

TOWN OF NEW HAMPTON, NEW HAMPSHIRE

Financial Statements

December 31, 2020

and

Independent Auditor's Report

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2020

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FINANCIAL STATEMENTS
December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of New Hampton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Hampton, New Hampshire (the "Town"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Hampton, New Hampshire, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages i-vii and 34-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Hampton, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Vachon Clukay & Company PC

Manchester, New Hampshire
January 3, 2022

**TOWN OF NEW HAMPTON, NEW HAMPSHIRE
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2020**

The following is a discussion and analysis of the financial activities of the Town of New Hampton, New Hampshire for the year ending December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with the Town’s financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town’s financial position, and the result of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town’s financial activities have been included.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to most private-sector companies.

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

The **Statement of Activities** presents information showing how the Town’s net position changed during the most recent 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 not result in cash flows until future periods (such as uncollected taxes and earned but unused vacation leave).

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. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

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 statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town 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 Town's custodial funds consist of escrow funds from developers which are held by the Town, and taxes and fees collected by the Town and remitted to other governments. Private-Purpose Funds are for funds of cemeteries and scholarships.

Notes to the Basic Financial Statements

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

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, Town's only major governmental fund with an adopted budget and includes reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D).

This section also includes a schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability and a schedule of Town pension contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The Town's net position totaled \$3,470,933 at the end of 2020, an increase of \$203,947 when compared to the end of the previous year. This decrease is due largely to the increase in several department expenses including Public Safety, Highways and streets, General government, and Sanitation.

	<u>2020</u>	<u>2019</u>
Current assets	\$ 2,154,646	\$ 2,112,631
Capital assets, net	<u>5,995,421</u>	<u>5,619,967</u>
Total Assets	<u><u>8,150,067</u></u>	<u><u>7,732,598</u></u>
Deferred outflows of resources related to OPEB	7,086	7,157
Deferred outflows of resources related to pensions	<u>451,279</u>	<u>189,098</u>
Total Deferred Outflows of Resources	<u><u>458,365</u></u>	<u><u>196,255</u></u>
Current liabilities	462,007	267,694
Non-Current liabilities	<u>4,599,967</u>	<u>4,282,778</u>
Total Liabilities	<u><u>5,061,974</u></u>	<u><u>4,550,472</u></u>
Uncollected land use change taxes	-	125
Deferred inflows of resources related to OPEB	2,091	403
Deferred inflows of resources related to pensions	<u>73,434</u>	<u>110,867</u>
Total Deferred Inflows of Resources	<u><u>75,525</u></u>	<u><u>111,395</u></u>
Net position:		
Net investment in capital assets	4,588,691	4,364,827
Restricted	54,573	58,264
Unrestricted	<u>(1,172,331)</u>	<u>(1,156,105)</u>
Total Net Position	<u><u>\$ 3,470,933</u></u>	<u><u>\$ 3,266,986</u></u>

One of the largest portions of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. There is \$54,573 restricted for the Permanent Funds, drug forfeiture funds and grants.

Statement of Activities

The Town's net position increased by \$203,947 during the current year. Total revenues of \$2,894,648 exceeded total expenditures of \$2,690,701.

Property taxes brought in \$2,026,853 in revenues. Licenses and permits generated \$599,949 in revenues. These revenue sources generate approximately 91% of total revenue. Other revenues consisted of charges for services, grants and contributions, interest and investment earnings, and miscellaneous revenues.

Changes in net position for the year ending December 31, 2020 is as follows:

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues:		
Charges for services	\$ 99,912	\$ 161,924
Operating grants and contributions	250,390	130,456
General revenues:		
Property taxes	2,026,853	2,173,639
Licenses and permits	599,949	582,334
Grants and contributions	175,976	168,475
Interest and investment earnings	12,725	48,423
Miscellaneous	79,145	24,295
Total Revenues	<u>\$ 3,244,950</u>	<u>\$ 3,289,546</u>
Expenses		
General government	\$ 646,002	\$ 762,835
Public safety	1,244,007	1,318,684
Highways and streets	930,227	990,361
Health and welfare	4,984	7,970
Sanitation	142,619	179,507
Culture and recreation	4,778	3,657
Conservation	24,695	9,632
Interest and fiscal charges	43,691	45,103
Total Expenses	<u>3,041,003</u>	<u>3,317,749</u>
Change in net position	<u>203,947</u>	<u>(28,200)</u>
Net position, beginning of year	<u>3,266,986</u>	<u>3,295,186</u>
Net position, end of year	<u>\$ 3,470,933</u>	<u>\$ 3,266,986</u>

The Town's expenses cover a range of services. The largest expenses were for public safety (41%), highways and streets (31%) and general government (21%), which accounted for 93% of total expenditures.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The general fund is the chief operating fund of the Town. At the end of the fiscal year 2020, the general fund had an unassigned fund balance of \$1,344,520 while total general fund balance was

\$1,514,620. The total fund balance includes committed funds for the Capital Reserve and Trust Funds. The General Fund balance increased \$57,066 from December 31, 2019.

Under Statement 54, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned and Unassigned. Complete descriptions of these classifications may be found on page 14 of the notes to the Basic Financial Statements. Also, under GASB 54, the Capital Reserve and Expendable Trust Funds are reported as part of the General Fund.

Other Governmental Funds

The Fire Department Equipment Fund was reported as a major fund in the current year. Total fund balance of \$182,524 was decreased by \$71,096 from December 31, 2019. The total fund balance in the nonmajor governmental funds was \$159,694, a decrease of \$17,502 from December 31, 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2020 most town departments were under budget. The most significant balances were in Highway Department, Police Department, Fire Department, and Executive.

