u>
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 390,582	\$ -	\$ -	\$ 390,582
Being depreciated:				
Buildings and building improvements	13,499,442	-	-	13,499,442
Vehicles	454,132	-	-	454,132
Machinery, equipment, and furnishings	12,441,570	-	-	12,441,570
Infrastructure	13,157,357	-	-	13,157,357
Total capital assets being depreciated	<u>39,552,501</u>	<u>-</u>	<u>-</u>	<u>39,552,501</u>
Total all capital assets	<u>39,943,083</u>	<u>-</u>	<u>-</u>	<u>39,943,083</u>
Less accumulated depreciation:				
Buildings and building improvements	(8,203,887)	(516,352)	-	(8,720,239)
Vehicles	(350,936)	(39,486)	-	(390,422)
Machinery, equipment, and furnishings	(7,998,116)	(784,218)	-	(8,782,334)
Infrastructure	(6,075,263)	(276,860)	-	(6,352,123)
Total accumulated depreciation	<u>(22,628,202)</u>	<u>(1,616,916)</u>	<u>-</u>	<u>(24,245,118)</u>
Net book value, capital assets being depreciated	<u>16,924,299</u>	<u>(1,616,916)</u>	<u>-</u>	<u>15,307,383</u>
Net book value, all business-type activities capital assets	<u>\$ 17,314,881</u>	<u>\$ (1,616,916)</u>	<u>\$ -</u>	<u>\$ 15,697,965</u>

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

Governmental activities:

General government	\$ 49,326
Public safety	695,436
Highways and streets	2,020,585
Culture and recreation	130,731
Conservation	2,568
Total depreciation expense	<u><u>\$ 2,898,646</u></u>

Business-type activities:

Water	\$ 395,564
Water reclamation	<u>1,221,352</u>
Total depreciation expense	<u><u>\$ 1,616,916</u></u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2024 are as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 1,029,723
Fire	General	178,816
General	Nonmajor	278,770
Nonmajor	General	20,000
		<u><u>\$ 1,507,309</u></u>

Interfund transfers during the year ended June 30, 2024 are as follows:

Transfers out:	Transfers In:		
	Governmental Funds		
	General	Nonmajor	Total
General fund	\$ -	\$ 387,372	\$ 387,372
Fire fund	160,000	-	160,000
Permanent fund	100,000	-	100,000
Nonmajor fund	280,522	-	280,522
Total	<u><u>\$ 540,522</u></u>	<u><u>\$ 387,372</u></u>	<u><u>\$ 927,894</u></u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2024 consist of the following:

	Governmental Activities	Business-type Activities	Proprietary Funds	
			Water	Wastewater
Amounts related to pensions, see Note 12	\$ 3,422,193	\$ 176,591	\$ 75,108	\$ 101,483
Amounts related to OPEB:				
NHRS, see Note 13-A	113,936	5,880	2,501	3,379
Single employer, see Note 13-B	251,710	23,016	8,651	14,365
Total deferred inflows of resources	<u>\$ 3,787,839</u>	<u>\$ 205,487</u>	<u>\$ 86,260</u>	<u>\$ 119,227</u>

Deferred inflows of resources at June 30, 2024 consist of the following:

	Governmental Activities	Governmental Funds	
		General	Nonmajor
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 32,093	\$ -
Property taxes collected in advance	6,646	6,646	-
Committed taxes not due until the subsequent fiscal year	25,329,306	25,329,306	-
Summer camp registrations not due until the subsequent fiscal year	90,771	90,771	-
Other miscellaneous amounts collected in advance	15,967	15,967	-
Grants received in advance of eligible expenditures	919,480	-	919,480
Amounts related to pensions, see Note 12	674,867	-	-
Amounts related to OPEB:			
Single employer, see Note 13-B	798,318	-	-
Total deferred inflows of resources	<u>\$ 27,835,355</u>	<u>\$ 25,474,783</u>	<u>\$ 919,480</u>
Proprietary Funds			
	Business-type Activities	Water	
		Water	Reclamation
Amounts related to pensions, see Note 12	\$ 34,824	\$ 14,811	\$ 20,013
Amounts related to OPEB:			
Single employer, see Note 13-B	72,999	27,438	45,561
Total deferred inflows of resources	<u>\$ 107,823</u>	<u>\$ 42,249</u>	<u>\$ 65,574</u>

NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due In More Than One Year
Governmental activities:						
Bond payable:						
Direct placement	\$ 1,660,000	\$ -	\$ (245,000)	\$ 1,415,000	\$ 255,000	\$ 1,160,000
Notes/loans payable - direct borrowings	542,330	1,633,891	(157,249)	2,018,972	134,074	1,884,898
Total bond/notes payable	2,202,330	1,633,891	(402,249)	3,433,972	389,074	3,044,898
Compensated absences	2,478,786	90,389	(123,772)	2,445,403	349,734	2,095,669
Net pension liability	18,988,252	-	(1,014,026)	17,974,226	-	17,974,226
Net other postemployment benefits:						
NHRS	1,166,545	-	(134,705)	1,031,840	-	1,031,840
Single Employer	1,980,776	21,338	-	2,002,114	-	2,002,114
Total long-term liabilities	<u>\$ 26,816,689</u>	<u>\$ 1,745,618</u>	<u>\$ (1,674,752)</u>	<u>\$ 26,887,555</u>	<u>\$ 738,808</u>	<u>\$ 26,148,747</u>

(Continued)

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Long-term liabilities continued:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due In More Than One Year
Business-type activities:						
Notes/loans payable - direct borrowings	\$ 3,987,605	\$ -	\$ (924,287)	\$ 3,063,318	\$ 216,198	\$ 2,847,120
Compensated absences	142,726	19,854	(21,864)	140,716	-	140,716
Net pension liability	915,576	11,922	-	927,498	-	927,498
Net other postemployment benefits:						
NHRS	56,248	-	(3,004)	53,244	-	53,244
Single Employer	176,496	6,579	-	183,075	-	183,075
Total long-term liabilities	<u>\$ 5,278,651</u>	<u>\$ 38,355</u>	<u>\$ (949,155)</u>	<u>\$ 4,367,851</u>	<u>\$ 216,198</u>	<u>\$ 4,151,653</u>

The long-term bond and notes/loans payable are comprised of the following:

