

Town of Newmarket, New Hampshire

Financial Statements

June 30, 2020

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newmarket, New Hampshire, (the Town), as of and for the year ended June 30, 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; 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newmarket, New Hampshire, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 8, the OPEB and Pension Required Supplementary Information on pages 46 through 49, 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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newmarket, New Hampshire's financial statements. The supplementary statements and schedules on pages 51 – 59 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary statements and schedules have 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. In our opinion, the supplementary statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of Town of Newmarket's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Newmarket's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Newmarket's internal control over financial reporting and compliance.

Wipac LLP

South Portland, Maine
December 3, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Newmarket, New Hampshire (Town), we offer readers of the Town's Financial Statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

1. Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent year by \$64,261,213 (*net position*). Of this amount, \$6,700,376 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$519,386.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$9,168,934, an increase of \$1,963,449 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,581,714 and is *available for spending* at the Annual Town Meeting's discretion.
- The Town's total bonded debt increased by \$1,526,760 during the current fiscal year, to \$2,769,380, related to a new bond for the Macallen Dam project of \$1,804,300, offset by repayment of principal debt service. Notes payable decreased by \$20,000 during the current fiscal year, to \$180,000, related to repayment of principal.
- The Town's water fund received a project loan in 2020 in the amount of \$6,819,000 for a water improvement project. Total notes payable for business-type activities increased in 2020 to \$18,600,944 as a result of the new loan, offset by repayment of principal debt service.

2. Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The Town adopted an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

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

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

3. Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$64,261,213 at the close of the most recent fiscal year.

The largest portion of the Town's net position (87 percent) reflects its investment in capital assets (e.g., land, buildings and building improvements, machinery, equipment and furnishings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Town of Newmarket, New Hampshire's Condensed Statement of Net Position

| | Governmental Activities | | Business Type Activities | | Total | |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current, other assets | \$ 19,021,702 | \$ 19,587,982 | \$ 12,968,612 | \$ 5,951,236 | \$ 31,990,314 | \$ 25,539,218 |
| Capital assets | 43,532,134 | 43,476,406 | 25,472,271 | 25,891,740 | 69,004,405 | 69,368,146 |
| Total assets | 62,553,836 | 63,064,388 | 38,440,883 | 31,842,976 | 100,994,719 | 94,907,364 |
| Deferred outflows of resources | 1,486,397 | 1,359,286 | 220,251 | 181,143 | 1,706,648 | 1,540,429 |
| Long-term liabilities outstanding | 9,598,825 | 7,395,924 | 21,326,770 | 14,945,815 | 30,925,595 | 22,341,739 |
| Other liabilities | 6,873,314 | 9,795,758 | 227,947 | 300,318 | 7,101,261 | 10,096,076 |
| Total liabilities | 16,472,139 | 17,191,682 | 21,554,717 | 15,246,133 | 38,026,856 | 32,437,815 |
| Deferred inflows of resources | 358,278 | 240,962 | 55,020 | 27,189 | 413,298 | 268,151 |
| Net position: | | | | | | |
| Net investment in capital assets | 42,951,872 | 42,776,406 | 13,055,173 | 13,011,841 | 56,007,045 | 55,788,247 |
| Restricted and permanent funds | 1,553,792 | 1,472,609 | | | 1,553,792 | 1,472,609 |
| Unrestricted | 2,704,152 | 2,742,015 | 3,996,224 | 3,738,956 | 6,700,376 | 6,480,971 |
| Total net position | \$ 47,209,816 | \$ 46,991,030 | \$ 17,051,397 | \$ 16,750,797 | \$ 64,261,213 | \$ 63,741,827 |

Town of Newmarket, New Hampshire's Condensed Statement of Activities

| | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for service | \$ 586,557 | \$ 787,176 | \$ 3,484,953 | \$ 3,172,464 | \$ 4,071,510 | \$ 3,959,640 |
| Operating grants and contributions | 189,652 | 186,472 | 67,876 | 2,745,991 | 257,528 | 2,932,463 |
| General revenues | 9,343,907 | 8,462,530 | 31,222 | 26,245 | 9,375,038 | 8,488,775 |
| Total revenues | 10,120,116 | 9,436,178 | 3,584,051 | 5,944,700 | 13,704,167 | 15,380,878 |
| Expenses: | | | | | | |
| General government | 3,441,509 | 3,695,474 | | | 3,441,509 | 3,695,474 |
| Public safety | 2,272,283 | 2,357,680 | | | 2,272,283 | 2,357,680 |
| Highways and streets | 2,328,198 | 2,313,209 | | | 2,328,198 | 2,313,209 |
| Welfare | 92,297 | 398,523 | | | 92,297 | 398,523 |
| Culture and recreation | 1,058,982 | 896,519 | | | 1,058,982 | 896,519 |
| Conservation | 33,208 | 18,457 | | | 33,208 | 18,457 |
| Interest expense | 49,727 | 39,195 | | | 49,727 | 39,195 |
| Other | 54,039 | 230,218 | | | 53,948 | 230,218 |
| Water | | | 1,198,846 | 888,587 | 1,198,846 | 888,587 |
| Wastewater | | | 2,017,304 | 1,628,251 | 2,017,304 | 1,628,251 |
| Solid waste | | | 638,388 | 553,179 | 638,388 | 553,179 |
| Total expenses | 9,330,243 | 9,949,275 | 3,854,538 | 3,070,017 | 13,184,781 | 13,019,292 |
| Change in net position before transfers | 789,873 | (513,097) | (270,487) | 2,874,683 | 519,386 | 2,361,586 |
| Interfund transfers and permanent fund contributions | (571,087) | (304,130) | 571,087 | 304,130 | | |
| Change in net position | 218,786 | (817,227) | 300,600 | 3,178,813 | 519,386 | 2,361,586 |
| Net position, Beginning of year | 46,991,030 | 47,808,257 | 16,750,797 | 13,571,984 | 63,741,827 | 61,380,241 |
| Net position, End of year | \$ 47,209,816 | \$ 46,991,030 | \$ 17,051,397 | \$ 16,750,797 | \$ 64,261,213 | \$ 63,741,827 |

As of June 30, 2020, an additional portion of the Town's total net position (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$6,700,376, may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. As noted above, governmental activities changed the Town's net position increased by \$218,786. Key elements of this change are as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| General Fund | \$ 120,386 |
| Nonmajor Funds | 1,843,063 |
| Depreciation expense, net of capital asset purchases | 55,728 |
| Financial resources, such as deferred tax and grant revenue, met the revenue recognition criteria | 419,636 |
| Issuance of long-term debt | (2,000,000) |
| Repayment of long-term debt | 175,000 |
| Change in net pension and OPEB obligation, net of deferred resources | (370,113) |
| Other GAAP accruals | (24,914) |
| Total | <u>\$ 218,786</u> |

Business-type activities. The Town's Business-type activities net position changed by \$300,600. Key elements of this change are, as follows:

| | |
|---------------------------|-------------------|
| Business-type Activities: | |
| Water operations | \$ 83,975 |
| Wastewater operations | (33,738) |
| Solid waste operations | 250,363 |
| Total | <u>\$ 300,600</u> |

4. Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,168,934, which is an increase of \$1,963,449 in comparison with the prior year. Key elements of this change are as follows:

| | |
|--------------------------|--------------------|
| Governmental Activities: | |
| General fund | \$ 120,386 |
| Nonmajor funds | 1,843,063 |
| Total | <u>\$1,963,449</u> |

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2,581,714, while the total fund balance was \$4,915,048. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33.52 percent of total general fund expenditures, while total fund balance represents 63.81 percent of that same amount.

As noted above, total fund balance of the general fund changed by \$120,836 during the current fiscal year. Key elements of this change are as follows:

| | |
|---|-------------------|
| Revenue in excess of budget | \$ 236,600 |
| Expenditures less than budget | 245,775 |
| Use of fund balance as a funding source | (250,000) |
| Change in encumbrances | 36,341 |
| Transfer to capital reserve funds | (148,330) |
| Total | <u>\$ 120,386</u> |

5. General Fund Budgetary Highlights

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

6. Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets, as of June 30, 2020, amounted to \$43,532,134 and \$25,472,271 (net of accumulated depreciation), for its governmental and business-type activities, respectively. This investment in capital assets includes land, buildings and building improvements, machinery, equipment and furnishings, and infrastructure.

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

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> |
|--------------------------|------------------------------------|--|
| Capital asset additions: | | |
| Paving | \$529,713 | |
| Energy upgrades | 914,329 | |
| Mac & Tucker Well CIP | | \$262,549 |

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

7. Request for Information

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

Statement of Net Position

June 30, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 18,963,779 | \$ 2,129,635 | \$ 21,093,414 |
| Investments | 1,032,456 | | 1,032,456 |
| Receivables, net of allowance for uncollectible: | | | |
| Taxes | 8,666,502 | | 8,666,502 |
| User fees | | 745,835 | 745,835 |
| Intergovernmental | 100,350 | 32,748 | 133,098 |
| Other | 107,768 | 166,187 | 273,955 |
| Prepaid expenses and other assets | 45,054 | | 45,054 |
| Internal balances | (9,894,207) | 9,894,207 | |
| Capital assets | | | |
| Land and construction in progress | 7,654,045 | 1,550,719 | 9,204,764 |
| Other capital assets, net of accumulated depreciation | 35,878,089 | 23,921,552 | 59,799,641 |
| Total Assets | <u>62,553,836</u> | <u>38,440,883</u> | <u>100,994,719</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>1,486,397</u> | <u>220,251</u> | <u>1,706,648</u> |
| LIABILITIES | | | |
| Accounts payable, trade and construction | 213,005 | 112,956 | 325,961 |
| Due to other governments | 6,119,607 | | 6,119,607 |
| Other liabilities | 540,702 | 114,991 | 655,693 |
| Noncurrent liabilities | | | |
| Bonds and notes payable due within one year | 264,300 | 657,875 | 922,175 |
| Due in more than one year: | | | |
| Bonds and notes payable, net of current portion | 2,260,700 | 18,578,223 | 20,838,923 |
| Other liabilities, net of current portion | | 1,215,000 | 1,215,000 |
| Compensated absences | 333,481 | 70,765 | 404,246 |
| Net pension liability | 5,234,518 | 591,412 | 5,825,930 |
| Net OPEB liability | 1,505,826 | 213,495 | 1,719,321 |
| Total Liabilities | <u>16,472,139</u> | <u>21,554,717</u> | <u>38,026,856</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>358,278</u> | <u>55,020</u> | <u>413,298</u> |
| NET POSITION | | | |
| Net investment in capital assets | 42,951,872 | 13,055,173 | 56,007,045 |
| Restricted for: | | | |
| Grants and other statutory restrictions | 421,454 | | 421,454 |
| Permanent funds: | | | |
| Nonexpendable | 791,499 | | 791,499 |
| Expendable | 340,839 | | 340,839 |
| Unrestricted | 2,704,152 | 3,996,224 | 6,700,376 |
| Total Net Position | <u>\$ 47,209,816</u> | <u>\$ 17,051,397</u> | <u>\$ 64,261,213</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Year Ended June 30, 2020

| | | Program Revenues | |
|---------------------------------------|----------------------|-------------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions |
| Governmental Activities | | | |
| General government | \$ 3,441,509 | \$ 9,044 | |
| Public safety | 2,272,283 | 275,831 | |
| Highways and streets | 2,328,198 | 86,570 | \$ 189,652 |
| Welfare | 92,297 | | |
| Culture and recreation | 1,058,982 | 195,926 | |
| Conservation and economic development | 33,208 | | |
| Interest expense | 49,727 | | |
| Miscellaneous | 54,039 | 19,186 | |
| Total Governmental Activities | <u>9,330,243</u> | <u>586,557</u> | <u>189,652</u> |
| Business-Type Activities | | | |
| Water | 1,198,846 | 1,207,916 | 67,876 |
| Wastewater | 2,017,304 | 1,962,418 | - |
| Solid waste | 638,388 | 314,619 | |
| Total Business-Type Activities | <u>3,854,538</u> | <u>3,484,953</u> | <u>67,876</u> |
| Total | <u>\$ 13,184,781</u> | <u>\$ 4,071,510</u> | <u>\$ 257,528</u> |