Budgetary information is not presented for the Fire Department Equipment Fund as the information is neither practical nor meaningful.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The Town considers a capital asset to be an asset whose costs exceeds \$10,000 and has a useful life of greater than (1) year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$8,358,611. Accumulated depreciation amounts to \$2,363,190 leaving a net book value of \$5,995,421. This investment in capital assets includes equipment, and real property. The net book value of the Town's buildings, building improvements, land, and equipment was reported in accordance with the GASB requirements. See Note 3 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

During 2020 the Town had long-term obligations consisting of one general bond, five capital lease obligations, and a closed unlined landfill. The estimated annual cost of the landfill is \$6,290 yearly, with the remaining 6-year obligation of \$37,740. The General Bond is for the public safety building with monthly installments of \$14,220 through March 2027, with a balance of \$952,097 as of December 31, 2020. The Town entered into three leases during the current year consisting of two vehicle leases and one equipment lease. The final payments for these leases will all occur in 2025. There are two remaining capital lease obligations for equipment with final payments in 2022.

The total balance of the capital leases as of December 31, 2020 is \$454,633. See Notes 4 and 5 in the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations.

ECONOMIC CONDITIONS

The Town is in good financial condition at this time. We finished the year 2020 under budget. Payment and collection of real estate taxes in 2020 has remained consistent with previous years. The town has avoided having to borrow in anticipation of taxes for more than 10 years.

In 2020, the Town continued monthly payments to the Public Safety Building Bond, which began in 2012 for \$1,954,727, a 15-year general obligation bond at 3.75% interest rate. The bond was refinanced in 2020 at 2.9% interest rate. A warrant article authorized by the voters appropriates from the Fire Department Special Revenue Fund \$25,000 each year toward the \$170,636 annual payment. This bond will be retired in 6 years, March 2027. The Town also has two (2) lease to purchase agreements with balances on 12/31/20 for principal and interest as follows; HWY Grader \$60,776.95 and PWD 550 Dump Truck \$32,044.52. The lease/purchase option has been used to lessen the impact of large equipment purchases. The 2020 updated Capital Improvements Plan provided guidance with capital appropriations and management of the fiscal impact on the taxpayers.

The New Hampton Medical Emergency Services (EMS) emergency response and ambulance transports continue to generate revenue, which is placed in the Fire Department Special Revenue Fund. The Fire Department Special Revenue Fund, consisting of funds from ambulance fees, is used to offset the cost of the fire equipment purchases (i.e. Ambulances, Fire Trucks, radios, pagers and other equipment).

In 2020 the Newfound Area School District tax rate decreased from \$9.44 to \$8.44 and the State Education tax rate decreased from \$2.14 to \$1.94 for a total of \$10.38, which is 57.8% of the 2020 tax rate of \$17.95. The cost of education is a significant portion of the local tax rate. Education costs in 2020 represent 57.8%, Municipal 35.5% and the County 6.7% of the tax burden.

In 2020 we experienced an increase of \$5,017,690 (assessed value) in the town tax base. The increase is significantly due to the ongoing cyclical review of properties which captured new construction and improvements to existing inventory. The 2020 operating budget, warrant articles and revenues resulted in a decrease of the town portion of the tax rate from \$6.49 in 2019 to \$6.36 for 2020.

The Town's financial condition is impacted by the decisions at the state level. The State Legislature proposed and passed legislation that affects the appraisal of property within the Town of New Hampton, particularly utility properties and special use properties, which could have a significant negative impact on the town tax base.

The State of New Hampshire Department of Revenue recommends fund balance retention of 5% to 10% of the Town's annual budget (including school and county appropriations). The Government Finance Officers Association suggests retaining 8% to 17%. The Town's retained fund balance (surplus) was \$1,344,520 at December 31, 2020. The fund balance retained at tax rate setting was 18.5% of the total annual budget for 2020. A significant portion of this fund

balance is the reserve for pending tax appeal cases for Eversource (PSNH), Central Rivers Power (Ayers Island), and Consolidated Communications (Fairpoint). If the town is successful in these cases this reserve will be significantly reduced and will allow the use of unassigned fund balance for tax relief. Until such time these cases are settled, the Town should maintain a higher fund balance.

During 2020 tax rate setting, \$175,000 was used to offset the 2020 town portion of the tax rate, but please note the use of fund balance may not be available if the Town is to maintain the recommended levels of fund balance. Maintaining too low a fund balance weakens the town's financial position by limiting cash flow (which may necessitate further borrowing), and/or restricting the town's ability to reduce the impact of unanticipated expenses (welfare assistance, emergencies, legal judgments, tax appeals, natural disasters, etc.).

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of New Hampton citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of New Hampton, Selectmen's Office, 6 Pinnacle Hill Road, New Hampton, NH 03256.