Governmental activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2024	Current Portion
Bond payable - direct placement:						
Parking facility	\$ 5,100,000	1999	2029	4.00-4.90%	\$ 1,415,000	\$ 255,000
Notes/loans payable - direct borrowing:						
Trackless MT7 sidewalk machine	\$ 138,196	2020	2025	2.99%	24,044	24,044
Wheel Loader	\$ 125,600	2021	2025	4.50%	58,187	58,187
Bridge repairs and renovations	\$ 319,674	2021	2042	2.04% - 2.95%	302,849	16,825
Bridge repairs and renovations	\$ 630,626	2023	2042	3.49%	630,326	35,018
SRF Loan - Wastewater treatment facility*	\$ 447,401	2023	-	-	447,401	-
SRF Loan - Water distribution plan*	\$ 550,923	2023	-	-	550,923	-
SRF Loan - Lead service line*	\$ 5,242	2023	-	-	5,242	-
Total notes/loans payable					<u>2,018,972</u>	<u>134,074</u>
Total bond and notes/loans payable					<u>\$ 3,433,972</u>	<u>\$ 389,074</u>

***State Revolving Fund Loan Program** – Drawdowns received under the various State Revolving Fund Loan programs will be consolidated by promissory notes upon substantial completion of the related projects. As of June 30, 2024, drawdowns received to date total \$1,003,566, which are recorded on the Town's financial statements, exclusive of any anticipated forgiveness on the loans.

Business-type activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2024	Current Portion
Notes/loans payable - direct borrowing:						
SRF Loan - Water	\$ 6,493,081	2007	2028	3.35%	\$ 1,280,992	\$ -
2008 SRF Loan - Sewer	\$ 2,963,955	2008	2027	3.49%	592,791	148,198
SRF Loan - Water pollution	\$ 1,722,721	2012	2026	2.91%	209,995	68,000
SRF Loan - Water pollution	\$ 4,235,000	2012	2027	2.55%	979,540	-
Total notes/loans payable					<u>\$ 3,063,318</u>	<u>\$ 216,198</u>

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The annual requirements to amortize the bond and notes/loans outstanding as of June 30, 2024, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending June 30,	Bond - Direct Placement			Notes/Loans - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 255,000	\$ 34,668	\$ 289,668	\$ 134,074	\$ 29,419	\$ 163,493
2026	270,000	23,840	293,840	51,843	26,611	78,454
2027	285,000	17,110	302,110	51,843	25,046	76,889
2028	295,000	23,145	318,145	51,843	23,480	75,323
2029	310,000	15,190	325,190	51,843	21,915	73,758
2030-2034	-	-	-	259,215	89,004	348,219
2035-2039	-	-	-	259,215	51,554	310,769
2040-2042	-	-	-	155,530	10,310	165,840
Notes not yet in repayment	-	-	-	1,003,566	-	1,003,566
Totals	<u>\$ 1,415,000</u>	<u>\$ 113,953</u>	<u>\$ 1,528,953</u>	<u>\$ 2,018,972</u>	<u>\$ 277,339</u>	<u>\$ 2,296,311</u>

Business-type activities:

Fiscal Year Ending June 30,	Notes/Loans - Direct Borrowings		
	Principal	Interest	Total
2025	\$ 216,198	\$ 86,198	\$ 302,396
2026	949,503	87,557	1,037,060
2027	973,500	58,390	1,031,890
2028	924,117	30,442	954,559
Totals	<u>\$ 3,063,318</u>	<u>\$ 262,587</u>	<u>\$ 3,325,905</u>

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2024 were as follows:

Per Town Meeting Vote of	Purpose	Unissued	
		Amount	
May 9, 2023	Wastewater treatment facility	\$ 22,000,000	*
May 9, 2023	Water distribution plan	7,800,000	*
May 9, 2023	Purchase of a fire engine	1,200,000	
		<u>\$ 31,000,000</u>	

*As of June 30, 2024, the Town had drawdowns of \$447,401 and \$550,923 for the wastewater treatment facility and water distribution plan, respectfully. However, these projects are both ongoing and will be consolidated by promissory notes upon substantial completion of the related projects.

NOTE 12 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80%, respectively. For fiscal year 2024, the Town contributed 28.68% for police, 27.75% for fire, and 13.27% for other employees. The contribution requirement for the fiscal year 2024 was \$2,039,082, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the Town reported a liability of \$18,901,724 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 participants, actuarially determined. At June 30, 2023, the Town's proportion was 0.34%, which was a decrease of 0.01% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$2,083,963. At June 30, 2024, 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	\$ 305,885	\$ 702,095
Changes in assumptions	497,484	-
Net difference between projected and actual investment earnings on pension plan investments	273,351	-
Differences between expected and actual experience	482,981	7,596
Contributions subsequent to the measurement date	2,039,083	-
Total	\$ 3,598,784	\$ 709,691

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The \$2,039,083 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	
June 30,	
2024	\$ 510,363
2025	(389,358)
2026	836,473
2027	(107,468)
2028	-
Thereafter	-
Totals	<u>\$ 850,010</u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2022, using the following actuarial assumptions which, accordingly, apply to 2023 measurements:

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

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2023:

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

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.

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Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 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	\$ 25,647,351	\$ 18,901,724	\$ 13,137,998

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 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

13-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 2023 Comprehensive Annual Financial Report, which can be found on the System's website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal year 2024 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 fiscal year 2024, the Town contributed 2.60% for police and fire, and 0.26% for other employees. The contribution requirement for the fiscal year 2024 was \$118,511, which was paid in full.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB – At June 30, 2024, the Town reported a liability of \$1,085,084 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 participants, actuarially determined. At June 30, 2023, the Town’s proportion was 0.32%, which was the same as its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized OPEB expense of \$3,302. At June 30, 2024, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 1,304
Contributions subsequent to the measurement date	118,512
Total	<u>\$ 119,816</u>

The \$118,512 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Fiscal Year Ending
	June 30,
2024	\$ (216)
2025	(1,648)
2026	3,525
2027	(357)
2028	-
Thereafter	-
Totals	<u>\$ 1,304</u>

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.

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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 Geometric Return
Broad US Equity (1)	30.00%	5.40%
Global Ex-US Equity (2)	20.00%	5.65%
Total public equity	50.00%	
Real Estate Equity	10.00%	4.40%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	5.00%	5.05%
Core U.S. Fixed Income (3)	0.25	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	Current Single Rate Assumption		
	1% Decrease	6.75%	1% Increase
June 30, 2023	\$ 1,178,508	\$ 1,085,084	\$ 1,003,574

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.

13-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The Town OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the Town offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool affects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy – The Town’s funding policy for the implicit rate subsidy is a pay-as-you-go basis.

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees.

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Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active employees	<u>154</u>
Total participants covered by OPEB plan	<u><u>171</u></u>

Total OPEB Liability – The Town's total OPEB liability of \$2,185,189 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023. The Town contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the Town business office.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.93%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	7.00%
Decrement	0.50%
Ultimate Trend	4.10%
Year Ultimate Trend is Reached	2075

The discount rate was based on a tax-exempt, high quality municipal bond rate as of June 30, 2024.