General Revenues:

Taxes

Licenses and fees

Grants and contributions not restricted to specific programs

Other

Transfers in (out)

Total general revenues

Change in Net Position

Net Position, Beginning of year

Net Position, End of year

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

| Net (Expenses) Revenues and Changes in Net Position | | |
|---|---------------------------------|----------------------|
| Governmental Activities | Business- Type Activities | Total |
| \$ (3,432,465) | | \$ (3,432,465) |
| (1,996,452) | | (1,996,452) |
| (2,051,976) | | (2,051,976) |
| (92,297) | | (92,297) |
| (863,056) | | (863,056) |
| (33,208) | | (33,208) |
| (49,727) | | (49,727) |
| (34,853) | | (34,853) |
| <u>(8,554,034)</u> | | <u>(8,554,034)</u> |
| | \$ 76,946 | 76,946 |
| | (54,886) | (54,886) |
| | <u>(323,769)</u> | <u>(323,769)</u> |
| | <u>(301,709)</u> | <u>(301,709)</u> |
| <u>(8,554,034)</u> | <u>(301,709)</u> | <u>(8,855,743)</u> |
| 5,904,425 | | 5,904,425 |
| 2,023,051 | | 2,023,051 |
| 582,495 | | 582,495 |
| 833,936 | 31,222 | 865,158 |
| <u>(571,087)</u> | <u>571,087</u> | |
| <u>8,772,820</u> | <u>602,309</u> | <u>9,375,129</u> |
| 218,786 | 300,600 | 519,386 |
| <u>46,991,030</u> | <u>16,750,797</u> | <u>63,741,827</u> |
| <u>\$ 47,209,816</u> | <u>\$ 17,051,397</u> | <u>\$ 64,261,213</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Governmental Funds

Balance Sheet

June 30, 2020

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 18,669,859 | \$ 293,920 | \$ 18,963,779 |
| Investments | | 1,032,456 | 1,032,456 |
| Receivables, net of allowance for uncollectibles: | | | |
| Taxes | 8,744,051 | 13,251 | 8,757,302 |
| Intergovernmental | | 100,350 | 100,350 |
| Other | 94,145 | 13,623 | 107,768 |
| Due from other funds | | 2,833,965 | 2,833,965 |
| Prepaid expenses and other assets | 45,054 | | 45,054 |
| Total Assets | <u>27,553,109</u> | <u>4,287,565</u> | <u>31,840,674</u> |
| LIABILITIES | | | |
| Accounts payable | 186,922 | 26,083 | 213,005 |
| Due to other governments | 6,119,607 | | 6,119,607 |
| Due to other funds | 12,728,172 | | 12,728,172 |
| Other liabilities | 493,066 | 7,596 | 500,662 |
| Total Liabilities | <u>19,527,767</u> | <u>33,679</u> | <u>19,561,446</u> |
| DEFERRED INFLOW OF RESOURCES | <u>3,110,294</u> | | <u>3,110,294</u> |
| FUND BALANCES | | | |
| Nonspendable | 45,054 | 791,499 | 836,553 |
| Restricted | | 2,700,549 | 2,700,549 |
| Committed | 2,242,867 | 958,716 | 3,201,583 |
| Assigned | 45,413 | | 45,413 |
| Unassigned | 2,581,714 | (196,878) | 2,384,836 |
| Total Fund Balances | <u>\$ 4,915,048</u> | <u>\$ 4,253,886</u> | <u>\$ 9,168,934</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Assets

June 30, 2020

| | |
|---|----------------------|
| Total Governmental Fund Balances | \$ 9,168,934 |
| • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 43,532,134 |
| • Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. | |
| Property taxes | 3,110,294 |
| Allowance for doubtful accounts | (90,800) |
| • Deferred outflows/inflows of resources represent a consumption/acquisition of net position that applies to a future period, therefore will not be recognized as an expenditure or revenue until then, and therefore, are not reported in the funds. | 1,128,119 |
| • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. | (40,040) |
| • Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund: | |
| Bonds and notes payable | (2,525,000) |
| Compensated absences | (333,481) |
| Other Post-Employment Benefits (OPEB) liability | (1,505,826) |
| Net pension liability | (5,234,518) |
| Net Position of Governmental Activities | <u>\$ 47,209,816</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2020

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------------|--------------------------------|
| Revenues | | | |
| Taxes | \$ 5,459,539 | \$ 25,250 | \$ 5,484,789 |
| Licenses, permits and fees | 2,022,216 | 835 | 2,023,051 |
| Intergovernmental | 770,933 | 1,214 | 772,147 |
| Charges for services | 200,999 | 385,558 | 586,557 |
| Miscellaneous | 259,636 | 574,299 | 833,935 |
| Total Revenues | <u>8,713,323</u> | <u>987,156</u> | <u>9,700,479</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 3,480,146 | 7,241 | 3,487,387 |
| Public safety | 1,940,120 | 81,574 | 2,021,694 |
| Highways and streets | 1,155,728 | 242,031 | 1,397,759 |
| Welfare | 58,091 | 34,206 | 92,297 |
| Culture and recreation | 249,500 | 730,199 | 979,699 |
| Conservation and economic development | 33,197 | 11 | 33,208 |
| Debt service | | | |
| Principal | 175,000 | | 175,000 |
| Interest | 22,806 | | 22,806 |
| Capital outlay | 587,972 | 368,121 | 956,093 |
| Total Expenditures | <u>7,702,560</u> | <u>1,463,383</u> | <u>9,165,943</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 1,010,763 | (476,227) | 534,536 |
| Other Financing Sources (Uses) | | | |
| Transfers in | | 319,290 | 319,290 |
| Transfers out | (890,377) | | (890,377) |
| Proceeds from bond issuance and bond premium | | 2,000,000 | 2,000,000 |
| Total Other Financing Sources (Uses) | <u>(890,377)</u> | <u>2,319,290</u> | <u>1,428,913</u> |
| Net change in fund balances | 120,386 | 1,843,063 | 1,963,449 |
| Fund Balances, Beginning of Year | <u>4,794,662</u> | <u>2,410,823</u> | <u>7,205,485</u> |
| Fund Balances, End of Year | <u>\$ 4,915,048</u> | <u>\$ 4,253,886</u> | <u>\$ 9,168,934</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2020

| | |
|--|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,963,449 |
| <ul style="list-style-type: none"> 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 and reported as depreciation expense: <ul style="list-style-type: none"> Capital outlay purchases 2,327,500 Depreciation (2,121,878) Loss on disposal (149,894) Deferred outflows/inflows of resources represent a consumption/acquisition of net position that applies to a future period, but the change in the balances affects reporting in the financial statements. 9,795 Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. 419,636 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <ul style="list-style-type: none"> Issuance of long-term debt and related premium (2,000,000) Repayments of debt 175,000 In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due, this amount reflects the change in accrued interest. (26,921) Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: <ul style="list-style-type: none"> Decrease in liability for compensated absences 2,007 Increase in net pension liability (156,410) Increase in OPEB liability (223,498) | |
| Change in Net Position of Governmental Activities | \$ 218,786 |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

**Statement of Revenues and Other Financing Sources,
and Expenditures and Other Financing Uses -
Budget and Actual (Budgetary Basis) - General Fund**

Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance with |
|---|--------------------|--------------------|--------------------|--|
| | Original | Final | Amounts | Final Budget - Positive (Negative) |
| Revenue | | | | |
| Taxes | \$ 5,283,123 | \$ 5,283,123 | \$ 5,459,539 | \$ 176,416 |
| Licenses, permits and fees | 1,860,000 | 1,860,000 | 2,022,216 | 162,216 |
| Intergovernmental | 760,000 | 760,000 | 770,933 | 10,933 |
| Charges for services | 553,600 | 553,600 | 375,533 | (178,067) |
| Miscellaneous | 20,000 | 20,000 | 85,102 | 65,102 |
| Use of fund balance | 250,000 | 250,000 | 250,000 | |
| Total Revenues | <u>8,726,723</u> | <u>8,726,723</u> | <u>8,963,323</u> | <u>236,600</u> |
| Expenditures | | | | |
| General government | 3,578,794 | 3,578,794 | 3,481,935 | 96,859 |
| Public safety | 2,075,088 | 2,075,088 | 1,951,841 | 123,247 |
| Highways and streets | 1,152,616 | 1,152,616 | 1,179,273 | (26,657) |
| Welfare | 81,005 | 81,005 | 58,091 | 22,914 |
| Culture and recreation | 278,431 | 278,431 | 248,786 | 29,645 |
| Conservation and economic development | 32,964 | 32,964 | 33,197 | (233) |
| Debt service | 113,048 | 113,048 | 113,048 | |
| Total Expenditures | <u>7,311,946</u> | <u>7,311,946</u> | <u>7,066,171</u> | <u>245,775</u> |
| Excess of Revenues Over Expenditures | 1,414,777 | 1,414,777 | 1,897,152 | 482,375 |
| Other Financing Sources (Uses) | | | | |
| Transfer out | <u>(1,414,777)</u> | <u>(1,414,777)</u> | <u>(1,414,777)</u> | |
| Total Other Financing Sources (Uses) | <u>(1,414,777)</u> | <u>(1,414,777)</u> | <u>(1,414,777)</u> | |
| Net Change in Fund Balance - Budgetary Basis | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 482,375</u> | <u>\$ 482,375</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Proprietary Funds**Statement of Net Position**