EXHIBIT A
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,224,245
Investments	619,829
Taxes receivable, net	229,135
Accounts receivable, net	33,818
Due from other governments	47,619
Total Current Assets	<u>2,154,646</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	106,042
Depreciable capital assets, net	5,889,379
Total Noncurrent Assets	<u>5,995,421</u>
Total Assets	<u>8,150,067</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	7,086
Deferred outflows of resources related to pension liability	451,279
Total Deferred Outflows of Resources	<u>458,365</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	90,910
Accrued expenses	46,413
Deposits	12,161
Current portion of bonds payable	144,583
Current portion of capital leases payable	161,650
Current portion of estimated liability for landfill postclosure care costs	6,290
Total Current Liabilities	<u>462,007</u>
Noncurrent Liabilities:	
Bonds payable	807,514
Capital leases payable	292,983
Estimated liability for landfill postclosure care costs	31,450
Compensated absences payable	35,383
OPEB liability	1,548,816
Net pension liability	1,883,821
Total Noncurrent Liabilities	<u>4,599,967</u>
Total Liabilities	<u>5,061,974</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	2,091
Deferred inflows of resources related to pension liability	73,434
Total Deferred Inflows of Resources	<u>75,525</u>
NET POSITION	
Net investment in capital assets	4,588,691
Restricted	54,573
Unrestricted (Deficit)	<u>(1,172,331)</u>
Total Net Position	<u>\$ 3,470,933</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 646,002	\$ 3,706	\$ 66,379	\$ (575,917)
Public safety	1,244,007	66,264	78,157	(1,099,586)
Highways and streets	930,227	250	105,854	(824,123)
Health and welfare	4,984			(4,984)
Sanitation	142,619	29,692		(112,927)
Culture and recreation	4,778			(4,778)
Conservation	24,695			(24,695)
Interest and fiscal charges	<u>43,691</u>			<u>(43,691)</u>
Total governmental activities	<u>\$ 3,041,003</u>	<u>\$ 99,912</u>	<u>\$ 250,390</u>	<u>(2,690,701)</u>
General revenues:				
Property and other taxes				2,026,853
Licenses and permits				599,949
Grants and contributions:				
Municipal aid				32,404
Rooms and meals tax distribution				116,285
State and federal forest land reimbursement				179
Other state grants				3,485
Flood control reimbursement				23,623
Interest and investment income				12,725
Miscellaneous				61,464
Gain on disposal of capital assets				<u>17,681</u>
Total general revenues and gain on disposal of capital assets				<u>2,894,648</u>
Change in net position				203,947
Net Position at beginning of year				<u>3,266,986</u>
Net Position at end of year				<u>\$ 3,470,933</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Fire Department Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,105,302	\$ 95,045	\$ 23,898	\$ 1,224,245
Investments	438,096	53,661	128,072	619,829
Taxes receivable, net	229,135			229,135
Accounts receivable, net		33,818		33,818
Due from other governments	47,619			47,619
Due from other funds			7,724	7,724
Total Assets	<u>1,820,152</u>	<u>182,524</u>	<u>159,694</u>	<u>2,162,370</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,820,152</u>	<u>\$ 182,524</u>	<u>\$ 159,694</u>	<u>\$ 2,162,370</u>
LIABILITIES				
Accounts payable	\$ 90,910			\$ 90,910
Accrued expenses	36,710			36,710
Deposits	12,161			12,161
Due to other funds	7,724			7,724
Total Liabilities	<u>147,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>147,505</u>
DEFERRED INFLOWS OF RESOURCES				
Uncollected property tax revenue	<u>158,027</u>			<u>158,027</u>
Total Deferred Inflows of Resources	<u>158,027</u>	<u>-</u>	<u>-</u>	<u>158,027</u>
FUND BALANCES				
Nonspendable			24,038	24,038
Restricted	934		29,601	30,535
Committed	175,600	182,524	106,055	464,179
Assigned	39,000			39,000
Unassigned	<u>1,299,086</u>			<u>1,299,086</u>
Total Fund Balances	<u>1,514,620</u>	<u>182,524</u>	<u>159,694</u>	<u>1,856,838</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,820,152</u>	<u>\$ 182,524</u>	<u>\$ 159,694</u>	<u>\$ 2,162,370</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 1,856,838
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,995,421
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	158,027
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	7,086
Deferred outflows of resources related to net pension liability	451,279
Deferred inflows of resources related to OPEB liability	(2,091)
Deferred inflows of resources related to net pension liability	(73,434)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(952,097)
Capital leases payable	(454,633)
Accrued interest on long-term obligations	(9,703)
Estimated liability for landfill postclosure care costs	(37,740)
Compensated absences payable	(35,383)
OPEB liability	(1,548,816)
Net pension liability	<u>(1,883,821)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 3,470,933</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Fire Department Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,040,351		\$ 6,395	\$ 2,046,746
Licenses and permits	599,949			599,949
Intergovernmental	426,366			426,366
Charges for services	35,742	\$ 60,215	3,955	99,912
Interest and investment income (loss)	14,701	391	(2,367)	12,725
Miscellaneous	57,815	3,284	365	61,464
Total Revenues	<u>3,174,924</u>	<u>63,890</u>	<u>8,348</u>	<u>3,247,162</u>
Expenditures:				
Current operations:				
General government	593,847		270	594,117
Public safety	966,473	362	2,626	969,461
Highways and streets	619,910			619,910
Health and welfare	4,984			4,984
Sanitation	189,592			189,592
Culture and recreation	4,778			4,778
Conservation	1,741		22,954	24,695
Capital outlay	988,759			988,759
Debt service:				
Principal retirement	213,448			213,448
Interest and fiscal charges	33,988			33,988
Total Expenditures	<u>3,617,520</u>	<u>362</u>	<u>25,850</u>	<u>3,643,732</u>
Excess revenues over (under) expenditures	<u>(442,596)</u>	<u>63,528</u>	<u>(17,502)</u>	<u>(396,570)</u>
Other financing sources (uses):				
Issuance of capital lease	365,038			365,038
Transfers in	134,624			134,624
Transfers out		(134,624)		(134,624)
Total Other financing sources (uses)	<u>499,662</u>	<u>(134,624)</u>	<u>-</u>	<u>365,038</u>
Net change in fund balances	57,066	(71,096)	(17,502)	(31,532)
Fund Balances at beginning of year	<u>1,457,554</u>	<u>253,620</u>	<u>177,196</u>	<u>1,888,370</u>
Fund Balances at end of year	<u>\$ 1,514,620</u>	<u>\$ 182,524</u>	<u>\$ 159,694</u>	<u>\$ 1,856,838</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (31,532)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	386,773
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(19,893)
Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	213,448
Some expenses reported in the statement of activities, such as compensated absences and estimated liability for landfill postclosure care costs, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	46,497
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.	(11,319)
In the statement of activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	(9,703)
Issuance of capital lease obligations are other financing sources in the governmental funds, but capital lease obligations increase long-term liabilities in the statement of net position.	(365,038)
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	144,861
Net changes in pension	<u>(150,147)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 203,947</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash	\$ 839	\$ 1,548,983
Investments	486,347	
Taxes receivable		154,434
Total Assets	<u>487,186</u>	<u>1,703,417</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments		1,699,460
Total Liabilities	<u>-</u>	<u>1,699,460</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for:		
Trusts	487,186	
Individuals		3,957
Total Net Position	<u>\$ 487,186</u>	<u>\$ 3,957</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Investment Earnings:		
Interest income	\$ 7,552	\$ 3
Realized gains on investments	83,399	
Net decrease in the fair value of investments	<u>(33,211)</u>	
Total Investment Earnings	<u>57,740</u>	<u>3</u>
Taxes collected for other governments		3,851,771
Fees collected for other governments		<u>195,403</u>
Total Additions	<u>57,740</u>	<u>4,047,177</u>
DEDUCTIONS:		
Benefits paid	9,350	
Payments released to individuals		14,679
Payments of taxes to other governments		3,851,771
Payments of fees to other governments		<u>195,403</u>
Total Deductions	<u>9,350</u>	<u>4,061,853</u>
Change in net position	48,390	(14,676)
Net Position at beginning of year	<u>438,796</u>	<u>18,633</u>
Net Position at end of year	<u>\$ 487,186</u>	<u>\$ 3,957</u>