Mortality rates were based on the following:

General Employees

Pre-retirement: Pub-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Post-retirement:

Healthy retirees: 101% of Pub-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of Pub-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.

Surviving spouses: Pub-2010 Contingent Survivor General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Disabled retirees: Pub-2010 Disabled General Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Police/Fire

Pre-retirement: Pub-2010 headcount-weighted Employee Safety Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Post-retirement:

Healthy retirees: 96% of Pub-2010 headcount-weighted Retiree Safety Mortality Tables for males and 99% of Pub-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019.

Surviving spouses: Pub-2010 Contingent Survivor Safety Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

Disabled retirees: Pub-2010 Disabled Safety Mortality Tables, projected with fully generational mortality improvement using scale MP-2019.

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Changes in the Total OPEB Liability

	June 30,	
	2023	2024
OPEB liability, beginning of year	\$ 2,161,809	\$ 2,157,271
Changes for the year:		
Service cost	93,557	96,192
Interest	78,088	80,412
Assumption changes	64,390	(47,976)
Difference between actual and expected experience	(141,574)	-
Benefit payments	(98,999)	(100,710)
OPEB liability, end of year:	<u>\$ 2,157,271</u>	<u>\$ 2,185,189</u>

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The July 1, 2023, actuarial valuation was prepared using a discount rate of 3.93%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to \$2,024,592, or by 7.35%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to \$2,362,884, or by 8.13%.

	Discount Rate		
	1% Decrease	Baseline 3.93%	1% Increase
Total OPEB Liability	\$ 2,362,884	\$ 2,185,189	\$ 2,024,592

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2023, actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to \$2,441,816, or by 11.74%. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to \$1,967,146, or by 9.98%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	\$ 1,967,146	\$ 2,185,189	\$ 2,441,816

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the Town recognized OPEB expense of \$70,359. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 274,726	\$ 246,526
Differences between expected and actual experience	-	624,791
Total	<u>\$ 274,726</u>	<u>\$ 871,317</u>

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

	Fiscal Year Ending	
	June 30,	
	2025	\$ (102,273)
	2026	(102,273)
	2027	(102,740)
	2028	(115,497)
	2029	(119,111)
	Thereafter	(54,697)
	Totals	<u>\$ (596,591)</u>

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NOTE 14 – STATE AID TO WATER POLLUTION PROJECTS

The Town is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

Business-type activities:

Bond Issued	Principal	Interest	Total
C-770 Chlorination/Dechlorination & Outfall Extension	\$ 116,424	\$ 10,153	\$ 126,577
C-862 Water Reclamation Facility Improvements	377,562	34,405	411,967
	<u>\$ 493,986</u>	<u>\$ 44,558</u>	<u>\$ 538,544</u>

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of its water reclamation facility. At June 30, 2024, the Town is due to receive the following annual amounts to offset debt payments:

Business-type activities:

Fiscal Year Ending

June 30,	Principal	Interest	Total
2025	\$ 88,139	\$ 13,689	\$ 101,828
2026	89,645	11,168	100,813
2027	91,188	8,609	99,797
2028	92,771	6,012	98,783
2029	65,289	3,372	68,661
2030	66,954	1,708	68,662
Total	<u>\$ 493,986</u>	<u>\$ 44,558</u>	<u>\$ 538,544</u>

NOTE 15 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2024 are as follows:

General fund:	
General government	\$ 132,108
Public safety	22,827
Highways and streets	920,175
Capital outlay	46,627
Total encumbrances	<u>\$ 1,121,737</u>

NOTE 16 – GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES, PROPRIETARY FUNDS, AND FIDUCIARY FUNDS NET POSITION

Net position reported on the governmental and business-type activities, proprietary funds, and fiduciary funds Statements of Net Position at June 30, 2024 include the following:

	Government-wide Financial Statements		
	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 34,884,697	\$ 15,697,965	\$ 50,582,662
Less:			
Direct placements - bonds payable	(1,415,000)	-	(1,415,000)
Direct borrowings - notes/loans payable	(2,018,972)	(3,063,318)	(5,082,290)
Total net investment in capital assets	<u>31,450,725</u>	<u>12,634,647</u>	<u>44,085,372</u>

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Governmental activities, business-type activities, proprietary funds, and fiduciary funds net position continued:

Government-wide Financial Statements			
	Governmental Activities	Business-type Activities	Total
Restricted net position:			
Capital projects	106,726	-	106,726
Perpetual care - nonexpendable	6,644,691	-	6,644,691
Perpetual care - expendable	114,560	-	114,560
Conservation - donor restricted	50,000	-	50,000
Total restricted net position	<u>6,915,977</u>	<u>-</u>	<u>6,915,977</u>
Unrestricted	<u>(9,545,581)</u>	<u>4,636,548</u>	<u>(4,909,033)</u>
Total net position	<u><u>\$ 28,821,121</u></u>	<u><u>\$ 17,271,195</u></u>	<u><u>\$ 46,092,316</u></u>
Business-type Activities			
	Enterprise Funds	Total	
	Water	Enterprise	
	Water	Reclamation	Funds
Net investment in capital assets:			
Net book value, all capital assets	\$ 8,303,839	\$ 7,394,126	\$ 15,697,965
Less:			
Direct borrowings - notes/loans payable	<u>(1,280,993)</u>	<u>(1,782,325)</u>	<u>(3,063,318)</u>
Total net investment in capital assets	<u>7,022,846</u>	<u>5,611,801</u>	<u>12,634,647</u>
Unrestricted	<u>914,935</u>	<u>3,721,613</u>	<u>4,636,548</u>
Total net position	<u><u>\$ 7,937,781</u></u>	<u><u>\$ 9,333,414</u></u>	<u><u>\$ 17,271,195</u></u>
Fiduciary Funds			
	Private Purpose Trust	All Custodial Funds	Total Fiduciary Funds
Restricted net position:			
Private purpose trust	\$ 46,895	\$ -	\$ 46,895
School trust funds	-	2,627,063	2,627,063
Trescott company	-	211,193	211,193
Total restricted net position	<u><u>\$ 46,895</u></u>	<u><u>\$ 2,838,256</u></u>	<u><u>\$ 2,885,151</u></u>

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2024 consist of the following:

	General Fund	Fire Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 194,643	\$ -	\$ -	\$ -	\$ 194,643
Tax deeded property	19,628	-	-	-	19,628
Permanent fund - principal balance	-	-	6,644,691	-	6,644,691
Total nonspendable fund balance	<u>214,271</u>	<u>-</u>	<u>6,644,691</u>	<u>-</u>	<u>6,858,962</u>
Restricted:					
Permanent - income balance	-	-	114,560	-	114,560
Capital projects	-	-	-	106,726	106,726
Conservation - donor restricted	-	-	-	50,000	50,000
Total restricted fund balance	<u>-</u>	<u>-</u>	<u>114,560</u>	<u>156,726</u>	<u>271,286</u>

(Continued)

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

Governmental fund balances continued:

	General Fund	Fire Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Committed:					
Expendable trust	3,301,082	-	-	-	3,301,082
Fire	-	905,294	-	-	905,294
Ambulance	-	-	-	214,200	214,200
Conservation	-	-	-	466,599	466,599
Lower Grafton County Prosecutorial	-	-	-	6,683	6,683
Parking	-	-	-	157,121	157,121
Recreation	-	-	-	63,910	63,910
Special purpose	-	-	-	49,751	49,751
Total committed fund balance	<u>3,301,082</u>	<u>905,294</u>	<u>-</u>	<u>958,264</u>	<u>5,164,640</u>
Assigned:					
Encumbrances	<u>1,121,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,121,737</u>
Unassigned (deficit):					
General fund	5,096,444	-	-	-	5,096,444
Downtown Business Service District	-	-	-	(1,560)	(1,560)
Total unassigned fund balance (deficit)	<u>5,096,444</u>	<u>-</u>	<u>-</u>	<u>(1,560)</u>	<u>5,094,884</u>
Total governmental fund balances	<u>\$ 9,733,534</u>	<u>\$ 905,294</u>	<u>\$ 6,759,251</u>	<u>\$ 1,113,430</u>	<u>\$ 18,511,509</u>

NOTE 18 – ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During fiscal year 2024, changes to or within the Town's financial statements resulted in error corrections which caused adjustments to and restatements of beginning net position, fund balance, or unassigned fund balance, as follows:

	Governmental Activities	Business-type Activities	Governmental Fund General	Proprietary Funds	Water Reclamation	General Fund	Non-GAAP Budgetary Basis
				Water		Unassigned	
Net position/fund balance/unassigned fund balance at June 30, 2023, as previously reported	\$ 29,706,351	\$ 20,367,148	\$ 6,973,278	\$ 8,059,713	\$ 12,307,435	\$ 4,029,473	
Error corrections:							
Transfer incorrectly made to water expendable trust	(160,000)		-	(160,000)	-	-	(160,000)
Grant revenue and receivable not recorded	228,659		-	228,659	-	-	228,659
Payables to capital reserves run through pooled cash	356,567		-	356,567	-	-	-
Update capital asset and accumulated depreciation	(4,629,766)	(3,469,958)	-	(652,234)	(2,817,724)	-	-
Net position/fund balance/unassigned fund balance, as restated	<u>\$ 25,501,811</u>	<u>\$ 16,897,190</u>	<u>\$ 7,398,504</u>	<u>\$ 7,407,479</u>	<u>\$ 9,489,711</u>	<u>\$ 4,098,132</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 2024, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2023 to June 30, 2024 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 2024, the Town paid \$249,885 and \$174,241, to Primex³ for Workers' Compensation and Property/Liability, respectively. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 20 – CONTINGENT LIABILITIES

There are various claims and suits pending against the Town which arose in the normal course of the Town's activities. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through March 27, 2025, the date the June 30, 2024 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G

TOWN OF HANOVER, NEW HAMPSHIRE

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

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended June 30, 2024

Unaudited

Fiscal year-end	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	June 30, 2024
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	0.36%	0.35%	0.35%	0.37%	0.37%	0.35%	0.34%	0.35%	0.35%	0.34%
Town's proportionate share of the net pension liability	\$ 13,634,167	\$ 13,720,546	\$ 18,959,115	\$ 18,303,052	\$ 17,890,340	\$ 16,943,011	\$ 21,650,753	\$ 15,674,010	\$ 19,903,828	\$ 18,901,724
Town's covered payroll (as of the measurement date)	\$ 7,807,102	\$ 7,849,449	\$ 8,160,486	\$ 8,722,964	\$ 9,382,153	\$ 9,158,574	\$ 9,276,904	\$ 9,965,867	\$ 10,782,058	\$ 10,295,975
Town's proportionate share of the net pension liability as a percentage of its covered payroll	174.64%	174.80%	232.33%	209.83%	190.68%	185.00%	233.38%	157.28%	184.60%	183.58%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%	67.18%

EXHIBIT H

TOWN OF HANOVER, NEW HAMPSHIRE

Schedule of Town Contributions - Pensions

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended June 30, 2024

Unaudited

Fiscal year-end	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	June 30, 2024
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually required contribution	\$ 1,163,415	\$ 1,271,788	\$ 1,362,491	\$ 1,566,018	\$ 1,531,539	\$ 1,503,744	\$ 1,624,231	\$ 1,624,816	\$ 2,010,949	\$ 2,039,082
Contributions in relation to the contractually required contributions	(1,163,415)	(1,271,788)	(1,362,491)	(1,566,018)	(1,531,539)	(1,503,744)	(1,624,231)	(1,624,816)	(2,010,949)	(2,039,082)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year-end)	\$ 7,849,449	\$ 8,160,486	\$ 8,722,964	\$ 9,382,153	\$ 9,158,574	\$ 9,276,905	\$ 9,965,867	\$ 10,312,220	\$ 10,295,975	\$ 11,057,985
Contributions as a percentage of covered payroll	14.82%	15.58%	15.62%	16.69%	16.72%	16.21%	16.30%	15.76%	19.53%	18.44%

TOWN OF HANOVER, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

***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 G and H represent the actuarial determined costs associated with the Town's pension plan at June 30, 2024. These schedules are presented to illustrate the requirement to show information for 10 years.

