

**TOWN OF NEWMARKET,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

TOWN OF NEWMARKET, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Newmarket as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Newmarket, as of June 30, 2021, the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

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

statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022 on our consideration of the Town of Newmarket's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newmarket's internal control over financial reporting and compliance.

Sheryl A. Platt, CPA

January 19, 2022

PLODZIK & SANDERSON
Professional Association

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF NEWMARKET, NEW HAMPSHIRE
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,285,002	\$ 11,487,112	\$ 19,772,114
Investments	1,341,417	-	1,341,417
Taxes receivables	1,298,277	-	1,298,277
Account receivables (net)	131,905	1,016,697	1,148,602
Intergovernmental receivable	38,995	4,389,621	4,428,616
Internal balances	104,494	(104,494)	-
Prepaid items	74,832	-	74,832
Tax deeded property, subject to resale	4,609	-	4,609
Capital assets:			
Land and construction in progress	9,142,176	6,318,255	15,460,431
Other capital assets, net of depreciation	36,359,529	23,235,717	59,595,246
Total assets	56,781,236	46,342,908	103,124,144
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	1,876,256	183,064	2,059,320
Amounts related to other postemployment benefits	529,400	115,936	645,336
Total deferred outflows of resources	2,405,656	299,000	2,704,656
LIABILITIES			
Accounts payable	261,326	91,917	353,243
Accrued salaries and benefits	216,539	29,982	246,521
Retainage payable	-	305,186	305,186
Contracts payable	-	956,917	956,917
Accrued interest payable	30,306	130,303	160,609
Intergovernmental payable	85,196	2,329,748	2,414,944
Escrow and performance deposits	58,204	-	58,204
Long-term liabilities:			
Due within one year	403,663	682,875	1,086,538
Due in more than one year	10,991,866	19,256,756	30,248,622
Total liabilities	12,047,100	23,783,684	35,830,784
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,950,100	-	2,950,100
Unavailable revenue - grants	73,002	-	73,002
Amounts related to pensions	128,665	22,408	151,073
Amounts related to other postemployment benefits	229,669	28,895	258,564
Total deferred inflows of resources	3,381,436	51,303	3,432,739
NET POSITION			
Net investment in capital assets	42,764,956	11,170,823	53,935,779
Restricted	1,722,856	5,248,290	6,971,146
Unrestricted	(729,456)	6,387,808	5,658,352
Total net position	\$ 43,758,356	\$ 22,806,921	\$ 66,565,277

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

EXHIBIT B
TOWN OF NEWMARKET, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 3,845,001	\$ 54,917	\$ 197,187	\$ -	\$ (3,592,897)	\$ -	\$ (3,592,897)
Public safety	2,787,983	412,855	291,683	-	(2,083,445)	-	(2,083,445)
Highways and streets	2,489,187	-	179,474	-	(2,309,713)	-	(2,309,713)
Welfare	83,375	-	36,607	-	(46,768)	-	(46,768)
Culture and recreation	912,637	330,165	4,472	-	(578,000)	-	(578,000)
Conservation	11,682	-	15,796	-	4,114	-	4,114
Economic development	9,500	-	-	-	(9,500)	-	(9,500)
Interest on long-term debt	64,707	-	-	-	(64,707)	-	(64,707)
Capital outlay	-	-	6,619	-	6,619	-	6,619
Total governmental activities	10,204,072	797,937	731,838	-	(8,674,297)	-	(8,674,297)
Business-type activities:							
Water	1,102,374	1,320,457	-	1,018,463	-	1,236,546	1,236,546
Wastewater	1,736,529	2,099,030	175,755	-	-	538,256	538,256
Solid waste	60,042	378,481	-	-	-	318,439	318,439
Total business-type activities	2,898,945	3,797,968	175,755	1,018,463	-	2,093,241	2,093,241
Total	\$ 13,103,017	\$ 4,595,905	\$ 907,593	\$ 1,018,463	(8,674,297)	2,093,241	(6,581,056)
General revenues:							
Taxes:							
Property					5,699,575	-	5,699,575
Other					28,323	-	28,323
Motor vehicle permit fees					1,836,641	-	1,836,641
Licenses and other fees					219,060	-	219,060
Grants and contributions not restricted to specific programs					592,816	-	592,816
Unrestricted investment earnings					35,231	28,422	63,653
Miscellaneous					114,692	6,118	120,810
Total general revenues					8,526,338	34,540	8,560,878
Contributions to permanent funds					8,400	-	8,400
Transfers					(630,653)	630,653	-
Total general revenues, contributions, and transfers					7,904,085	665,193	8,569,278
Change in net position					(770,212)	2,758,434	1,988,222
Net position, beginning, as restated (see Note 20)					44,528,568	20,048,487	64,577,055
Net position, ending					\$ 43,758,356	\$ 22,806,921	\$ 66,565,277