See accompanying notes to the basic financial statements

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of New Hampton, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of New Hampton, New Hampshire (the “Town”) was incorporated in 1777. The Town operates under the Town Meeting form of government and performs local governmental functions authorized by state law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources, except those required to be accounted for in another fund.

The *Fire Department Equipment Fund* accounts for the financial resources related to the ambulance services provided by the Town.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's custodial funds consist of escrow funds from developers, property taxes collected on behalf of Newfound Area School District and Belknap County, and motor vehicle fees collected on behalf of the State of New Hampshire.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2020, the Town applied \$175,000 of its unassigned fund balance to reduce taxes.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2020 are recorded as receivables net of an allowance for estimated uncollectibles of \$62,629.

Accounts Receivable

Charges for services billed during the current year and prior and uncollected at December 31, 2020 are recorded net of an allowance for estimated uncollectibles of \$33,817 in the Fire Department Equipment Fund.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets, including infrastructure, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town’s infrastructure consists of bridges. The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	20-40
Vehicles and equipment	3-25
Infrastructure	50

Compensated Absences

Full-time employees may accumulate sick leave days at a rate of 1 day per month, cumulative to a maximum of 12 days. Upon retirement, employees shall receive payment for any unused sick leave at half of their regular rate. The Town permits employees to accumulate a limited amount of earned, but unused, vacation leave based upon length of service that will be paid to employees upon retirement or termination.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Bonds payable and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS’s fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- Nonspendable Fund Balance: Amounts that are not in a spendable form or are required to be maintained intact.
- Restricted Fund Balance: Amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation.
- Committed Fund Balance: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority: to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for a deficit fund balance of another governmental fund.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Spending Prioritization

In instances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Emergency Use of Fund Balance

The Town will follow the provisions of the State Municipal Budget Law in emergency situations which may cause an over expenditure of total appropriations.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue Administration, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of the total annual appropriations of the community (which includes Town, County, School District, and Precincts). The Selectmen have the authority to apply up to \$300,000 of the Town's beginning unassigned fund balance in order to balance the budget and to reduce the property tax rate.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,224,245
Investments	619,829
Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,549,822
Investments	486,347
	<u>\$ 3,880,243</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Deposits and investments at December 31, 2020 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	2,773,567
Investments	<u>1,106,176</u>
	<u>\$3,880,243</u>

The Town limits its investments to obligations of the U.S. government, savings accounts in solvent banks in New Hampshire, certificates of deposit, or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Interest Rate Risk

Interest rate risk 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 acquisition value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>		<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>>5 Years</u>
Corporate bonds	<u>\$ 104,492</u>	<u>\$ -</u>	<u>\$ 54,224</u>	<u>\$ 50,268</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town does not have a formal investment policy that addresses credit risk.

The following is the actual rating at year end for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>				
		<u>AAAm</u>	<u>A</u>	<u>Aa</u>	<u>Baa</u>	<u>Not Rated</u>
Corporate bonds	\$ 104,492		\$ 54,547	\$ 11,213	\$ 33,622	\$ 5,110
State investment pool	567,628	\$ 567,628				
Exchange traded funds	102,954					102,954
Mutual funds	12,976					12,976
Money market mutual funds	30,004					30,004
	<u>\$ 818,054</u>	<u>\$ 567,628</u>	<u>\$ 54,547</u>	<u>\$ 11,213</u>	<u>\$ 33,622</u>	<u>\$ 151,044</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town requires collateralized securities, such as repurchase agreements, with protection through third-party safekeeping.

As of December 31, 2020, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Corporate bonds	\$ 104,492
Equity securities	288,122
Exchange traded funds	102,954
Mutual funds	12,976
Money market mutual funds	30,004
	<u>\$ 538,548</u>

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of December 31, 2020, the Town’s investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>	<u>Level 3 inputs</u>	
Debt securities:				
Corporate bonds		\$ 104,492		\$ 104,492
Mutual funds	\$ 12,976			12,976
Exchange traded funds	102,954			102,954
Equity securities	288,122			288,122
	<u>\$ 404,052</u>	<u>\$ 104,492</u>	<u>\$ -</u>	<u>\$ 508,544</u>