EXHIBIT I
TOWN OF HANOVER, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2024

Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
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	0.22%	0.23%	0.35%	0.34%	0.30%	0.32%	0.32%	0.32%
Town's proportionate share of the net OPEB liability (asset)	\$ 1,066,994	\$ 1,063,694	\$ 1,623,251	\$ 1,474,082	\$ 1,314,724	\$ 1,262,634	\$ 1,222,793	\$ 1,085,084
Town's covered payroll (as of the measurement date)	\$ 8,160,486	\$ 8,722,964	\$ 9,382,153	\$ 9,158,574	\$ 9,276,904	\$ 9,965,867	\$ 10,782,058	\$ 10,295,975
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13.08%	12.19%	17.30%	16.10%	14.17%	12.67%	11.34%	10.54%
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%

EXHIBIT J

TOWN OF HANOVER, NEW HAMPSHIRE

Schedule of Town Contributions - Other Postemployment Benefits

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended June 30, 2024

Unaudited

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Fiscal year-end								
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	\$ 127,273	\$ 137,760	\$ 153,506	\$ 139,421	\$ 151,435	\$ 151,517	\$ 136,924	\$ 118,511
Contributions in relation to the contractually required contribution	(127,273)	(137,760)	(153,506)	(139,421)	(151,435)	(151,517)	(136,924)	(118,511)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year end)	\$ 8,722,964	\$ 9,382,153	\$ 9,158,574	\$ 9,276,905	\$ 9,965,867	\$ 10,782,058	\$ 10,295,975	\$ 11,057,985
Contributions as a percentage of covered payroll	1.46%	1.47%	1.68%	1.50%	1.52%	1.41%	1.33%	1.07%

EXHIBIT K

TOWN OF HANOVER, NEW HAMPSHIRE

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

Retiree Health Benefit Program

For the Fiscal Year Ended June 30, 2024

Unaudited

	June 30,						
	2018	2019	2020	2021	2022	2023	2024
OPEB liability, beginning of year	\$ 2,456,036	\$ 2,488,933	\$ 2,610,157	\$ 3,093,329	\$ 2,376,933	\$ 2,161,809	\$ 2,157,271
Changes for the year:							
Service cost	104,375	102,680	118,134	158,231	118,492	93,557	96,192
Interest	89,997	98,463	93,951	70,711	52,961	78,088	80,412
Assumption changes	(68,394)	230,909	359,026	(13,686)	(299,639)	64,390	(47,976)
Differences between actual and expected experience	-	(216,139)	-	(827,706)	-	(141,574)	-
Benefit payments	(93,081)	(94,689)	(87,939)	(103,946)	(86,938)	(98,999)	(100,710)
OPEB liability, end of year	<u>\$ 2,488,933</u>	<u>\$ 2,610,157</u>	<u>\$ 3,093,329</u>	<u>\$ 2,376,933</u>	<u>\$ 2,161,809</u>	<u>\$ 2,157,271</u>	<u>\$ 2,185,189</u>
Covered payroll	\$ 9,164,583	\$ 9,406,722	\$ 10,201,817	\$ 10,466,524	\$ 10,299,771	\$ 10,502,749	\$ 10,463,402
Total OPEB liability as a percentage of covered payroll	27.16%	27.75%	30.32%	22.71%	20.99%	20.54%	20.88%

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

***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 I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2024. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

Changes in Assumptions – The discount rate increased from 3.65% for the measurement as of June 30, 2023, to 3.93% for the measurement as of June 30, 2024.

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2024. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE I
TOWN OF HANOVER, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 11,648,047	\$ 11,998,306	\$ 350,259
Land use change	10,000	38,750	28,750
Yield	12,000	11,499	(501)
Timber	69,752	71,607	1,855
Payment in lieu of taxes	18,930	22,847	3,917
Interest and penalties on taxes	65,000	52,038	(12,962)
Total from taxes	<u>11,823,729</u>	<u>12,195,047</u>	<u>371,318</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	1,534,000	1,750,648	216,648
Building permits	750,000	780,490	30,490
Other	374,200	356,805	(17,395)
Total from licenses, permits, and fees	<u>2,658,200</u>	<u>2,887,943</u>	<u>229,743</u>
Intergovernmental:			
State:			
Meals and rooms distribution	1,110,416	1,110,416	-
Highway block grant	269,904	346,301	76,397
Other	-	5,625	5,625
Federal:			
FEMA	2,550	60,169	57,619
Total from intergovernmental	<u>1,382,870</u>	<u>1,522,511</u>	<u>139,641</u>
Charges for services:			
Income from departments	<u>1,912,141</u>	<u>1,980,316</u>	<u>68,175</u>
Miscellaneous:			
Sale of municipal property	68,500	59,200	(9,300)
Interest on investments	400,000	860,500	460,500
Other	2,500	77,941	75,441
Total from miscellaneous	<u>471,000</u>	<u>997,641</u>	<u>526,641</u>
Other financing sources:			
Transfers in	<u>1,380,247</u>	<u>1,097,692</u>	<u>(282,555)</u>
Total revenues and other financing sources	<u>19,628,187</u>	<u>\$ 20,681,150</u>	<u>\$ 1,052,963</u>
Amounts voted from fund balance	<u>120,771</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 19,748,958</u>		

See Independent Auditor's Report.

SCHEDULE 2
TOWN OF HANOVER, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 535,785	\$ 553,643	\$ 15,000	\$ (32,858)
Election and registration	-	274,840	251,933	-	22,907
Financial administration	65	350,323	372,969	11,543	(34,124)
Revaluation of property	11,738	307,821	309,683	16,273	(6,397)
Legal	-	80,000	122,236	-	(42,236)
Personnel administration	3,086	3,731,732	3,422,192	1,423	311,203
Planning and zoning	-	819,013	704,107	-	114,906
General government buildings	15,777	834,347	860,354	87,869	(98,099)
Cemeteries	5,000	17,770	20,948	-	1,822
Insurance, not otherwise allocated	-	90,881	98,483	-	(7,602)
Other	-	382,281	330,524	-	51,757
Total general government	<u>35,666</u>	<u>7,424,793</u>	<u>7,047,072</u>	<u>132,108</u>	<u>281,279</u>
Public safety:					
Police	28,906	2,470,130	2,401,673	22,827	74,536
Other	243,491	885,947	1,080,068	-	49,370
Total public safety	<u>272,397</u>	<u>3,356,077</u>	<u>3,481,741</u>	<u>22,827</u>	<u>123,906</u>
Highways and streets:					
Administration	77,869	401,303	281,312	-	197,860
Highways and streets	60,243	2,535,794	2,522,372	920,175	(846,510)
Street lighting	-	51,088	124,507	-	(73,419)
Total highways and streets	<u>138,112</u>	<u>2,988,185</u>	<u>2,928,191</u>	<u>920,175</u>	<u>(722,069)</u>
Sanitation:					
Solid waste collection	-	288,667	268,845	-	19,822
Solid waste disposal	-	25,308	22,055	-	3,253
Total sanitation	-	<u>313,975</u>	<u>290,900</u>	-	<u>23,075</u>
Health:					
Administration	-	6,949	11,107	-	(4,158)
Pest control	-	3,000	2,500	-	500
Health agencies	-	-	-	-	-
Total health	-	<u>9,949</u>	<u>13,607</u>	-	<u>(3,658)</u>
Welfare:					
Administration and direct assistance	-	54,888	39,782	-	15,106
Vendor payments and other	-	110,000	106,800	-	3,200
Total welfare	-	<u>164,888</u>	<u>146,582</u>	-	<u>18,306</u>
Culture and recreation:					
Parks and recreation	-	1,341,074	1,317,624	-	23,450
Library	1,335	1,466,956	1,379,210	-	89,081
Total culture and recreation	<u>1,335</u>	<u>2,808,030</u>	<u>2,696,834</u>	-	<u>112,531</u>
Conservation	-	<u>23,875</u>	<u>12,683</u>	-	<u>11,192</u>