June 30, 2020

| | Business-Type Activities Enterprise Funds | | | |
|---|--|---------------------|---------------------|----------------------|
| | Water | Wastewater | Solid Waste | Total |
| ASSETS | | | | |
| Current: | | | | |
| Cash and short-term investments | \$ 635,744 | \$ 1,493,891 | | \$ 2,129,635 |
| Accounts receivable, net of allowance for uncollectible | | | | |
| User fees | 314,561 | 567,427 | \$ 30,034 | 912,022 |
| Intergovernmental | | 32,748 | | 32,748 |
| Due from other funds | 7,903,041 | 1,613,006 | 378,160 | 9,894,207 |
| Total current assets | 8,853,346 | 3,707,072 | 408,194 | 12,968,612 |
| Capital assets: | | | | |
| Land and construction in progress | 1,265,436 | 285,283 | | 1,550,719 |
| Other capital assets, net of accumulated depreciation | 7,714,555 | 16,206,997 | | 23,921,552 |
| Total noncurrent assets | 8,979,991 | 16,492,280 | | 25,472,271 |
| Total Assets | 17,833,337 | 20,199,352 | 408,194 | 38,440,883 |
| DEFERRED OUTFLOWS OF RESOURCES | 77,380 | 142,871 | | 220,251 |
| LIABILITIES | | | | |
| Current: | | | | |
| Accounts payable, trade and construction | 26,571 | 18,575 | 67,810 | 112,956 |
| Other liabilities | 57,258 | 57,733 | | 114,991 |
| Current portion of long-term liabilities | | | | |
| Bonds and notes payable | 151,661 | 506,214 | | 657,875 |
| Total current liabilities | 235,490 | 582,522 | 67,810 | 885,822 |
| Noncurrent: | | | | |
| Bonds and notes payable, net of current portion | 9,280,652 | 9,297,571 | | 18,578,223 |
| Other liabilities, net of current portion | | | 1,215,000 | 1,215,000 |
| Compensated absences | 30,644 | 40,121 | | 70,765 |
| Net pension liability | 208,026 | 383,386 | | 591,412 |
| Net OPEB liability | 74,945 | 138,550 | | 213,495 |
| Total noncurrent liabilities | 9,594,267 | 9,859,628 | 1,215,000 | 20,668,895 |
| Total Liabilities | 9,829,757 | 10,442,150 | 1,282,810 | 21,554,717 |
| DEFERRED INFLOWS OF RESOURCES | 19,330 | 35,690 | | 55,020 |
| NET POSITION | | | | |
| Net investment in capital assets | 6,366,678 | 6,688,495 | | 13,055,173 |
| Unrestricted | 1,694,952 | 3,175,888 | (874,616) | 3,996,224 |
| Total Net Position | \$ 8,061,630 | \$ 9,864,383 | \$ (874,616) | \$ 17,051,397 |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Proprietary Funds**Statement of Revenues, Expenses and Changes in Net Position**

Year Ended June 30, 2020

| | Business-Type Activities Enterprise Funds | | | Total |
|--|--|---------------------|---------------------|----------------------|
| | Water | Wastewater | Solid Waste | |
| Operating Revenues | | | | |
| Charges for services | \$ 1,207,916 | \$ 1,962,418 | \$ 314,619 | \$ 3,484,953 |
| Total Operating Revenues | <u>1,207,916</u> | <u>1,962,418</u> | <u>314,619</u> | <u>3,484,953</u> |
| Operating Expenses | | | | |
| Operating Expenses | 819,990 | 1,212,111 | 638,388 | 2,670,489 |
| Depreciation | 306,701 | 536,749 | | 843,450 |
| Total Operating Expenses | <u>1,126,691</u> | <u>1,748,860</u> | <u>638,388</u> | <u>3,513,939</u> |
| Operating Income (Loss) | <u>81,225</u> | <u>213,558</u> | <u>(323,769)</u> | <u>(28,986)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Operating grants and contributions | 67,876 | | | 67,876 |
| Investment and other income | 7,029 | 21,148 | 3,045 | 31,222 |
| Interest expense | (72,155) | (268,444) | | (340,599) |
| Total Nonoperating Revenues (Expenses), Net | <u>2,750</u> | <u>(247,296)</u> | <u>3,045</u> | <u>(241,501)</u> |
| Other Financing Sources | | | | |
| Transfers in | | | 571,087 | 571,087 |
| Total Other Financing Sources | | | <u>571,087</u> | <u>571,087</u> |
| Change in Net Position | 83,975 | (33,738) | 250,363 | 300,600 |
| Net Position, Beginning of Year | <u>7,977,655</u> | <u>9,898,121</u> | <u>(1,124,979)</u> | <u>16,750,797</u> |
| Net Position, End of Year | <u>\$ 8,061,630</u> | <u>\$ 9,864,383</u> | <u>\$ (874,616)</u> | <u>\$ 17,051,397</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Proprietary Funds**Statement of Cash Flows**

Year Ended June 30, 2020

| | Business-Type Activities Enterprise Funds | | | |
|--|--|----------------------------|----------------------------|------------------------------|
| | Water | Wastewater | Solid Waste | Total |
| Cash Flows From Operating Activities: | | | | |
| Receipts from customers and users | \$ 1,143,581 | \$ 1,878,415 | \$ 89,482 | \$ 3,111,478 |
| Payments to vendors and employees | (8,155,386) | (742,784) | (663,614) | (9,561,784) |
| Net Cash Provided by (Used for) Operating Activities | <u>(7,011,805)</u> | <u>1,135,631</u> | <u>(574,132)</u> | <u>(6,450,306)</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Purchase of capital assets | (393,945) | (30,036) | | (423,981) |
| Principal payments on bonds and notes payable | (151,661) | (506,214) | | (657,875) |
| Proceeds from bonds notes payable | 7,014,074 | | | 7,014,074 |
| Interest paid on bonds and notes payable | (72,155) | (268,444) | | (340,599) |
| Operating grants and contributions | 67,876 | | | 67,876 |
| Other financing sources | | | 571,087 | 571,087 |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>6,464,189</u> | <u>(804,694)</u> | <u>571,087</u> | <u>6,230,582</u> |
| Cash Flows From Investing Activities: | | | | |
| Investment and other income | 7,029 | 21,148 | 3,045 | 31,222 |
| Net Cash Provided by (Used for) Investing Activities | <u>7,029</u> | <u>21,148</u> | <u>3,045</u> | <u>31,222</u> |
| Net Change in Cash and Cash Equivalents | <u>(540,587)</u> | <u>352,085</u> | | <u>(188,502)</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>1,176,331</u> | <u>1,141,806</u> | | <u>2,318,137</u> |
| Cash and Cash Equivalents, End of Year | <u><u>635,744</u></u> | <u><u>1,493,891</u></u> | <u><u></u></u> | <u><u>2,129,635</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Operating income (loss) | 81,225 | 213,558 | (323,769) | (28,986) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | 306,701 | 536,749 | | 843,450 |
| (Increase) decrease in operating assets | | | | |
| Accounts receivable | (64,335) | (84,003) | (612) | (148,950) |
| Due from other funds | (7,270,409) | 438,006 | (224,525) | (7,056,928) |
| Increase (decrease) in operating liabilities | | | | |
| Accounts payable | (101,148) | (19,638) | 19,774 | (101,012) |
| Other liabilities | 27,503 | 1,138 | (45,000) | (16,359) |
| Compensated absences | 2,417 | 3,693 | | 6,110 |
| Net pension liability | (10,978) | 14,295 | | 3,317 |
| Net OPEB liability | 17,219 | 31,833 | | 49,052 |
| Net Cash Provided by (Used for) Operating Activities | <u><u>\$ (7,011,805)</u></u> | <u><u>\$ 1,135,631</u></u> | <u><u>\$ (574,132)</u></u> | <u><u>\$ (6,450,306)</u></u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2020

| | Private Purpose Trust Funds | Agency Funds |
|---------------------------------|--------------------------------------|-----------------|
| ASSETS | | |
| Cash and short term investments | \$ 57,246 | \$ 730,989 |
| Investments | 591,737 | |
| Total Assets | <u>648,983</u> | <u>730,989</u> |
| LIABILITIES | | |
| Other liabilities | | 730,989 |
| Total Liabilities | | <u>730,989</u> |
| NET POSITION | | |
| Held in Trust | <u>\$ 648,983</u> | <u>\$ -</u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

| | Private Purpose Trust Funds |
|--|-----------------------------------|
| Additions | |
| Investment income | \$ 39,962 |
| Total Additions | <u>39,962</u> |
| Deductions | |
| Disbursements by agent | <u>14,565</u> |
| Total deductions | <u>14,565</u> |
| Change in Net Position | 25,397 |
| Net Position, Beginning of Year | <u>623,586</u> |
| Net Position, End of Year | <u><u>\$ 648,983</u></u> |

See independent auditors' report.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Newmarket, New Hampshire (the Town/Government) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled State and Local Governments. The more significant of the Town's accounting policies are described below.

Reporting Entity

The Town is a municipal corporation governed by an elected seven-member Town Council. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The concept underlying the definition of the reporting entity is that elected officials are accountable. Management has concluded that there are no component units required to be reported within its reporting entity.

Government-Wide and Fund Financial Statements

Government Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual, governmental and proprietary funds are reported in separate columns with composite columns for the nonmajor governmental funds.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest, which are reported as expenditures in the year due.

Major revenues susceptible to accrual are real estate and personal property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

The Town reports the General Fund as the only major fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

The Town reports the following major enterprise funds:

Water Fund – Accounts for the operating activities of the Town's water utility system.

Wastewater Fund – Accounts for the operating activities of the Town's sewer utility system.

Solid Waste Fund – Accounts for the operating activities of the Town's solid waste collection.

The Town reports the following fiduciary funds:

Private Purpose Trust Funds account for assets that benefit other entities or individuals. Private purpose trust funds account for scholarship fund held for the benefit of the students of the Newmarket School District.

Agency Funds – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds are used to account for capital reserve funds held on behalf of the Newmarket School District.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

The Town consolidates its deposits and investments that are available for use by all funds, except those required by statute and fiduciary funds. Fiduciary fund's deposits and investments are held separately from the other funds. Interest earnings from consolidated funds are recorded in the general fund. Pursuant to RSA 41:29(11), the treasurer shall deposit Town monies in the public deposit investment pool (PDIP) established pursuant to RSA 383:22 or in federal insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits of the following types: (a) United States government obligations, (b) United States government agency obligations, or (c) Obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments

The Town's investments are stated at fair value. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The Town generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the fair value of securities does not necessarily reflect realized gains or losses but rather the fair value of those investments as of June 30, 2020. Investments for fiduciary funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value.

Fair Value Measurements

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Town uses various methods including market, income, and cost approaches. Based on these approaches, the Town often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Town is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1— Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 — Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 — Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Town performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on unobservable inputs are classified as Level 3.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Receivables

Management has reviewed property taxes receivable, accounts receivable, intergovernmental receivables and loans receivable for collectability and has recorded an allowance for uncollectible amounts as is considered necessary. The most significant account needing an allowance is the rescue/ambulance billings receivable for which there is a balance of \$331,411 and an allowance of \$288,844 at June 30, 2020.