Equity securities, exchange traded funds, and mutual funds classified as Level 1 are valued using unadjusted prices quoted in active markets for those securities. Corporate bonds classified as Level 2 are valued utilizing pricing that may involve estimation using similar securities or trade dates.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2020</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 106,042			\$ 106,042
Total capital assets not being depreciated	<u>106,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>106,042</u>
Other capital assets:				
Buildings and improvements	2,728,290	42,500		2,770,790
Vehicles and equipment	2,499,675	614,985	(226,432)	2,888,228
Infrastructure	2,593,551			2,593,551
Total other capital assets at historical cost	<u>7,821,516</u>	<u>657,485</u>	<u>(226,432)</u>	<u>8,252,569</u>
Less accumulated depreciation for:				
Buildings and improvements	(640,155)	(67,688)		(707,843)
Vehicles and equipment	(1,210,593)	(151,153)	215,113	(1,146,633)
Infrastructure	(456,843)	(51,871)		(508,714)
Total accumulated depreciation	<u>(2,307,591)</u>	<u>(270,712)</u>	<u>215,113</u>	<u>(2,363,190)</u>
Total other capital assets, net	<u>5,513,925</u>	<u>386,773</u>	<u>(11,319)</u>	<u>5,889,379</u>
Total capital assets, net	<u>\$ 5,619,967</u>	<u>\$ 386,773</u>	<u>\$ (11,319)</u>	<u>\$ 5,995,421</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 3,498
Public safety	137,066
Highways and streets	128,011
Sanitation	2,137
Total governmental activities depreciation expense	<u>\$ 270,712</u>

The balance of assets acquired through capital leases as of December 31, 2020 is as follows:

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Vehicles and equipment	\$ 891,385
Less accumulated depreciation for:	
Vehicles and equipment	<u>(82,670)</u>
	<u>\$ 808,715</u>

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town’s long-term obligations of the governmental activities for the year ended December 31, 2020 are as follows:

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 1,093,084		\$ (140,987)	\$ 952,097	\$ 144,583
Capital leases payable	162,056	\$ 365,038	(72,461)	454,633	161,650
Compensated absences	<u>36,320</u>	<u>6,393</u>	<u>(7,329)</u>	<u>35,384</u>	
Total governmental activities	<u>\$ 1,291,460</u>	<u>\$ 371,431</u>	<u>\$ (220,777)</u>	<u>\$ 1,442,114</u>	<u>\$ 306,233</u>

Payments on the bonds payable, capital leases, and compensated absences of the governmental activities are paid out of the General Fund.

General Obligation Bonds

Bonds payable at December 31, 2020 is comprised of the following individual issue:

\$1,954,727 Public Safety Building Bonds payable in monthly installments of \$14,220 through March 2027, interest at 3.244%	<u>\$ 952,097</u>
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Debt service requirements to retire general obligation bonds outstanding at December 31, 2020 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 144,583	\$ 26,053	\$ 170,636
2022	148,892	21,744	170,636
2023	153,329	17,307	170,636
2024	157,859	12,777	170,636
2025	162,603	8,033	170,636
2026-2027	<u>184,831</u>	<u>3,238</u>	<u>188,069</u>
	<u>\$ 952,097</u>	<u>\$ 89,152</u>	<u>\$ 1,041,249</u>

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following are the individual capital lease obligations outstanding at December 31, 2020:

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Equipment, due in annual installments of \$60,777, including interest at 2.00%, through November 2022	\$ 59,586
Vehicle, due in annual installments of \$16,026, including interest at 4.49%, through May 2022	30,009
Ambulance, due in annual installments of \$37,344, including interest at 2.79%, through April 15, 2024	139,509
Backhoe, due in annual installments of \$26,653, including interest at 3.35%, through June 2025	97,847
Vehicle, due in annual installments of \$34,178, including interest at 2.79%, through May 2024	127,682
	<u>\$ 454,633</u>

Debt service requirements to retire capital lease obligations outstanding at December 31, 2020, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	161,650	13,323	174,973
2022	105,305	8,891	114,196
2023	92,629	5,545	98,174
2024	95,048	2,797	97,845
2025	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 454,633</u>	<u>\$ 30,556</u>	<u>\$ 485,189</u>

NOTE 5—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. During 1996, a final cover was placed on the Town's landfill. An estimated liability has been recorded based on the future postclosure care costs that will be incurred. The estimated liability for postclosure care costs has a balance of \$37,740 as of December 31, 2020. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining postclosure care costs of the Town are expected to be financed through annual appropriations.

The following is a summary of changes in the estimated liability for landfill postclosure care costs for the year ended December 31, 2020:

Balance - January 1, 2020	\$ 83,300
Expenditures recognized in General Fund	(3,800)
Change in estimated liability	<u>(41,760)</u>
Balance - December 31, 2020	<u>\$ 37,740</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

NOTE 6—OTHER POST-EMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 7,086	\$ 126,926	\$ 2,091	\$ (137)
Single Employer Plan	<u>-</u>	<u>1,421,890</u>	<u>-</u>	<u>49,272</u>
Total	<u>\$ 7,086</u>	<u>\$ 1,548,816</u>	<u>\$ 2,091</u>	<u>\$ 49,135</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$4,995.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

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 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. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rate for the covered payroll of general employees was 0.29%. The Town's contribution rate for the covered payroll of police officers and firefighters was 3.66%. Contributions to the OPEB plan for the Town were \$12,148 for the year ended December 31, 2020. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the Town reported a liability of \$126,926 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the Town's proportion was approximately 0.0290 percent, which was a decrease of approximately 0.0032 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized negative OPEB expense of (\$137). At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 368
Net difference between projected and actual earnings on OPEB plan investments	\$ 475	
Changes of assumptions	816	
Changes in proportion and differences between Town contributions and proportionate share of contributions		1,723
Town contributions subsequent to the measurement date	<u>5,795</u>	
Totals	<u>\$ 7,086</u>	<u>\$ 2,091</u>

The Town reported \$5,795 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2021. Other amounts reported as deferred