(Continued)

SCHEDULE 2 (Continued)
TOWN OF HANOVER, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2024

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	125,000	116,825	-	8,175
Interest on long-term debt	-	3,675	8,390	-	(4,715)
Total debt service	-	<u>128,675</u>	<u>125,215</u>	-	3,460
Capital outlay	-	1,201,000	899,955	46,627	254,418
Other financing uses:					
Transfers out	-	1,329,511	1,329,511	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 447,510</u>	<u>\$ 19,748,958</u>	<u>\$ 18,972,291</u>	<u>\$ 1,121,737</u>	<u>\$ 102,440</u>

See Independent Auditor's Report.

SCHEDULE 3
TOWN OF HANOVER, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2024

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 18)	\$ 4,098,132
Changes:	
Amounts voted from fund balance	(120,771)
2023-24 Budget summary:	
Revenue surplus (Schedule 1)	\$ 1,052,963
Unexpended balance of appropriations (Schedule 2)	<u>102,440</u>
Budget surplus	1,155,403
Increase in nonspendable fund balance	<u>(4,227)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	5,128,537
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>	
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis	<u>(32,093)</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)	<u><u>\$ 5,096,444</u></u>

SCHEDULE 4
TOWN OF HANOVER, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds											
				Downtown		Lower						
	Ambulance	ARPA	Conservation	Business Service District	Grafton County	Prosecutorial	Parking	Recreation	Special Purpose	Capital Projects	Total	
ASSETS												
Cash and cash equivalents	\$ 58,662	\$ 942,155	\$ 21,942	\$ -	\$ 6,683	\$ 450,260	\$ 66,340	\$ 49,751	\$ 359,609	\$ 1,955,402		
Investments	-	-	474,657	-	-	-	-	-	-	-	474,657	
Accounts receivable (net)	164,892	-	-	-	-	-	-	-	-	-	164,892	
Due from other governments	-	-	-	-	-	-	-	-	-	196,578	196,578	
Interfund receivable	-	-	20,000	-	-	-	-	-	-	-	20,000	
Total assets	\$ 223,554	\$ 942,155	\$ 516,599	\$ -	\$ 6,683	\$ 450,260	\$ 66,340	\$ 49,751	\$ 556,187	\$ 2,811,529		
LIABILITIES												
Accounts payable	\$ 9,354	\$ 270,268	\$ -	\$ -	\$ -	\$ 15,929	\$ 2,430	\$ -	\$ 172,542	\$ 470,523		
Retainage payable	-	29,326	-	-	-	-	-	-	-	-	29,326	
Interfund payable	-	-	-	1,560	-	277,210	-	-	-	-	278,770	
Total liabilities	9,354	299,594	-	1,560	-	293,139	2,430	-	172,542	778,619		
DEFERRED INFLOWS OF RESOURCES												
	-	642,561	-	-	-	-	-	-	-	276,919	919,480	
FUND BALANCES												
Restricted	-	-	50,000	-	-	-	-	-	-	106,726	156,726	
Committed	214,200	-	466,599	-	6,683	157,121	63,910	49,751	-	-	958,264	
Unassigned	-	-	(1,560)	-	-	-	-	-	-	-	(1,560)	
Total fund balances	214,200	-	516,599	(1,560)	6,683	157,121	63,910	49,751	106,726	-	1,113,430	
Total liabilities, deferred inflows of resources, and fund balances	\$ 223,554	\$ 942,155	\$ 516,599	\$ -	\$ 6,683	\$ 450,260	\$ 66,340	\$ 49,751	\$ 556,187	\$ 2,811,529		

See Independent Auditor's Report.

SCHEDULE 5
TOWN OF HANOVER, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds										Total
				Downtown	Lower				Special	Capital	
	Ambulance	ARPA	Conservation	Business Service District	Grafton County	Parking	Recreation	Purpose	Projects		
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,650	\$ -	\$ -	\$ -	\$ -	\$ 89,650
Intergovernmental	244,887	558,543	-	-	-	-	-	49,565	1,251,285	2,104,280	
Charges for services	546,449	-	-	-	-	2,391,809	-	5,028	-	-	2,943,286
Miscellaneous	263	-	26,616	-	-	13	28,553	20,323	2,000	-	77,768
Total revenues	<u>791,599</u>	<u>558,543</u>	<u>26,616</u>	<u>-</u>	<u>-</u>	<u>2,481,472</u>	<u>28,553</u>	<u>74,916</u>	<u>1,253,285</u>	<u>5,214,984</u>	
EXPENDITURES											
Current:											
General government	-	59,700	-	-	-	-	-	7,934	-	-	67,634
Public safety	980,715	100,037	-	-	-	1,737,323	-	-	-	-	2,818,075
Highways and streets	-	293,256	-	-	-	-	-	-	-	-	293,256
Culture and recreation	-	49,420	-	-	-	-	34,455	34,365	-	-	118,240
Conservation	-	-	35,863	-	-	-	-	-	-	-	35,863
Debt service:											
Principal	-	-	-	-	-	245,000	-	-	-	-	245,000
Interest	-	-	-	-	-	64,579	-	-	-	-	64,579
Capital outlay	-	56,130	-	-	-	-	-	-	1,306,082	1,362,212	
Total expenditures	<u>980,715</u>	<u>558,543</u>	<u>35,863</u>	<u>-</u>	<u>-</u>	<u>2,046,902</u>	<u>34,455</u>	<u>42,299</u>	<u>1,306,082</u>	<u>5,004,859</u>	
Excess (deficiency) of revenues over (under) expenditures	(189,116)	-	(9,247)	-	-	434,570	(5,902)	32,617	(52,797)	-	210,125
OTHER FINANCING SOURCES (USES)											
Transfers in	344,019	-	43,353	-	-	-	-	-	-	-	387,372
Transfers out	(105,567)	-	-	-	-	(174,955)	-	-	-	-	(280,522)
Debt proceeds	-	-	-	-	-	-	-	-	630,324	630,324	
Total other financing sources (uses)	<u>238,452</u>	<u>-</u>	<u>43,353</u>	<u>-</u>	<u>-</u>	<u>(174,955)</u>	<u>-</u>	<u>-</u>	<u>630,324</u>	<u>737,174</u>	
Net change in fund balances	49,336	-	34,106	-	-	259,615	(5,902)	32,617	577,527	-	947,299
Fund balances (deficit), beginning	164,864	-	482,493	(1,560)	6,683	(102,494)	69,812	17,134	(470,801)	-	166,131
Fund balances (deficit), ending	<u>\$ 214,200</u>	<u>\$ -</u>	<u>\$ 516,599</u>	<u>\$ (1,560)</u>	<u>\$ 6,683</u>	<u>\$ 157,121</u>	<u>\$ 63,910</u>	<u>\$ 49,751</u>	<u>\$ 106,726</u>	<u>\$ 1,113,430</u>	

See Independent Auditor's Report.