Unbilled Services Receivable

Water and wastewater revenue is recorded when earned. At year-end, customers are billed quarterly. The estimated value of services provided but unbilled at year-end has been included as revenue in the accompanying financial statements.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Positions.

Permanent reallocation of resources between funds of the reporting entity are classified as Interfund transfers. For the purpose of the statement of activities, all Interfund transfers between individual governmental funds have been eliminated.

Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Purchased capital assets are reported at cost where historical records are available and at estimated historical cost if no historical records exist. Donated assets are recorded at estimated fair value as of the date received. The Town has established a threshold of \$5,000 for capitalization of depreciable assets. All acquisitions of land and land improvements are capitalized regardless of cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during 2020.

Capital assets are depreciated or amortized using the straight-line method over the following estimated lives:

| | Years |
|-----------------------|---------|
| Infrastructure | 20 – 60 |
| Buildings | 40 |
| Building improvements | 20 |
| Office equipment | 5 |
| Computer equipment | 3 |

Compensated Absences

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

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Long-term Obligations

In the governmental-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. The Town has deferred outflows related to the pension liability and the OPEB liability as is more fully disclosed in the related footnotes.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. They are the deferred inflows related to the pension liability and the OPEB liability as is more fully disclosed in the related footnotes. Also, the Town has one item which arise under a modified accrual basis of accounting that qualifies for reporting in this category, unavailable revenue from property taxes, which is based on a recognition period adopted by the City. This amount is deferred and recognized as an inflow of resources in the period that the amount become available.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified nonexpendable cemetery principal as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town classified local grants as being restricted.

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purposes, unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose, but are neither restricted, nor committed. This intent can be expressed by the Town through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds, except for the general fund.
- Unassigned: This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use of recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

In accordance with the budgetary process defined by the Town's Charter, the annual budget for the Town's general, special revenue funds, and proprietary funds are adopted at the Town's annual Town Meeting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Budget Reconciliation

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements, and encumbrances.

Notes to Financial Statements

June 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

Budget Reconciliation - Continued

The major differences between the budget basis and GAAP basis in the General Fund are as follows:

| | Revenues and Other Financing Sources | Expenditures and Other Financing Uses |
|---|--|---|
| Revenue/Expenditures (GAAP basis) | \$ 8,713,323 | \$ 7,702,560 |
| Other financing sources/uses (GAAP basis) | | 890,377 |
| | 8,713,323 | 8,592,937 |
| Reverse beginning of year appropriation carryforwards from expenditures | | (9,072) |
| Add end-of-year appropriation carryforwards from expenditures | | 45,413 |
| The elimination of capital reserve fund activity | | (148,330) |
| Recognize the use of fund balance as a funding source | 250,000 | |
| Budgetary basis | \$ 8,963,323 | \$ 8,480,948 |

NOTE 3 – CASH

Of the Town's deposits, all were covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are insured by the collateral pool. As of year-end, the carrying amount of the Town's demand deposits were \$20,803,832 and bank balances totaled \$24,448,457.

The Town has a formally adopted a deposit and investment policy that limits the government's allowable deposits or investments and addresses the specific types of risks which the government is exposed to.

NOTE 4 – INVESTMENTS

The Town's policy for eligible investments is governed by State statutes which, in general, allow the Town to invest in obligations of the United States or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), or in obligations of any State or political subdivision rated within any nationally recognized rating service.

The Town maintains a portfolio of short-term maturity investments, including money market investments, which are reported at amortized cost. The portfolio includes intermediate maturity investments that are reported at fair value, based on quoted market prices. As of June 30, 2020, the Town had the following investments:

| | Level 1 | | |
|--------------------------|--------------------------|--------------------|--------------|
| | Government Activities | Fiduciary Funds | Total |
| Corporate securities | \$ 252,570 | \$ 144,756 | \$ 397,326 |
| U.S. Government Agencies | 233,653 | 133,915 | 367,568 |
| Corporate Debt | 171,636 | 98,371 | 270,007 |
| Bond Mutual Funds | 374,597 | 214,695 | 589,292 |
| Total | \$ 1,032,456 | \$ 591,737 | \$ 1,624,193 |

Notes to Financial Statements

June 30, 2020

NOTE 4 – INVESTMENTS – CONTINUED

Concentrations: The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Custodial credit risk: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) 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's custodial credit risk policies for investments requires a tri-party collateral arrangement.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Town's debt type investments to this risk, using the segmented time distribution model is as follows:

| Type of Investment | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------------------|--------------------|----------------------------------|-------------------|---------------|------------------|
| | | Less than 1 year | 1-5 Years | 6-10 Years | Over 10 Years |
| U.S. Government Agencies | \$ 367,568 | | \$ 367,568 | | |
| Corporate Debt | 270,007 | | 270,007 | | |
| Bond Mutual Fund | 589,292 | \$ 589,292 | | | |
| Corporate Securities – no maturity | 397,326 | | | | |
| Total | <u>\$1,624,193</u> | <u>\$ 589,292</u> | <u>\$ 637,575</u> | | |

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating required for each type debt investment.

| Average Rating | U.S. Government Agencies | Corporate Debt | Bond Mutual Fund |
|----------------|--------------------------------|-------------------|------------------------|
| AAA | \$367,568 | | |
| Aa thru Aa3 | | | |
| A thru A3 | | \$ 270,007 | |
| Unrated | | | \$589,292 |
| Total | <u>\$367,568</u> | <u>\$270,007</u> | <u>\$589,292</u> |

Notes to Financial Statements

June 30, 2020

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivables represent amounts due from taxpayers, ratepayers, state and federal granting agencies.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar.

| | |
|------------------|--|
| Lien Date | April 1 |
| Levy Date | April 1 to March 31 |
| Due Dates | July 1, 1st installment, December 9, 2nd installment |
| Delinquent Dates | Immediately after due date. |

The following provides the details of taxes receivable at year-end:

| | |
|------------------------|--------------------|
| Real estate taxes: | |
| 2020 | \$8,414,736 |
| 2019 | 154,660 |
| Real estate tax liens: | |
| 2018 | 83,940 |
| 2017 | 36,040 |
| 2016 | 0 |
| 2015 | 346 |
| Land use | 13,250 |
| Elderly/Disabled | 41,079 |
| Total taxes | <u>\$8,744,051</u> |

Notes to Financial Statements

June 30, 2020

NOTE 6 – CAPITAL ASSETS

The Town's capital asset activity for the year ended June 30, 2020 is, as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated | | | | |
| Building and improvements | \$ 5,868,899 | \$ 21,000 | | \$ 5,889,899 |
| Machinery, equipment, and furnishings | 5,613,741 | 420,630 | \$ (201,936) | 5,832,435 |
| Infrastructure | 63,956,990 | 805,424 | | 64,762,414 |
| Total capital assets, being depreciated | 75,439,630 | 1,247,054 | (201,936) | 76,484,748 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (2,121,255) | (192,789) | | (2,314,044) |
| Machinery, equipment, and furnishings | (3,785,228) | (328,651) | 201,936 | (3,911,942) |
| Infrastructure | (32,780,234) | (1,600,438) | | (34,380,672) |
| Total accumulated depreciation | (38,686,717) | (2,121,878) | 201,936 | (40,606,658) |
| Total capital assets, being depreciated, net | 36,752,913 | (874,823) | | 35,878,090 |
| Capital assets, not being depreciated: | | | | |
| Land | 6,213,245 | | | 6,213,245 |
| Construction in progress | 510,249 | 1,080,446 | (149,895) | 1,440,800 |
| Total capital assets, not being depreciated | 6,723,494 | 1,080,446 | (149,895) | 7,654,045 |
| Governmental activities capital assets, net | <u>\$43,476,407</u> | <u>\$ 205,623</u> | <u>\$ (149,895)</u> | <u>\$43,532,135</u> |
| Business-Type Activities: | | | | |
| Capital assets, being depreciated | | | | |
| Building and improvements | \$20,455,822 | | | \$20,455,822 |
| Machinery, equipment, and furnishings | 1,113,224 | \$ 60,070 | | 1,173,294 |
| Infrastructure | 15,370,771 | | | 15,370,771 |
| Total capital assets, being depreciated | 36,939,817 | 60,070 | | 36,999,887 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (5,747,380) | (451,699) | | (6,199,079) |
| Machinery, equipment, and furnishings | (241,993) | (66,344) | | (308,337) |
| Infrastructure | (6,245,512) | (325,407) | | (6,570,919) |
| Total accumulated depreciation | (12,234,884) | (843,450) | | (13,078,334) |
| Total capital assets, being depreciated, net | 24,704,933 | (783,380) | | 23,921,553 |
| Capital assets, not being depreciated: | | | | |
| Land | 852,397 | | | 852,397 |
| Construction in progress | 334,411 | 363,911 | | 698,321 |
| Total capital assets, not being depreciated | 1,186,808 | 363,911 | | 1,550,718 |
| Business-Type activities capital assets, net | <u>\$25,891,741</u> | <u>\$ (419,470)</u> | <u>\$ -</u> | <u>\$25,472,271</u> |

Notes to Financial Statements

June 30, 2020

NOTE 6 – CAPITAL ASSETS – CONTINUED

Depreciation expense is charged to functions, as follows:

| Governmental Activities: | Amount |
|----------------------------|---------------------|
| General government | \$ 79,415 |
| Public safety | 227,317 |
| Highway and streets | 1,735,863 |
| Culture and recreation | 79,283 |
| Total depreciation expense | <u>\$ 2,121,878</u> |
| Business-type Activities: | |
| Water | \$ 306,701 |
| Wastewater | 536,749 |
| Total depreciation expense | <u>\$ 843,450</u> |

NOTE 7 – DUE TO OTHER GOVERNMENTS

Due to other governments represent intergovernmental payables that are due to other governments, as follows:

| | Governmental Funds – General Fund |
|---------------------------|---|
| Newmarket School District | \$ 5,646,933 |
| Rockingham County | 472,674 |
| Total | <u>\$ 6,119,607</u> |

NOTE 8 – INTERFUND RECEIVABLES/PAYABLES

Individual fund receivables/payable balances at June 30, 2020 are, as follows:

| | Interfund Receivables | Interfund Payables |
|-----------------------------|--------------------------|-----------------------|
| Major Governmental Funds: | | |
| General Fund | | \$12,728,172 |
| Nonmajor Governmental Funds | \$ 2,833,965 | |
| Proprietary Funds: | | |
| Water | 7,903,041 | |
| Wastewater | 1,613,006 | |
| Solid Waste | 378,160 | |
| Total | <u>\$12,728,172</u> | <u>\$12,728,172</u> |

Notes to Financial Statements

June 30, 2020

NOTE 9 – LONG-TERM OBLIGATIONS

General Obligation Bonds

The Town issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are, as follows:

| General Obligation Debt | Serial Maturities Through | Interest Rate(s) % | Amount Outstanding as of 06/30/20 |
|---------------------------------------|---------------------------------|-----------------------|--|
| Governmental Activities: | | | |
| Open space land acquisition | 1/15/2023 | 4.25 — 4.90% | \$ 300,000 |
| Mac Allen Dam | 2/15/2040 | 2.15% | 1,804,300 |
| Downtown TIF improvements | 1/15/2023 | 4.25 — 4.90% | 225,000 |
| Total Governmental Activities: | | | <u>2,329,300</u> |
| Business-Type Activities: | | | |
| Creighton Street pump/outfall | 1/01/2022 | 3.704% | 158,080 |
| Clean water state revolving loan fund | 10/1/2031 | 3.104% | 282,000 |
| Total Business-Type Activities: | | | <u>440,080</u> |
| Total general obligation debt | | | <u>\$2,769,380</u> |

Notes Payable

The water enterprise fund issued a note payable to purchase land relating to a well acquisition.