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2021	\$ (1,239)
2022	141
2023	168
2024	130
	<u>\$ (800)</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for Teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

The long-term expected rate of return on OPEB Plan investments 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 rates 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 geometric real rates of return for each asset class:

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
International equity	20%	3.96-6.20%
Fixed income	25%	0.42-1.66%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. 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 Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
Net OPEB liability	\$ 137,829	\$ 126,926	\$ 117,461

SINGLE EMPLOYER PLAN

Plan Description

The Town of New Hampton, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees and their covered dependents. Retirees over the age of 65 are covered by the Medicare supplemental plan. The following groups of retirees qualify for this benefit: Group I employees are required to reach age 60 with 10 years of service; Group II employees are eligible at age 45 with 10 years of service or at age 60 with no minimum service requirement. Retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>14</u>
	<u>19</u>

Total OPEB Liability

The Town's total OPEB liability of \$1,421,890 was measured and calculated as of December 31, 2020 using the alternative measurement method in place of an actuarial valuation.

Alternative Measurement Method Assumptions and Other Inputs for OPEB

The total OPEB liability in the December 31, 2020 calculation was determined using the following alternative measurement method assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	2.12%
Healthcare cost trend rates	4.90% for 2020, with a steady decline to 4.3% over the course of 10 years

The discount rate was based on a 20-year tax-exempt municipal bond yield as of December 31, 2020.

Mortality rates were based on the RP-2000 Mortality Table for males and females projected 18 years. The turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Changes in the Total OPEB Liability

	Total OPEB
	<u>Liability</u>
Balance at January 1, 2020	\$ 1,554,467
Changes for the year:	
Service cost	113,052
Interest	43,216
Changes of benefit terms	-
Differences between expected and actual experience	(228,439)
Changes in assumptions or other inputs	121,444
Benefit payments	<u>(181,849)</u>
Net changes	<u>(132,576)</u>
Balance at December 31, 2020	<u>\$ 1,421,891</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

Changes in assumptions and other inputs reflect a change in the discount rate from 2.74% at December 31, 2019 to 2.12% at December 31, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
Total OPEB liability	\$ 1,657,533	\$ 1,421,890	\$ 1,233,700

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.90 percent decreasing to 3.30 percent) or 1-percentage-point higher (5.90 percent decreasing to 5.30 percent) than the current healthcare cost trend rate:

	1% Decrease (3.90% decreasing <u>to 3.80%</u>)	Healthcare Cost Trend Rates (4.90% decreasing <u>to 4.80%</u>)	1% Increase (5.90% decreasing <u>to 5.80%</u>)
Total OPEB Liability	\$ 1,213,282	\$ 1,421,890	\$ 1,684,248

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Town recognized OPEB expense of \$49,272. The impact of differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings are recognized as a component of OPEB expense as they occur under the alternative measurement method.

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
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 December 31, 2020

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for the NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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 a 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:

<u>Years of Creditable Services as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
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%

Changes in Benefits

Ch 340 laws of 2019 (HB 616) grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

Funding Policy

Covered police officers and firefighters are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

general employees, police officers, and firefighters were 10.88%, 24.77%, and 26.43%, respectively, for the year ended December 31, 2020. The Town contributed 100% of the employer cost for general employees, police officers, and firefighters of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial funding policy. Contributions to the pension plan for the Town were \$118,252 for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town reported a liability of \$1,883,821 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the Town's proportion was approximately 0.0294 percent, which was a decrease of .0004 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$268,398. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 50,872	\$ 20,227
Changes of assumptions	186,347	
Net difference between projected and actual earnings on pension plan investments	116,516	
Changes in proportion and differences between Town contributions and proportionate share of contributions	40,202	53,207
Town contributions subsequent to the measurement date	<u>57,342</u>	<u> </u>
Totals	<u>\$ 451,279</u>	<u>\$ 73,434</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$377,845. The Town reported \$57,342 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

<u>June 30,</u>	
2021	\$ 47,242
2022	86,791
2023	102,355
2024	<u>84,115</u>
	<u>\$ 320,503</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)

The long-term expected rate of return on pension plan investments 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 rates 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 geometric real rates of return for each asset class:

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
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 December 31, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71%-4.15%
International equity	20%	3.96%-6.20%
Fixed income	25%	0.42%-1.66%
Alternative investments	15%	4.81%-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability as of June 30, 2020 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 contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, 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 or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 2,438,781	\$ 1,883,821	\$ 1,430,344

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town incurs various interfund balances throughout the year as a result of timing differences between when amounts expended are reimbursed by the various funds. At December 31, 2020, \$7,724 was due to the Nonmajor Governmental Funds from the General Fund as a result of such timing differences.

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2020 amounted to \$134,624 transferred from the Fire Department Equipment Fund to the General Fund.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

NOTE 9—RESTRICTED NET POSITION

Net position of the governmental activities is restricted for specific purposes at December 31, 2020 as follows:

Restricted net position	
Permanent Funds - Principal	\$ 24,038
Permanent Funds - Income	28,163
Grant	934
Drug forfeiture funds	1,438
	<u>\$ 54,573</u>

NOTE 10—COMPONENTS OF FUND BALANCE

The component of the Town’s fund balance for its governmental funds at December 31, 2020 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Department Equipment Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Permanent Funds - Principal			\$ 24,038	\$ 24,038
Restricted for:				
Permanent Funds - Income			28,163	28,163
Drug Forfeiture Fund			1,438	1,438
Grant	\$ 934			934
Committed for:				
Encumbrances	5,500			5,500
Fire Department Equipment Fund		\$ 182,524		182,524
Police Detail Fund			1,329	1,329
Conservation			104,726	104,726
Capital Reserve Fund	17,983			17,983
Expendable Trust Fund	152,117			152,117
Assigned:				
Subsequent years' expenditures	39,000			39,000
Unassigned	<u>1,299,086</u>			<u>1,299,086</u>
	<u>\$ 1,514,620</u>	<u>\$ 182,524</u>	<u>\$ 159,694</u>	<u>\$ 1,856,838</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$338,396,262 as of April 1, 2020) and are due in two installments on July 6, 2020 and December 21, 2020. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