SCHEDULE 6
TOWN OF HANOVER, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
June 30, 2024

	Custodial Funds				
	School and County Taxes	School Trust Funds	Trescott Company	State Fees	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 135,753	\$ 211,193	\$ -	\$ 346,946
Investments	-	2,909,064	-	-	2,909,064
Total assets	-	3,044,817	211,193	-	3,256,010
LIABILITIES					
Accounts payable	-	417,754	-	-	417,754
NET POSITION					
Restricted	\$ -	\$ 2,627,063	\$ 211,193	\$ -	\$ 2,838,256

SCHEDULE 7
TOWN OF HANOVER, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2024

	Custodial Funds					
	School and County Taxes	School Trust Funds	Trescott Company	State Fees	Total	
ADDITIONS						
Contributions	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000	
Investment earnings	-	99,790	-	-	99,790	
Change in fair market value	-	211,390	-	-	211,390	
Tax collections for other governments	34,439,193	-	-	-	34,439,193	
Motor vehicle permit fees collected	-	-	-	439,525	439,525	
Total additions	<u>34,439,193</u>	<u>561,180</u>	<u>-</u>	<u>439,525</u>	<u>35,439,898</u>	
DEDUCTIONS						
Benefits paid	-	417,754	-	-	417,754	
Administrative expenses	-	8,752	4,023	-	12,775	
Payments of taxes to other governments	34,439,193	-	-	-	34,439,193	
Payments of motor vehicle permit fees	-	-	-	439,525	439,525	
Total deductions	<u>34,439,193</u>	<u>426,506</u>	<u>4,023</u>	<u>439,525</u>	<u>35,309,247</u>	
Net increase (decrease) in fiduciary net position	-	134,674	(4,023)	-	130,651	
Net position, beginning	-	2,492,389	215,216	-	2,707,605	
Net position, ending	<u>\$ -</u>	<u>\$ 2,627,063</u>	<u>\$ 211,193</u>	<u>\$ -</u>	<u>\$ 2,838,256</u>	

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



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

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

Independent Auditor's Report

To the Members of the Select Board and Town Manager
Town of Hanover
Hanover, New Hampshire

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and the aggregate remaining fund information of the Town of Hanover as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Hanover's basic financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town of Hanover

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Town of Hanover's Response to Findings

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

Purpose of This Report

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



March 27, 2025
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association



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Professional Association/Certified Public Accountants

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

Independent Auditor's Report

To the Members of the Select Board and Town Manager
Town of Hanover
Hanover, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Hanover's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Hanover's major federal programs for the year ended June 30, 2024. The Town of Hanover's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Hanover complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Hanover's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that

Town of Hanover

Report on Compliance for Each Major Federal Program and Report on Internal Control

Over Compliance Required by the Uniform Guidance

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Hanover's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* require the auditor to perform limited procedures on the Town of Hanover's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Hanover's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Town of Hanover

Report on Compliance for Each Major Federal Program and Report on Internal Control

Over Compliance Required by the Uniform Guidance

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



PLODZIK & SANDERSON
Professional Association

March 27, 2025
Concord, New Hampshire

SCHEDULE I
TOWN OF HANOVER, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Internal control over financial reporting:

• Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
• Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
• Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	none reported

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

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds Unmodified

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

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

2024-001 Balance Sheet Reconciliations (Material Weakness)

Criteria: Proper financial management and internal controls require that balance sheet accounts be reconciled regularly to ensure the accuracy, completeness, and reliability of financial statements. Best practices in governmental accounting, including guidance from the Government Finance Officers Association (GFOA) and Generally Accepted Accounting Principles (GAAP), emphasize the importance of periodic reconciliations to detect errors, prevent misstatements, and ensure interfund balances are properly recorded and cleared. Regular reconciliation processes help maintain financial integrity and support effective decision-making.

SCHEDULE I (Continued)
TOWN OF HANOVER, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Condition: During the audit, numerous significant adjusting journal entries were required to correct balance sheet accounts that were inaccurate or invalid due to a lack of regular reconciliations. Additionally, there were substantial issues with unsupported interfund balances, many of which related to prior-year transactions that had not been properly cleared.

Cause: The Town experienced significant turnover in its finance office during the prior year, resulting in the loss of institutional knowledge as long-term employees departed without fully documented procedures. While the new staff is actively working to improve financial processes, the transition period and the need to establish formal reconciliation procedures have contributed to the ongoing issues. The lack of clear, documented policies has made it challenging for the new team to fully resolve prior-year discrepancies in a timely manner.

Effect: The absence of regular reconciliations and formalized procedures increased the risk of financial misstatements and unsupported balances in the financial statements. This could result in incorrect reporting of the Town's financial position and impact decision-making, budget preparation, and overall financial oversight.

Identification as Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the Town implement stronger financial reporting controls by performing monthly reconciliations of all balance sheet accounts to verify their accuracy and validity. Audit and other necessary adjusting entries should be recorded promptly to maintain an accurate trial balance. Additionally, the Town should develop and document formal procedures for monthly reconciliations, including steps to clear interfund balances and retain critical institutional knowledge. Establishing these processes will help improve financial accuracy, enhance internal controls, and reduce the risk of future misstatements.

Views of Responsible Officials: Management's views and corrective action plan is included at the end of this report.

2024-002 Capital Projects Tracking (Material Weakness)

Criteria: Generally accepted accounting principles (GAAP) and sound financial management practices require that capital project expenditures be tracked individually to ensure proper monitoring, budget adherence, and compliance with funding restrictions. The Government Finance Officers Association (GFOA) also recommends that governments maintain detailed project accounting to facilitate transparency, accountability, and accurate financial reporting.