The water enterprise fund issued two promissory notes to the State of New Hampshire for the purpose of developing a new well and upgrading Great Hill water main.

The wastewater enterprise fund issued a note payable to the United States Department of Agriculture (USDA) for the purpose of upgrading the wastewater treatment facility and pump station.

The notes outstanding as of June 30, 2020 are, as follows:

| Notes Payable | Maturity Date | Interest Rate(s) | Amount Outstanding as of 6/30/20 |
|--|---------------|---------------------|---|
| Business-Type Activities | | | |
| Macintosh well land acquisition | 12/1/2029 | 0.00% | \$ 180,000 |
| Macintosh well | 11/1/2036 | 1.96% | 1,701,768 |
| Great Hill water main | 12/1/2036 | 1.96% | 536,471 |
| Tucker Well Project Loan | 3/20/2024 | 1.80% | 6,819,000 |
| USDA Rural Development Loan | 8/21/2043 | 2.65% | 9,345,765 |
| Water Pollution Control Revolving Loan | 2/1/2023 | 2.00% | 17,940 |
| Total Business-Type Activities: | | | <u>\$18,600,944</u> |

State Loans Payable

The water and wastewater enterprise funds issued notes payable, totaling \$195,074 to the New Hampshire Department of Environmental Services (NH DES) for the purpose of upgrading the wastewater treatment of the Macintosh and Tucker Well.

Notes to Financial Statements

June 30, 2020

NOTE 9 – LONG-TERM OBLIGATIONS - CONTINUED

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2020 are, as follows:

| Governmental | | | |
|--------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2021 | \$ 264,300 | \$ 81,556 | \$ 345,856 |
| 2022 | 265,000 | 71,218 | 336,218 |
| 2023 | 265,000 | 67,749 | 332,749 |
| 2024 | 90,000 | 54,584 | 144,584 |
| 2025 | 90,000 | 49,994 | 139,994 |
| 2026-2030 | 450,000 | 181,119 | 631,119 |
| 2031-2035 | 455,000 | 84,709 | 539,709 |
| 2036-2040 | 450,000 | 27,788 | 477,788 |
| Total | <u>\$ 2,329,300</u> | <u>\$ 618,717</u> | <u>\$ 2,948,017</u> |

| Business-Type | | | |
|---------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2021 | \$ 657,875 | \$ 424,296 | \$ 1,082,171 |
| 2022 | 657,875 | 407,499 | 1,065,374 |
| 2023 | 674,575 | 390,702 | 1,065,277 |
| 2024 | 7,296,115 | 372,955 | 7,669,070 |
| 2025 | 572,855 | 236,322 | 809,177 |
| 2026-2030 | 2,844,275 | 997,569 | 3,841,844 |
| 2031-2035 | 2,693,775 | 657,985 | 3,351,760 |
| 2036-2040 | 2,251,794 | 333,969 | 2,585,763 |
| 2041-2045 | 1,391,885 | 73,072 | 1,464,957 |
| Total | <u>\$ 19,041,024</u> | <u>\$ 3,894,369</u> | <u>\$ 22,935,393</u> |

Changes in General Long-Term Liabilities

Long-term obligation activity for the year ended June 30, 2020 is, as follows:

| | 6/30/2019 Balance | Additions | Reductions | 6/30/2020 Balance | Due Within One Year |
|--|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 700,000 | \$ 1,804,300 | \$ (175,000) | \$ 2,329,300 | \$ 264,300 |
| Premium | | 195,700 | | 195,700 | |
| Net pension obligation | 5,078,108 | 156,410 | | 5,234,518 | |
| Compensated absences | 335,488 | | (2,007) | 333,481 | |
| Other postemployment benefits | 1,282,328 | 223,498 | | 1,505,826 | |
| Total Long-Term Obligations | <u>\$ 7,395,924</u> | <u>\$ 2,379,908</u> | <u>\$ (177,007)</u> | <u>\$ 9,598,825</u> | <u>\$ 264,300</u> |
| Business-Type Activities: | | | | | |
| Bonds payable | \$ 542,620 | | \$ (102,540) | \$ 440,080 | \$ 102,540 |
| Net pension obligation | 576,818 | \$ 14,594 | | 591,412 | |
| Notes payable | 12,337,279 | 6,819,000 | (555,335) | 18,600,944 | 555,335 |
| State loans payable | | 195,074 | | 195,074 | |
| Accrued landfill postclosure care cost | 1,260,000 | | (45,000) | 1,215,000 | |
| Compensated absences | 64,655 | 6,110 | | 70,765 | |
| Other Postemployment Benefits | 164,443 | 49,052 | | 213,495 | |
| Total Long-Term Obligations | <u>\$14,945,815</u> | <u>\$ 7,083,830</u> | <u>\$ (702,875)</u> | <u>\$21,326,770</u> | <u>\$ 657,875</u> |

Notes to Financial Statements

June 30, 2020

NOTE 10 – LANDFILL POSTCLOSURE CARE COSTS

This liability reported is based on what it would cost to perform postclosure care using costs from fiscal year 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. During 2017, the post-closure care costs were re-evaluated by the Town's Public Works Director and it was determined that these costs would continue for the foreseeable future. Accordingly, the liability was increased to reflect \$45,000 per year for 30 years.

NOTE 11 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

For year ended June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources in connection with its property tax revenue, pension plan and other postemployment benefits plans, as follows:

| | Governmental Funds | Governmental Activities | Business- Type Activities |
|--------------------------------|-----------------------|----------------------------|---------------------------------|
| Deferred outflow of resources: | | | |
| Resources related to pensions | | \$ 824,191 | \$ 91,730 |
| Resources related to OPEB | | 662,206 | 128,521 |
| Total | \$ - | \$ 1,486,397 | \$ 220,251 |
| Deferred inflow of resources: | | | |
| Property tax revenue | \$ 3,110,294 | | |
| Resources related to pensions | | \$ 206,682 | \$ 23,352 |
| Resources related to OPEB | | 151,596 | 31,668 |
| Total | \$ 3,110,294 | \$ 358,278 | \$ 55,020 |

NOTE 12 – INTERFUND TRANSFERS

A summary of Interfund transfers are, as follows:

| | Transfers In | Transfers Out |
|-----------------------------|-----------------|------------------|
| Major Governmental Funds: | | |
| General Fund | \$ 75,000 | \$965,377 |
| Nonmajor Governmental Funds | 319,290 | |
| Proprietary Funds | | |
| Solid Waste | 571,087 | |
| Total | \$965,377 | \$965,377 |

NOTE 13 – ENCUMBRANCES AND COMMITMENTS

The Town utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported as expenditures in the current year in the budget to actual statement. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Open encumbrances at fiscal year-end are included in restricted, committed, or assigned fund balance as appropriate in the fund financial statements.

Total encumbrances of \$45,413 of the general fund's fund balance was assigned.

Notes to Financial Statements

June 30, 2020

NOTE 14 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2020, fund balance components other and unassigned fund balances consist of the following:

| | Non-Spendable | Restricted | Committed | Assigned | Unassigned |
|-----------------------|---------------|-------------|-------------|----------|-------------|
| General Fund: | | | | | |
| Prepaid items | \$ 45,054 | | | | |
| Encumbrances | | | | \$45,413 | |
| Capital Reserve | | | \$2,242,867 | | |
| General Fund | | | | | \$2,581,714 |
| Nonmajor funds: | | | | | |
| Encumbrances | | | | | |
| Grants | | \$2,359,710 | | | (196,878) |
| Revolving funds | | | 958,716 | | |
| Permanent trust funds | 791,499 | 340,839 | | | |
| Total | \$ 836,553 | \$2,700,549 | \$3,201,583 | \$45,413 | \$2,384,836 |

NOTE 15 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which the Town purchases commercial insurance. For the past year, settled claims have not exceeded the commercial coverage and there has not been a reduction in coverage.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PLAN

The Town has two OPEB plans which employees participate in for which separate disclosure information is provided below.

Town of Newmarket Retiree Group Health Insurance Plan

Plan Description

GASB Statement 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. The post-employment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided

The Town provides post-employment healthcare benefits for certain eligible retirees.

Covered Employees

At July 1, 2019, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 1 |
| Active employees | 50 |
| Total participants covered by OPEB Plan | 51 |

Notes to Financial Statements

June 30, 2020

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

Net OPEB Liability

The Town's net OPEB liability of \$1,225,970 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--------------------------------|-------|
| Discount Rate | 2.21% |
| Healthcare Cost Trend Rates: | |
| 2019 – 2020 Trend | 0.40% |
| 2020 – 2021 Trend | 9.50% |
| Decrement | 0.50% |
| Ultimate Trend | 5.00% |
| Year Ultimate Trend is Reached | 2030 |
| Salary Increases | 2.00% |

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2020.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Changes in the Net OPEB Liability

Changes in the City's net OPEB liability were, as follows:

| | |
|---|--------------------|
| Balances at July 1, 2019 | \$ 944,292 |
| Changes for the year: | |
| Service cost | 55,242 |
| Interest | 25,502 |
| Changes in assumptions | 367,231 |
| Difference between expected and actual experience | (148,850) |
| Changes in actuarial cost method | |
| Benefit payments | (17,447) |
| Balances, June 30, 2020 | \$1,225,970 |

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB Liability, calculated using the discount rate of 2.21%, as well as what the total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Total OPEB Liability | Discount Rate | | |
|----------------------|---------------|--------------|--------------|
| | 1% Decrease | Baseline | 1% Increase |
| June 30, 2020 | \$ 1,338,867 | \$ 1,225,970 | \$ 1,117,996 |

Notes to Financial Statements

June 30, 2020

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB Liability, calculated using the trend rate of 0.40%, as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

| Total OPEB Liability | Healthcare Cost Trend Rates | | |
|----------------------|-----------------------------|--------------|--------------|
| | 1% Decrease | Baseline | 1% Increase |
| June 30, 2020 | \$ 1,066,273 | \$ 1,225,970 | \$ 1,412,104 |

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

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ 337,767 | \$ 181,851 |
| Changes of assumptions | 400,251 | |
| Total | \$ 738,018 | (\$ 181,851) |

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

| Year ending June 30, | |
|----------------------|-------------------|
| 2021 | \$ 115,702 |
| 2022 | 115,702 |
| 2023 | 115,702 |
| 2024 | 115,702 |
| 2025 | 49,920 |
| Thereafter | 43,439 |
| Total | <u>\$ 556,167</u> |

State of New Hampshire Retirement System Group Health Insurance Plan

Plan Description

The Town also participates in a second other post-retirement benefit (OPEB) plan that provides health insurance (Health Plan) to retiring employees. The Health Plan is a cost-sharing multiple – employer OPEB plan administered by New Hampshire Retirement System (NHRS). 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:52b) and members are designated in statute by type.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. Additional information is disclosed in the System's annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Notes to Financial Statements

June 30, 2020

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

The eligibility requirements for receiving OPEB Plan benefits differ from Group I and Group II members. The monthly Medical Subsidy rates are: 1 Person - \$375.56, 2 Person - \$751.12, 1 Person Medicare Supplement - \$236.84 and 2 Person Medicare Supplement - \$473.68.