Under state law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens accrue interest at 14% per annum for liens executed after April 1, 2019. Priority tax liens accrue interest at 18% per annum for liens executed prior to April 1, 2019. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with state law, the Town collects taxes for the Newfound Area School District and Belknap County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the School District. Total taxes appropriated during the year were \$3,442,366 and \$409,405 for the Newfound Area School District and Belknap County, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 12—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2020.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

NOTE 13—COMMITMENTS AND CONTINGENCIES

Litigation

The Town's management estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

NOTE 14—SUBSEQUENT EVENT

In March 2021, the Town entered into a capital lease for highway equipment totaling \$188,101. Annual payments of \$40,000 in the first year and \$39,643 thereafter, through June 2025, including interest at 2.79%

SCHEDULE 1
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,144,592	\$ 2,144,592	\$ 2,020,458	\$ (124,134)
Licenses and permits	536,375	536,375	599,949	63,574
Intergovernmental	764,186	764,186	426,366	(337,820)
Charges for services	28,175	28,175	35,742	7,567
Interest income	14,000	14,000	14,473	473
Miscellaneous	38,828	38,828	56,795	17,967
Total Revenues	<u>3,526,156</u>	<u>3,526,156</u>	<u>3,153,783</u>	<u>(372,373)</u>
Expenditures:				
Current operations:				
General government	715,633	715,633	599,347	116,286
Public safety	1,140,432	1,140,432	966,473	173,959
Highways and streets	672,882	672,882	619,910	52,972
Health and welfare	19,188	19,188	4,984	14,204
Sanitation	193,830	193,830	189,592	4,238
Culture and recreation	7,895	7,895	4,778	3,117
Conservation	1,742	1,742	1,741	1
Capital outlay	1,030,047	1,030,047	623,591	406,456
Debt service:				
Principal retirement	213,918	213,918	213,448	470
Interest and fiscal charges	36,020	36,020	33,988	2,032
Total Expenditures	<u>4,031,587</u>	<u>4,031,587</u>	<u>3,257,852</u>	<u>773,735</u>
Excess revenues over (under) expenditures	<u>(505,431)</u>	<u>(505,431)</u>	<u>(104,069)</u>	<u>401,362</u>
Other financing sources (uses):				
Transfers in	201,259	201,259	134,624	(66,635)
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>171,259</u>	<u>171,259</u>	<u>104,624</u>	<u>(66,635)</u>
Net change in fund balance	(334,172)	(334,172)	555	334,727
Fund Balance at beginning of year				
- Budgetary Basis	<u>1,496,492</u>	<u>1,496,492</u>	<u>1,496,492</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 1,162,320</u>	<u>\$ 1,162,320</u>	<u>\$ 1,497,047</u>	<u>\$ 334,727</u>

See accompanying notes to the required supplementary information

SCHEDULE 2
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability
For the Year Ended December 31, 2020

Measurement Period Ended	Cost-Sharing Multiple Employer Plan Information Only				
	Town's Proportion of the Net OPEB Liability	Town's Proportionate Share of the Net OPEB Liability	Town's Covered Payroll	Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2020	0.02899787%	\$ 126,926	\$ 778,143	16.31%	7.74%
June 30, 2019	0.03215447%	\$ 140,969	\$ 750,108	18.79%	7.75%
June 30, 2018	0.03205301%	\$ 146,753	\$ 668,027	21.97%	7.53%
June 30, 2017	0.02236710%	\$ 102,270	\$ 664,844	15.38%	7.91%
June 30, 2016	0.02410590%	\$ 116,698	\$ 672,674	17.35%	5.21%

Measurement Periods	Significant Actuarial Assumptions				
	Inflation	Salary Increases	Investment Rate of Return	Mortality Table	Mortality Scale
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2020

Cost- Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	\$ 12,148	\$ (12,148)	\$ -	\$ 700,024	1.74%
December 31, 2019	\$ 14,872	\$ (14,872)	\$ -	\$ 824,412	1.80%
December 31, 2018	\$ 13,977	\$ (13,977)	\$ -	\$ 683,116	2.05%
December 31, 2017	\$ 13,176	\$ (13,176)	\$ -	\$ 653,903	2.01%

See accompanying notes to the required supplementary information

SCHEDULE 4
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
For the Year Ended December 31, 2020

<u>Single Employer Plan Information Only</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 113,052	\$ 118,917	\$ 118,918
Interest	43,216	58,123	53,180
Changes of benefit terms	-	-	-
Changes of assumptions or other inputs	121,444	262,365	(117,231)
Differences between expected and actual experience	(228,440)	(36,692)	-
Benefit payments	<u>(181,849)</u>	<u>(160,318)</u>	<u>(160,318)</u>
Net change in total OPEB liability	(132,577)	242,395	(105,451)
Total OPEB Liability at beginning of year	<u>1,554,467</u>	<u>1,312,072</u>	<u>1,417,523</u>
Total OPEB Liability at end of year	<u>\$ 1,421,890</u>	<u>\$ 1,554,467</u>	<u>\$ 1,312,072</u>
Covered employee payroll	\$ 795,073	\$ 841,327	\$ 617,816
Total OPEB liability as a percentage of covered employee payroll	178.84%	184.76%	212.37%
<u>Significant Actuarial Assumptions</u>			
Discount rate	2.12%	2.74%	4.30%
Health cost trend rates:			
Initial	4.90% - 2020	4.60% - 2018	4.60% - 2018
Ultimate	4.30% - 2030	4.70% - 2028	4.70% - 2028
Mortality improvement scale	RP-2000	RP-2000	RP-2000