Condition: During the audit, it was noted that the Town's Capital Projects Fund includes multiple ongoing projects, such as road improvements, water/sewer infrastructure construction and replacement, and Dartmouth College-related projects. However, the Town does not maintain a subledger or any other tracking mechanism to separately account for each project's expenditures and funding sources.

Cause: The Town has not implemented a structured system or process to track individual projects within the Capital Projects Fund. This appears to be due to a lack of formal policies or procedures requiring such tracking.

Effect: Without detailed tracking of each project, the Town is unable to determine the financial status of individual projects, including whether they are within budget, over budget, or in a deficit. This increases the risk of financial mismanagement, inaccurate reporting, and potential noncompliance with grant or funding requirements.

Identification as Repeat Finding: This is not a repeat finding.

Recommendation: The Town should implement a subledger or a spreadsheet system to track each project separately within the Capital Projects Fund. This system should include budgeted amounts, expenditures to date, remaining balances, and funding sources. Additionally, the Town should develop formal policies and procedures to ensure ongoing project tracking and financial oversight.

SCHEDULE I (Continued)
TOWN OF HANOVER, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Views of Responsible Officials: Management's views and corrective action plan is included at the end of this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-003 Document Policies and Procedures over Federal Awards (Significant Deficiency)

Cluster/Program: All Federal Programs

Type of Finding:

Compliance – Other Matters

Internal Control over Compliance – Significant Deficiency

Criteria or Specific Requirement: OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (UG) established significant requirements related to Federal awards. The requirements stipulate that federal award recipients must document their policies and procedures over certain aspects of financial program management. Specifically, written policies are required for the following:

- Determination of allowable costs
- Conflict of interest
- Employee travel
- Cash Management
- Equipment and inventory
- Procurement and Suspension and Debarment
- Time and effort reporting; and
- Subrecipient monitoring and management.

Federal regulations 2 CFR 200.303 states, the Town, as a recipient of Federal funds, must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: The Town has not formalized written policies and procedures related to Federal awards as required under Uniform Guidance.

Cause: Weaknesses in the formal documentation of internal controls.

Effect: There are no formal policies related to federal grant activity noted above.

Questioned Costs: There are no questioned costs because of this finding as there are no costs directly associated with this compliance requirement.

Identification as Repeat Finding: This is not a repeat finding.

Recommendation: The Town should ensure that written policies and procedures are compiled and adopted as soon as practicable to ensure compliance with the Uniform Guidance.

Views of Responsible Officials: Management's views and corrective action plan is included at the end of this report.

SCHEDULE II
TOWN OF HANOVER, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the State of New Hampshire Department of Safety				
HIGHWAY SAFETY CLUSTER				
State and Community Highway Safety	20.600	24-080	\$ -	\$ 5,625
<i>CLUSTER TOTAL</i>				
U.S. DEPARTMENT OF TREASURY				
Passed Through the State of New Hampshire Department of Environmental Services				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1071010-05	- -	550,923
<i>PROGRAM TOTAL</i>				
Passed Through the State of New Hampshire Housing Finance Authority				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	- -	28,065
<i>PROGRAM TOTAL</i>				
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
Passed Through the State of New Hampshire Department of Environmental Services				
Drinking Water State Revolving Fund	66.468	LSL-17	- -	5,241
<i>PROGRAM TOTAL</i>				
DIRECT FUNDING				
U.S. DEPARTMENT OF TREASURY				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	- -	558,543
<i>PROGRAM TOTAL</i>				
U.S. DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	- -	11,968
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	- -	48,201
<i>PROGRAM TOTAL</i>				
<i>Total Expenditures of Federal Awards</i>				
			\$ -	\$ 1,208,566

The accompanying notes are an integral part of this schedule.

TOWN OF HANOVER, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Town of Hanover under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Hanover, it is not intended to and does not present the financial position and changes in net position and fund balance of the Town of Hanover.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

APPENDIX



CORRECTIVE ACTION PLAN

June 30, 2024

Audit Finding Reference:

2024-001

Management's Response and Planned Corrective Action:

- As noted, the turnover in the Finance Director position between August of 2021 and January of 2023 was significant, and both transitions occurred without overlap with the prior staff. The role of the Finance Director in the Town is particularly important because they oversee the accuracy of the general ledger with the assistance of the personnel of the finance office.
- To correct this weakness, we are in the process of:
 - Establishing month-end closing process that includes submission deadlines from departments as well as reconciliation of the trial balance.
 - Documenting all balance sheet accounts that have monthly activity and requiring reconciliation each month as part of the established closing process. A month-end close checklist will be maintained to confirm all reconciliations are being completed. The month-end close will be completed within 10 days of the last day of the month.
 - Using the NHMA Basic Internal Controls Checklist, perform self-assessment and develop policies and procedures where needed.
 - Training departments to do reconciliations – have worked on and are working on providing scheduled InCode reports of transactions that the accounting department has booked during the month.
 - Currently reporting to Parking, Water, Sewer, Clerk and Assessing departments.

Name of Contact Person and Completion Date:

Name 1: Ellen Bullion

Name 2: Tom Grantham

Anticipated Completion Date – On going, completion by 9/30/25

Audit Finding Reference:

2024-002

Management's Response and Planned Corrective Action:

- The noted weaknesses were caused by a combination of Finance Department turnover with no transition period as well as past practice. The finance office relied upon individual departments for the progression of their projects. The Town has implemented the use of the project module in the financial software to maintain projects' progressions. Regular discussions between the finance department and other departments promote the accuracy of these projects and communicates updated completion dates.
- The finance department has also updated the capital assets module in the financial software. The finance department is writing procedures to maintain the module with up-to-date information as part of the accounts payable process with the module's accuracy supplemented with the noted regular meetings between the finance department and other departments.

- The Town has implemented the use of Project Accounting for tracking revenue and expense budget associated with major projects, including those funded or partially funded by Federal Grants. This has already improved our tracking of these projects and will be a requirement in the policy developed to address Audit Finding 2024-003.

Name of Contact Person and Completion Date:

Name 1: Ellen Bullion

Name 2: Tom Grantham

Anticipated Completion Date – On going, completion by 9/30/25

Audit Finding Reference:

2024-003

Management's Response and Planned Corrective Action:

The Town agrees with the identified finding and will write and adopt policies and procedures to ensure compliance with the Uniform Guidance and will address:

- Determination of allowable costs
- Conflict of interest
- Employee travel
- Cash management
- Equipment and inventory
- Procurement, Suspension and Debarment
- Time & effort reporting
- Subrecipient monitoring and management

Name of Contact Person and Completion Date:

Name 1: Ellen Bullion

Name 2: Tom Grantham

Anticipated Completion Date – 6/30/25, to be fully implemented for FY2026