Plan Membership. At June 30, 2019, the following were covered by the benefit terms:

| | |
|--|---------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 9,869 |
| Active employees | 2,427 |
| | <u>12,296</u> |

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

The Town's total OPEB liability of \$493,351 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

For the year ended June 30, 2020, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$77,440. At June 30, 2020, the Town's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on OPEB plan investments | | \$ 1,413 |
| Changes in proportion and differences between Town premiums and proportionate share of premiums | \$ 1,355 | |
| Town contributions subsequent to the measurement date | 51,355 | |
| Total | <u>\$ 52,710</u> | <u>\$ 1,413</u> |

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

| | |
|---------------------|----------------|
| Year ended June 30, | |
| 2021 | \$ 129 |
| 2022 | (369) |
| 2023 | 38 |
| 2024 | 144 |
| Total | <u>\$ (58)</u> |

The \$51,355 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2020.

Notes to Financial Statements

June 30, 2020

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

Actuarial assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

General inflation of 2.5% was used along with an aggregate wage inflation of 3.25%, salary increases of 5.6% average, including inflation, and investment rate of return of 7.25% net of OPEB plan investment expense, including inflation). Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for Males or Females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The discount rate was based on high quality AA or higher bond yields in effect for 20-year, tax exempt general obligation municipal bonds using the Bond Buyer index. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study, conducted by the New Hampshire Retirement System, for the period July 1, 2010 through June 30, 2015.

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. The target allocation and geometric real rates of return for each asset class are summarized in the following table:

| Asset Class | Target Allocation Percentage | | Weighted Average Average Long- Term Expected Real Rate of Return | |
|-------------------------------|------------------------------------|---|--|---|
| Large Cap Equities | 22.50 | % | 4.25 | % |
| Small/Mid Cap Equities | 7.50 | | 4.50 | |
| Total domestic equities | 30.00 | | | |
| Intl Equities (unhedged) | 13.00 | | 4.50 | |
| Emerging Intl Equities | 7.00 | | 6.00 | |
| Total international equities | 20.00 | | | |
| Core Bonds | 9.00 | | 1.12 | |
| Global multi-sector | 10.00 | | 2.46 | |
| Absolute return | 6.00 | | 1.50 | |
| Total fixed income | 25.00 | | | |
| Private equity | 10.00 | | 7.90 | |
| Private debt | 5.00 | | 4.86 | |
| Total alternative investments | 15.00 | | | |
| Real estate | 10.00 | | 3.00 | |
| Total | 100.00 | % | | |

Notes to Financial Statements

June 30, 2020

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

Sensitivity of the total OPEB liability to changes in the discount rate

The following table shows how the total OPEB liability would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 7.25%.

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$535,116 | \$493,352 | \$457,063 |

NOTE 17 – PENSION PLAN

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

Plan Description

Full-time employees participate in the State of New Hampshire Retirement System (the System), a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The plan covers 471 participating employers.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the System's annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Notes to Financial Statements

June 30, 2019

NOTE 17 – PENSION PLAN - CONTINUED

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

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

Employee membership data related to the Plan as of June 30, 2019 was, as follows:

| | |
|-------------------------------|---------------|
| Retirees and beneficiaries | 37,012 |
| Inactive, non-retired members | 13,874 |
| Active members | <u>48,121</u> |
| | <u>99,007</u> |

For the year ended June 30, 2020, the Town's total payroll for all employees was \$4,350,003. Total covered payroll was \$3,354,421. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers, 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A: 16, and range from 11.17% to 30.09% of covered compensation. The Town's contribution to the System for the year ended June 30, 2019 was \$525,896, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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 benefit terms. Investments are reported at fair value.

Notes to Financial Statements

June 30, 2019

NOTE 17 – PENSION PLAN - CONTINUED

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

At June 30, 2020, the Town reported a liability of \$5,825,930 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was based on a roll-forward of the June 30, 2019 actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was .117 percent.

At the most recent measurement date of June 30, 2019, the Town's proportion was .121 percent, which was an increase of .004 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$755,068. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual results | \$ 32,212 | \$ 125,274 |
| Net difference between projected and actual earnings on pension plan investments | | 47,589 |
| Changes in assumptions | 209,032 | |
| Changes in proportion and differences between contributions and proportionate share of contributions | 153,138 | 57,171 |
| Contributions subsequent to the measurement date | 521,538 | |
| Total | <u>\$ 915,920</u> | <u>\$ 230,034</u> |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources (netted when necessary) related to pensions will be recognized in pension expense, as follows:

| | |
|---------------------|-------------------|
| Year ended June 30: | |
| 2020 | \$ 190,622 |
| 2021 | (91,622) |
| 2022 | 24,562 |
| 2023 | 40,980 |
| Total | <u>\$ 164,542</u> |

Actuarial Assumptions

The total pension liability was determined by rolling forward of the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using the following actuarial assumption:

| | |
|---------------------------|---|
| Inflation | 2.5 percent per year |
| Salary increases | 5.6 percent average, including inflation |
| Investment rate of return | 7.25 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

Notes to Financial Statements

June 30, 2019

NOTE 17 – PENSION PLAN - CONTINUED

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

| Asset Class | Target Allocation Percentage | | Weighted Average Long-Term Expected Real Rate of Return | |
|-------------------------------|------------------------------------|---|--|---|
| Large Cap Equities | 22.50 | % | 4.25 | % |
| Small/Mid Cap Equities | 7.50 | | 4.50 | |
| Total domestic equities | 30.00 | | | |
| Intl Equities (unhedged) | 13.00 | | 4.50 | |
| Emerging Intl Equities | 7.00 | | 6.00 | |
| Total international equities | 20.00 | | | |
| Core Bonds | 9.00 | | 1.12 | |
| Global multi-sector | 10.00 | | 2.46 | |
| Absolute return | 6.00 | | 1.50 | |
| Total fixed income | 25.00 | | | |
| Private equity | 10.00 | | 7.90 | |
| Private debt | 5.00 | | 4.86 | |
| Total alternative investments | 15.00 | | | |
| Real estate | 10.00 | | 3.00 | |
| Total | 100.00 | % | | |

Discount Rate

The discount rate used to measure the collective total pension liability was 7.25%. 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. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective total pension liability.

Notes to Financial Statements

June 30, 2019

NOTE 17 – PENSION PLAN – CONTINUED

Sensitivity of the 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 7.25 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 (6.25%) or 1 percentage-point higher (8.25) than the current rate:

| 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|------------------------|----------------------------------|------------------------|
| \$ 7,801,161 | \$ 5,825,930 | \$ 4,193,418 |

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Grants

The Town recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial

Overlapping Debt

The Town is subject to an annual assessment of its proportional share of Rockingham County expenses, including debt repayment. As determined by the State, the percentage of the Town's apportionment at December 31, 2019, the most recent financial information available, was 1.871% or approximately \$205,000 of the County's \$11,000,000 long-term debt outstanding.

Schedule of Funding Progress - Town of Newmarket Retiree Group Health Insurance Plan

Required Supplementary Information

Year Ended June 30, 2020

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

| | 2020 | 2019 | 2018 | 2017 |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| OPEB Liability Beginning of Year | \$ 944,292 | \$ 895,748 | \$ 930,008 | \$ 349,147 |
| Changes for the Year: | | | | |
| Service cost | \$ 55,242 | \$ 38,742 | \$ 37,983 | \$ 52,859 |
| Interest | 25,502 | 31,716 | 32,745 | 13,254 |
| Assumption changes | 367,231 | | | 139,746 |
| Differences between expected and actual experience | (148,850) | (2,283) | (74,309) | 575,283 |
| Changes in actuarial cost method | | | | (164,695) |
| Benefit payments | (17,447) | (19,631) | (30,679) | (35,586) |
| OPEB Liability End of Year | <u><u>\$ 1,225,970</u></u> | <u><u>\$ 944,292</u></u> | <u><u>\$ 895,748</u></u> | <u><u>\$ 930,008</u></u> |
| Covered payroll | \$ 3,230,471 | \$ 4,004,303 | \$ 3,925,787 | \$ 3,053,172 |
| Total OPEB liability as a percentage of Covered payroll | 38.0% | 23.6% | 22.8% | 30.5% |

The required supplementary information is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

Schedule of Proportionate Share of Net OPEB Liability - New Hampshire Retirement System Group Health Insurance Plan

Required Supplementary Information

Year Ended June 30, 2020

State of New Hampshire Retirement System

| Fiscal Year | Valuation Date | Town Proportion of the Net OPEB Liability | Town Proportionate Share of the Net OPEB Liability | Covered Payroll | Town 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 | June 30, 2019 | \$ 493,351 | 0.1125% | \$ 3,354,421 | 14.71% | 7.75% |
| June 30, 2019 | June 30, 2018 | \$ 502,479 | 0.1097% | \$ 3,331,670 | 15.08% | 7.53% |
| June 30, 2018 | June 30, 2017 | \$ 342,998 | 0.0750% | \$ 3,130,137 | 10.96% | 7.91% |
| June 30, 2017 | June 30, 2016 | \$ 375,963 | 0.0777% | \$ 3,053,172 | 12.31% | 5.21% |

The required supplementary information is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

Schedule of Contributions - New Hampshire Retirement System Group Health Insurance Plan

Required Supplementary Information

Year Ended June 30, 2020

State of New Hampshire Retirement System

| Fiscal Year | Valuation Date | Contractually Required Contribution | Contributions Relative to Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a Percentage of Covered Employee Payroll |
|---------------|----------------|---|---|--|--------------------|---|
| June 30, 2020 | June 30, 2019 | \$ 51,355 | \$ 51,355 | \$ 0 | \$ 3,354,421 | 1.53% |
| June 30, 2019 | June 30, 2018 | \$ 48,545 | \$ 48,545 | \$ 0 | \$ 3,331,670 | 1.46% |
| June 30, 2018 | June 30, 2017 | \$ 44,462 | \$ 44,462 | \$ 0 | \$ 3,130,137 | 1.42% |
| June 30, 2017 | June 30, 2016 | \$ 44,462 | \$ 44,462 | \$ 0 | \$ 3,053,172 | 1.46% |

The required supplementary information is intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

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

Pension Plan - Last 10 Fiscal Years*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Town's proportion of the net pension liability (asset) | 0.1211% | 0.1174% | 0.1185% | 0.1191% | 0.1212% | 0.1291% | 0.1393% |
| Town's proportionate share of the net pension liability (asset) | \$ 5,825,930 | \$ 5,654,926 | \$ 5,827,776 | \$ 6,333,818 | \$ 4,802,182 | \$ 4,447,840 | \$ 5,012,607 |
| Town's covered payroll | \$ 3,354,421 | \$ 3,331,670 | \$ 3,130,137 | \$ 3,053,172 | \$ 2,877,003 | \$ 2,811,851 | \$ 2,768,188 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 173.68% | 169.73% | 186.18% | 207.45% | 166.92% | 158.18% | 181.08% |
| Plan fiduciary net position as a percentage of the total pension liability | 65.59% | 64.73% | 62.70% | 58.30% | 65.47% | 66.32% | 59.81% |

* This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, information is presented for years which information is available.