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF NEW HAMPTON, NEW HAMPSHIRE

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

For the Year Ended December 31, 2020

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.02945241%	\$ 1,883,821	\$ 778,143	242.09%	58.72%
June 30, 2019	0.02980388%	\$ 1,434,060	\$ 750,108	191.18%	65.59%
June 30, 2018	0.02831322%	\$ 1,363,339	\$ 668,027	204.08%	64.73%
June 30, 2017	0.02990282%	\$ 1,470,619	\$ 664,844	221.20%	62.66%
June 30, 2016	0.03141680%	\$ 1,670,618	\$ 672,674	248.35%	58.30%
June 30, 2015	0.03100932%	\$ 1,228,443	\$ 658,388	186.58%	65.47%
June 30, 2014	0.03036785%	\$ 1,139,883	\$ 624,695	182.47%	66.32%
June 30, 2013	0.02813032%	\$ 1,210,668	\$ 585,598	206.74%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2020

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	\$ 118,252	\$ (118,252)	\$ -	\$ 700,024	16.89%
December 31, 2019	\$ 139,349	\$ (139,349)	\$ -	\$ 824,412	16.90%
December 31, 2018	\$ 120,069	\$ (120,069)	\$ -	\$ 683,116	17.58%
December 31, 2017	\$ 111,462	\$ (111,462)	\$ -	\$ 653,903	17.05%
December 31, 2016	\$ 108,264	\$ (108,264)	\$ -	\$ 666,524	16.24%
December 31, 2015	\$ 114,878	\$ (114,878)	\$ -	\$ 702,229	16.36%
December 31, 2014	\$ 102,176	\$ (102,176)	\$ -	\$ 646,046	15.82%
December 31, 2013	\$ 81,217	\$ (81,217)	\$ -	\$ 585,852	13.86%

See accompanying notes to the required supplementary information

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances, non-budgetary activity, capital lease activity, and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 3,674,586	\$ 3,617,520
Difference in property taxes meeting susceptible to accrual criteria	(19,893)	
Encumbrances - December 31, 2020		5,500
Non-budgetary revenues and expenditures	(1,248)	(130)
Capital lease proceeds	(365,038)	(365,038)
Budgetary transfers		30,000
Per Schedule 1	<u>\$ 3,288,407</u>	<u>\$ 3,287,852</u>

Major Special Revenue Fund

The Town adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Fire Department Equipment Fund as the information is neither practical nor meaningful.

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2020 are as follows:

Restricted for:	
Grants	\$ 934
Assigned for :	
Subsequent years' expenditures	39,000
Unassigned	<u>1,457,113</u>
	<u>\$ 1,497,047</u>

TOWN OF NEW HAMPTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2020

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S TOTAL OPEB LIABILITY AND RELATED RATIOS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s total OPEB liability and related ratios. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 5—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

SCHEDULE A
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2020

	Special Revenue Funds					Combining Nonmajor Funds
	Conservation Fund	Drug Forfeiture Fund	Police Details Fund	Total Special Revenue Funds	Permanent Funds	
ASSETS						
Cash and cash equivalents	\$ 22,460	\$ 1,438		\$ 23,898		\$ 23,898
Investments	75,871			75,871	\$ 52,201	128,072
Due from other funds	6,395		\$ 1,329	7,724		7,724
Total Assets	<u>104,726</u>	<u>1,438</u>	<u>1,329</u>	<u>107,493</u>	<u>52,201</u>	<u>159,694</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 104,726</u>	<u>\$ 1,438</u>	<u>\$ 1,329</u>	<u>\$ 107,493</u>	<u>\$ 52,201</u>	<u>\$ 159,694</u>
LIABILITIES						
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable					24,038	24,038
Restricted		1,438		1,438	28,163	29,601
Committed	104,726		1,329	106,055		106,055
Total Fund Balances	<u>104,726</u>	<u>1,438</u>	<u>1,329</u>	<u>107,493</u>	<u>52,201</u>	<u>159,694</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 104,726</u>	<u>\$ 1,438</u>	<u>\$ 1,329</u>	<u>\$ 107,493</u>	<u>\$ 52,201</u>	<u>\$ 159,694</u>

SCHEDULE B
TOWN OF NEW HAMPTON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2020

	Special Revenue Funds					Combining Nonmajor Funds
	Conservation Fund	Drug Forfeiture Fund	Police Details Fund	Total Special Revenue Funds	Permanent Funds	
Revenues:						
Taxes	\$ 6,395			\$ 6,395		\$ 6,395
Charges for services			\$ 3,955	3,955		3,955
Interest and investment income (loss)	488			488	\$ (2,855)	(2,367)
Miscellaneous	365			365		365
Total Revenues	<u>7,248</u>	<u>\$ -</u>	<u>3,955</u>	<u>11,203</u>	<u>(2,855)</u>	<u>8,348</u>
Expenditures:						
Current operations:						
General government					270	270
Public safety			2,626	2,626		2,626
Conservation	22,954			22,954		22,954
Total Expenditures	<u>22,954</u>	<u>-</u>	<u>2,626</u>	<u>25,580</u>	<u>270</u>	<u>25,850</u>
Net change in fund balances	(15,706)	-	1,329	(14,377)	(3,125)	(17,502)
Fund Balances at beginning of year	<u>120,432</u>	<u>1,438</u>	<u>-</u>	<u>121,870</u>	<u>55,326</u>	<u>177,196</u>
Fund Balances at end of year	<u>\$ 104,726</u>	<u>\$ 1,438</u>	<u>\$ 1,329</u>	<u>\$ 107,493</u>	<u>\$ 52,201</u>	<u>\$ 159,694</u>