Schedule of Town Contributions

Pension Plan - Last 10 Fiscal Years*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contributions | \$ 521,538 | \$ 525,896 | \$ 495,679 | \$ 466,972 | \$ 422,316 | \$ 384,428 | \$ 289,606 |
| Contributions in relation to the contractually required contribution | \$ (521,538) | \$ (525,896) | \$ (495,679) | \$ (466,972) | \$ (422,316) | \$ (384,428) | \$ (289,606) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered payroll | \$ 3,354,421 | \$ 3,331,670 | \$ 3,130,137 | \$ 3,053,172 | \$ 2,877,033 | \$ 2,811,851 | \$ 2,768,188 |
| Contributions as a percentage of covered payroll | 15.55% | 15.78% | 15.84% | 15.29% | 14.68% | 13.67% | 10.46% |

* This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, information is presented for years which information is available.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for revenues derived from specific sources which are restricted to finance specific activities.

Library — To account for library revenues (including a general fund subsidy) to be used for the operation and maintenance of the Newmarket Library.

Pistol Permits — To account for the uses of pistol permit revenues, under the direction of the Chief of Police.

Recreation — To account for recreation program revenues and uses.

Drug forfeiture — To account for proceeds and uses related to drug seizures by the Police Department.

Ambulance Revolving — Annually, \$45,000 of ambulance revenue is recorded in this fund for a future ambulance replacement.

Public Safety Service Revolving — To account for the sources and uses related to police detail.

Conservation Commission — One half of the current use change tax is placed into this fund for the purpose of land conservation and related maintenance.

Bike Path — To account for State grant proceeds for the construction of a bike path on the Town's southern portion of Route 108.

Grants — To account for the sources and uses of miscellaneous State, Federal, and local grants.

Federal Drug Forfeiture — To account for proceeds and uses related to drug seizures by the Police Department through the U.S. Department of Justice.

Capital Project Funds

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in the Enterprise Funds:

Mac Allen Dam — To account for Mac Allen Dam project.

Open Space — To account for acquisitions of open space and conservation easements.

Permanent Funds

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as trustee. The following are descriptions of the Town's Permanent Funds:

Cemetery — To account for nonexpendable gifts to the Town. Income is available for maintenance of the Town owned cemeteries.

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2020

| | Special Revenue Funds | | | | | |
|--------------------------------------|-----------------------|-------------------|-------------------|--------------------|------------------------|-------------------|
| | Library | Pistol Permits | Recreation | Drug Forfeiture | Ambulance Revolving | Subtotal |
| ASSETS | | | | | | |
| Cash and short-term investments | \$ 193,734 | \$ 250 | \$ 75 | | | \$ 194,059 |
| Investments | | | | | | |
| Receivables: | | | | | | |
| Intergovernmental | | | | | | |
| Other | | | | | | |
| Due from other funds | 112,886 | 7,950 | 583,005 | \$ 836 | \$ 36,428 | 741,105 |
| Total Assets | <u>306,620</u> | <u>8,200</u> | <u>583,080</u> | <u>836</u> | <u>36,428</u> | <u>935,164</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 4,122 | | 12,772 | | | 16,894 |
| Due to other funds | | | | | | |
| Other liabilities | 1,229 | | 6,367 | | | 7,596 |
| Total Liabilities | <u>5,351</u> | | <u>19,139</u> | | | <u>24,490</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | | |
| Restricted | 301,269 | 8,200 | | 836 | | 310,305 |
| Committed | | | 563,941 | | 36,428 | 600,369 |
| Assigned | | | | | | |
| Unassigned | | | | | | |
| Total Fund Balances | <u>\$ 301,269</u> | <u>\$ 8,200</u> | <u>\$ 563,941</u> | <u>\$ 836</u> | <u>\$ 36,428</u> | <u>\$ 910,674</u> |

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2020

| | Special Revenue Funds | | | | | |
|--------------------------------------|---------------------------------------|----------------------------|-------------------|---------------------|----------------------------|---------------------|
| | Public Safety Service Revolving | Conservation Commission | Bike Path | Grants | Federal Drug Forfeiture | Subtotal |
| ASSETS | | | | | | |
| Cash and short-term investments | | | | | | \$ 194,059 |
| Investments | | | | | | |
| Receivables: | | | | | | |
| Intergovernmental | | | | \$ 100,350 | | 100,350 |
| Other | \$ 13,623 | \$ 13,251 | | | | 26,874 |
| Due from other funds | 103,845 | 227,628 | | | \$ 24,832 | 1,097,410 |
| Total Assets | <u>117,468</u> | <u>240,879</u> | | <u>100,350</u> | <u>24,832</u> | <u>1,418,693</u> |
| LIABILITIES | | | | | | |
| Accounts payable | | | | 2,707 | | 19,601 |
| Due to other funds | | | \$ 3,035 | 291,486 | | 294,521 |
| Other liabilities | | | | | | 7,596 |
| Total Liabilities | | | <u>3,035</u> | <u>294,193</u> | | <u>321,718</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | | |
| Restricted | | | | | 24,832 | 335,137 |
| Committed | 117,468 | 240,879 | | | | 958,716 |
| Assigned | | | | | | |
| Unassigned | | | (3,035) | (193,843) | | (196,878) |
| Total Fund Balances | <u>\$ 117,468</u> | <u>\$ 240,879</u> | <u>\$ (3,035)</u> | <u>\$ (193,843)</u> | <u>\$ 24,832</u> | <u>\$ 1,096,975</u> |

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2020

| | Special Revenue Funds | Capital Project Funds | | Capital Project Funds | Permanent Trust Funds | |
|--------------------------------------|--------------------------|-----------------------|------------------|--------------------------|--------------------------|---------------------|
| | Subtotal | Mac Allen Dam | Open Space | Subtotal | Cemetery | Total |
| ASSETS | | | | | | |
| Cash and short-term investments | \$ 194,059 | \$ - | \$ (21) | \$ (21) | \$ 99,882 | \$ 293,920 |
| Investments | | | | | 1,032,456 | \$ 1,032,456 |
| Receivables: | | | | | | |
| Intergovernmental | 100,350 | | | | | 100,350 |
| Other | 26,874 | | | | | 26,874 |
| Due from other funds | 1,097,410 | 1,944,738 | 86,338 | 2,031,076 | | 3,128,486 |
| Total Assets | <u>1,418,693</u> | <u>1,944,738</u> | <u>86,317</u> | <u>2,031,055</u> | <u>1,132,338</u> | <u>4,582,086</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 19,601 | 6,482 | | 6,482 | | 26,083 |
| Due to other funds | 294,521 | | | | | 294,521 |
| Other liabilities | 7,596 | | | | | 7,596 |
| Total Liabilities | <u>321,718</u> | <u>6,482</u> | | <u>6,482</u> | | <u>328,200</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | 791,499 | 791,499 |
| Restricted | 335,137 | 1,938,256 | 86,317 | 2,024,573 | 340,839 | 2,700,549 |
| Committed | 958,716 | | | | | 958,716 |
| Assigned | | | | | | |
| Unassigned | (196,878) | | | | | (196,878) |
| Total Fund Balances | <u>\$ 1,096,975</u> | <u>\$ 1,938,256</u> | <u>\$ 86,317</u> | <u>\$ 2,024,573</u> | <u>\$ 1,132,338</u> | <u>\$ 4,253,886</u> |

Non-Major Governmental Funds**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Year Ended June 30, 2020

| | Special Revenue Funds | | | | | |
|--|-----------------------|-------------------|------------|--------------------|------------------------|------------|
| | Library | Pistol Permits | Recreation | Drug Forfeiture | Ambulance Revolving | Subtotal |
| Revenues | | | | | | |
| Taxes | | | | | | |
| Licenses, permits, and fees | | \$ 835 | | | | \$ 835 |
| Intergovernmental | \$ 1,214 | | | | | 1,214 |
| Charges for services | | | \$ 195,926 | | | 195,926 |
| Miscellaneous | 8,152 | 69 | 19,243 | | \$ 75,022 | 102,486 |
| Total Revenues | 9,366 | 904 | 215,169 | | 75,022 | 300,461 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | 1,067 | | | | 1,067 |
| Highways and streets | | | | | | |
| Welfare | | | | | | |
| Culture and recreation | 322,350 | | 264,238 | | | 586,588 |
| Conservation | | | | | | |
| Capital outlay | | | | | 197,303 | 197,303 |
| Total Expenditures | 322,350 | 1,067 | 264,238 | | 197,303 | 784,958 |
| Excess (Deficiency) of Revenues Over Expenditures | (312,984) | (163) | (49,069) | | (122,281) | (484,497) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 319,290 | | | | | 319,290 |
| Transfers out | | | | | | |
| Proceeds from bond issuance and bond premium | | | | | | |
| Total Other Financing Sources (Uses) | 319,290 | | | | | 319,290 |
| Net Change in Fund Balances | 6,306 | (163) | (49,069) | | (122,281) | (165,207) |
| Fund Balances, Beginning of Year | \$ 294,963 | \$ 8,363 | \$ 613,010 | \$ 836 | \$ 158,709 | 1,075,881 |
| Fund Balances, End of Year | \$ 301,269 | \$ 8,200 | \$ 563,941 | \$ 836 | \$ 36,428 | \$ 910,674 |

Non-Major Governmental Funds**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Year Ended June 30, 2020

| | Special Revenue Funds | | | | |
|--|---------------------------------------|----------------------------|-------------------|---------------------|----------------------------|
| | Public Safety Service Revolving | Conservation Commission | Bike Path | Grants | Federal Drug Forfeiture |
| | | | | | Subtotal |
| Revenues | | | | | |
| Taxes | | \$ 25,250 | | | \$ 25,250 |
| Licenses, permits, and fees | | | | | 835 |
| Intergovernmental | | | | | 1,214 |
| Charges for services | \$ 115,917 | | | \$ 73,715 | 385,558 |
| Miscellaneous | | 3,119 | | 386,533 | 492,189 |
| Total Revenues | <u>115,917</u> | <u>28,369</u> | | <u>460,248</u> | <u>905,046</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | | 120 | | | 120 |
| Public safety | 76,152 | | | 4,355 | 81,574 |
| Highways and streets | | | | 180,287 | 180,287 |
| Welfare | | | | 34,206 | 34,206 |
| Culture and recreation | | | | 143,611 | 730,199 |
| Conservation | | 11 | | | 11 |
| Capital outlay | 43,416 | 105,000 | | 22,402 | 368,121 |
| Total Expenditures | <u>119,568</u> | <u>105,131</u> | | <u>384,861</u> | <u>1,394,518</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (3,651) | (76,762) | | 75,387 | 51 |
| | | | | | (489,472) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | | | | | 319,290 |
| Transfers out | | | | | |
| Proceeds from bond issuance and bond premium | | | | | |
| Total Other Financing Sources (Uses) | | | | | <u>319,290</u> |
| Net Change in Fund Balances | (3,651) | (76,762) | | 75,387 | 51 |
| | | | | | (170,182) |
| Fund Balances, Beginning of Year | <u>121,119</u> | <u>317,641</u> | <u>\$ (3,035)</u> | <u>(269,230)</u> | <u>24,781</u> |
| | | | | | 1,267,157 |
| Fund Balances, End of Year | <u>\$ 117,468</u> | <u>\$ 240,879</u> | <u>\$ (3,035)</u> | <u>\$ (193,843)</u> | <u>\$ 24,832</u> |
| | | | | | \$ 1,096,975 |

Non-Major Governmental Funds**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Year Ended June 30, 2020

| | Special Revenue Funds | Capital Project Funds | | Capital Project Funds | Permanent Trust Funds | |
|--|--------------------------|-----------------------|------------------|--------------------------|--------------------------|---------------------|
| | Subtotal | Mac Allen Dam | Open Space | Subtotal | Cemetery | Total |
| Revenues | | | | | | |
| Taxes | \$ 25,250 | | | | | \$ 25,250 |
| Licenses, permits, and fees | 835 | | | | | 835 |
| Intergovernmental | 1,214 | | | | | 1,214 |
| Charges for services | 385,558 | | | | | 385,558 |
| Miscellaneous | 492,189 | | \$ 685 | \$ 685 | \$ 81,425 | 574,299 |
| Total Revenues | <u>905,046</u> | | <u>685</u> | <u>685</u> | <u>81,425</u> | <u>987,156</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 120 | | | | 7,121 | 7,241 |
| Public safety | 81,574 | | | | | 81,574 |
| Highways and streets | 180,287 | \$ 61,744 | | 61,744 | | 242,031 |
| Welfare | 34,206 | | | | | 34,206 |
| Culture and recreation | 730,199 | | | | | 730,199 |
| Conservation | 11 | | | | | 11 |
| Capital outlay | 368,121 | | | | | 368,121 |
| Total Expenditures | <u>1,394,518</u> | <u>61,744</u> | | <u>61,744</u> | <u>7,121</u> | <u>1,463,383</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (489,472) | (61,744) | 685 | (61,059) | 74,304 | (476,227) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 319,290 | | | | | 319,290 |
| Transfers out | | | | | | |
| Proceeds from bond issuance and bond premium | | 2,000,000 | | 2,000,000 | | 2,000,000 |
| Total Other Financing Sources (Uses) | <u>319,290</u> | <u>2,000,000</u> | | <u>2,000,000</u> | | <u>2,319,290</u> |
| Net Change in Fund Balances | (170,182) | 1,938,256 | 685 | 1,938,941 | 74,304 | 1,843,063 |
| Fund Balances, Beginning of Year | 1,267,157 | | 85,632 | 85,632 | 1,058,034 | 2,410,823 |
| Fund Balances, End of Year | <u>\$ 1,096,975</u> | <u>\$ 1,938,256</u> | <u>\$ 86,317</u> | <u>\$ 2,024,573</u> | <u>\$ 1,132,338</u> | <u>\$ 4,253,886</u> |

General Fund**Detailed Schedule of Revenues and Other Financing Sources,
and Expenditures and Other Uses - Budget and Actual**

Year Ended June 30, 2020

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| Revenues and Other Financing Sources | | | | |
| Taxes | | | | |
| Property taxes | \$ 5,153,123 | \$ 5,153,123 | \$ 5,366,655 | \$ 213,532 |
| Land use change tax | 46,899 | 46,899 | 25,250 | (21,649) |
| Yield tax | 1,500 | 1,500 | 65 | (1,435) |
| Payment in lieu of taxes | 19,175 | 19,175 | 27,639 | 8,464 |
| Excavation taxes | | | 1,148 | 1,148 |
| Interest and penalties on delinquent taxes | 62,426 | 62,426 | 38,782 | (23,644) |
| Total taxes | 5,283,123 | 5,283,123 | 5,459,539 | 176,416 |
| Licenses, permits, and fees | | | | |
| Motor vehicle permit fees | 1,558,700 | 1,558,700 | 1,768,957 | 210,257 |
| Building permits | 66,000 | 66,000 | 64,639 | (1,361) |
| Other licenses, permits, and fees | 235,300 | 235,300 | 188,620 | (46,680) |
| Total licenses, permits, and fees | 1,860,000 | 1,860,000 | 2,022,216 | 162,216 |
| Intergovernmental | | | | |
| Meals and rooms tax distribution | 472,792 | 472,792 | 479,596 | 6,804 |
| Highway block grant | 263,664 | 263,664 | 189,652 | (74,012) |
| Shared Revenue | 23,206 | 23,206 | 100,953 | 77,747 |
| Other | 338 | 338 | 732 | 394 |
| Total intergovernmental | 760,000 | 760,000 | 770,933 | 10,933 |
| Charges for services | 553,600 | 553,600 | 375,533 | (178,067) |
| Miscellaneous | | | | |
| Rent of municipal property | | | 14,923 | 14,923 |
| Interest on investments | 20,000 | 20,000 | 70,179 | 50,179 |
| Total Miscellaneous | 20,000 | 20,000 | 85,102 | 65,102 |
| Other financing sources | | | | |
| Budgetary use of fund balance | 250,000 | 250,000 | 250,000 | |
| Total Revenues and Other Financing Sources | \$ 8,726,723 | \$ 8,726,723 | \$ 8,963,323 | \$ 236,600 |

General Fund**Detailed Schedule of Revenues and Other Financing Sources,
and Expenditures and Other Uses - Budget and Actual****Year Ended June 30, 2020**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| Expenditures and Other Uses | | | | |
| General government | | | | |
| Executive | \$ 223,579 | \$ 223,579 | \$ 222,189 | \$ 1,390 |
| Tax collector / town clerk | 192,373 | 192,373 | 188,743 | 3,630 |
| Finance | 266,948 | 266,948 | 381,571 | (114,623) |
| Assessor | 73,387 | 73,387 | 68,933 | 4,454 |
| Legal | 85,000 | 85,000 | 83,148 | 1,852 |
| Human resources | 1,559,846 | 1,559,846 | 1,413,971 | 145,875 |
| Planning and zoning | 133,802 | 133,802 | 133,256 | 546 |
| Building and grounds | 648,581 | 648,581 | 613,311 | 35,270 |
| Cemeteries | 37,346 | 37,346 | 3,454 | 33,892 |
| Property liability insurance | 109,824 | 109,824 | 88,384 | 21,440 |
| Information systems | 206,757 | 206,757 | 237,805 | (31,048) |
| Channel 13 (Gov't access TV) | 41,351 | 41,351 | 47,170 | (5,819) |
| Total general government | 3,578,794 | 3,578,794 | 3,481,935 | 96,859 |
| Public safety | | | | |
| Police | 1,564,975 | 1,564,975 | 1,422,736 | 142,239 |
| Fire | 427,859 | 427,859 | 453,152 | (25,293) |
| Building inspection | 80,004 | 80,004 | 73,969 | 6,035 |
| Emergency management | 2,250 | 2,250 | 1,984 | 266 |
| Total public safety | 2,075,088 | 2,075,088 | 1,951,841 | 123,247 |
| Highways and streets | | | | |
| Administration | 476,446 | 476,446 | 534,069 | (57,623) |
| Highways and streets | 438,170 | 438,170 | 415,234 | 22,936 |
| Bridges | 4,000 | 4,000 | 4,945 | (945) |
| Street lighting | 40,000 | 40,000 | 43,339 | (3,339) |
| Vehicle maintenance | 194,000 | 194,000 | 181,686 | 12,314 |
| Total highways and streets | 1,152,616 | 1,152,616 | 1,179,273 | (26,657) |
| Welfare | | | | |
| Direct assistance | 31,605 | 31,605 | 27,791 | 3,814 |
| Social service grants | 49,400 | 49,400 | 30,300 | 19,100 |
| Total welfare | 81,005 | 81,005 | 58,091 | 22,914 |
| Culture and recreation | | | | |
| Recreation | 214,431 | 214,431 | 203,456 | 10,975 |
| Patriotic purposes | 2,000 | 2,000 | 1,830 | 170 |
| Other | 62,000 | 62,000 | 43,500 | 18,500 |
| Total culture and recreation | 278,431 | 278,431 | 248,786 | 29,645 |
| Total Expenditures and Other Uses - Balance Forward | \$ 7,165,934 | \$ 7,165,934 | \$ 6,919,926 | \$ 246,008 |

General Fund

Detailed Schedule of Revenues and Other Financing Sources, and Expenditures and Other Uses - Budget and Actual

Year Ended June 30, 2020

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|-------------------|--|
| Expenditures and Other Uses | | | | |
| Balance Forward | \$ 7,165,934 | \$ 7,165,934 | \$ 6,919,926 | \$ 246,008 |
| Conservation and economic development | | | | |
| Conservation administration | 2,964 | 2,964 | 1,681 | 1,283 |
| Economic development | 30,000 | 30,000 | 31,516 | (1,516) |
| Total conservation and economic development | 32,964 | 32,964 | 33,197 | (233) |
| Debt service | | | | |
| Principal | 100,000 | 100,000 | 100,000 | |
| Interest | 13,048 | 13,048 | 13,048 | |
| Total debt service | 113,048 | 113,048 | 113,048 | |
| Other Uses | | | | |
| Transfers out | | | | |
| Library fund | 319,290 | 319,290 | 319,290 | |
| Solid waste fund | 571,087 | 571,087 | 571,087 | |
| Capital reserve funds and expendable trust funds | 524,400 | 524,400 | 524,400 | |
| Total transfers out | 1,414,777 | 1,414,777 | 1,414,777 | |
| Total Expenditures and Other Uses | <u>8,726,723</u> | <u>8,726,723</u> | <u>8,480,948</u> | <u>245,775</u> |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 482,375</u> | <u>\$ 482,375</u> |