EXHIBIT C-1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2021

	General	Macallen Dam Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,109,388	\$ 17,620	\$ 1,157,994	\$ 8,285,002
Investments	107,331	-	1,234,086	1,341,417
Receivables, net of allowance for uncollectible:				
Taxes	1,298,277	-	-	1,298,277
Accounts	84,098	-	47,807	131,905
Intergovernmental receivable	2,388	-	36,607	38,995
Interfund receivable	107,908	-	2,468	110,376
Prepaid items	74,832	-	-	74,832
Tax dedeed property, subject to resale	4,609	-	-	4,609
Total assets	<u>\$ 8,788,831</u>	<u>\$ 17,620</u>	<u>\$ 2,478,962</u>	<u>\$ 11,285,413</u>
LIABILITIES				
Accounts payable	\$ 90,085	\$ -	\$ 171,241	\$ 261,326
Accrued salaries and benefits	202,713	-	13,826	216,539
Intergovernmental payable	85,196	-	-	85,196
Interfund payable	2,468	-	3,414	5,882
Escrow and performance deposits	58,204	-	-	58,204
Total liabilities	<u>438,666</u>	<u>-</u>	<u>188,481</u>	<u>627,147</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	2,994,256	-	-	2,994,256
Unavailable revenue - grants	-	-	73,002	73,002
Total deferred inflows of resources	<u>2,994,256</u>	<u>-</u>	<u>73,002</u>	<u>3,067,258</u>
FUND BALANCES				
Nonspendable	79,441	-	1,097,093	1,176,534
Restricted	281,061	17,620	327,082	625,763
Committed	1,945,041	-	793,304	2,738,345
Assigned	96,797	-	-	96,797
Unassigned	2,953,569	-	-	2,953,569
Total fund balances	<u>5,355,909</u>	<u>17,620</u>	<u>2,217,479</u>	<u>7,591,008</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,788,831</u>	<u>\$ 17,620</u>	<u>\$ 2,478,962</u>	<u>\$ 11,285,413</u>

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

EXHIBIT C-2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 7,591,008
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 88,202,309	
Less accumulated depreciation	<u>(42,700,604)</u>	
		45,501,705
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 1,876,256	
Deferred inflows of resources related to pensions	(128,665)	
Deferred outflows of resources related to OPEB	529,400	
Deferred inflows of resources related to OPEB	<u>(229,669)</u>	
		2,047,322
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (5,882)	
Payables	<u>5,882</u>	
		-
Long-term revenue (taxes) is not available to pay current period expenditures, and therefore, is deferred in the governmental funds.		44,156
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(30,306)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 2,065,000	
Unamortized bond premium	185,915	
Capital leases	485,834	
Compensated absences	376,570	
Net pension liability	6,829,803	
Other postemployment benefits	<u>1,452,407</u>	
		(11,395,529)
Net position of governmental activities (Exhibit A)		<u>\$ 43,758,356</u>

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

EXHIBIT C-3
TOWN OF NEWMARKET, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General	Macallen Dam Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,762,093	\$ -	\$ -	\$ 5,762,093
Licenses and permits	2,055,701	-	-	2,055,701
Intergovernmental	880,793	-	248,087	1,128,880
Charges for services	262,631	-	535,306	797,937
Miscellaneous	71,967	-	203,779	275,746
Total revenues	<u>9,033,185</u>	<u>-</u>	<u>987,172</u>	<u>10,020,357</u>
EXPENDITURES				
Current:				
General government	3,446,831	-	7,506	3,454,337
Public safety	2,054,126	-	296,768	2,350,894
Highways and streets	1,188,348	-	-	1,188,348
Welfare	46,768	-	36,607	83,375
Culture and recreation	585,209	-	208,682	793,891
Conservation	2,647	-	9,035	11,682
Economic development	9,500	-	-	9,500
Debt service:				
Principal	264,300	-	-	264,300
Interest	84,226	-	-	84,226
Capital outlay	<u>1,443,472</u>	<u>1,920,636</u>	<u>450,546</u>	<u>3,814,654</u>
Total expenditures	<u>9,125,427</u>	<u>1,920,636</u>	<u>1,009,144</u>	<u>12,055,207</u>
Deficiency of revenues under expenditures	<u>(92,242)</u>	<u>(1,920,636)</u>	<u>(21,972)</u>	<u>(2,034,850)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,035	3,035
Transfers out	(633,688)	-	-	(633,688)
Capital lease	<u>625,000</u>	<u>-</u>	<u>-</u>	<u>625,000</u>
Total other financing sources (uses)	<u>(8,688)</u>	<u>-</u>	<u>3,035</u>	<u>(5,653)</u>
Net change in fund balances	(100,930)	(1,920,636)	(18,937)	(2,040,503)
Fund balances, beginning, as restated (see Note 20)	<u>5,456,839</u>	<u>1,938,256</u>	<u>2,236,416</u>	<u>9,631,511</u>
Fund balances, ending	<u>\$ 5,355,909</u>	<u>\$ 17,620</u>	<u>\$ 2,217,479</u>	<u>\$ 7,591,008</u>

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

EXHIBIT C-4
TOWN OF NEWMARKET, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

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

Net change in fund balances of governmental funds (Exhibit C-3) \$ (2,040,503)

Governmental funds report capital outlays as expenditures, while governmental activities
report depreciation expense to allocate those expenditures over the life of the assets.

Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Capitalized capital outlay	\$ 4,131,482	
Depreciation expense	(2,153,009)	
		1,978,473

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales and donations) is to decrease net position. (8,903)

Revenue in the Statement of Activities that does not provide current financial resources is not
reported as revenue in the governmental funds.

Change in deferred tax revenue		44,156
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Proceeds from issuing long-term liabilities provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Repayment of long-term liabilities is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the Statement of Net Position.

Inception of capital lease	\$ (625,000)	
Repayment of bond principal	264,300	
Repayment of capital leases	263,498	
Amortization of bond premium	9,785	
		(87,417)

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

Decrease in accrued interest expense	\$ 9,734	
Increase in compensated absences payable	(43,089)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(564,957)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	(57,706)	
		(656,018)

Changes in net position of governmental activities (Exhibit B)		\$ (770,212)
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EXHIBIT D
TOWN OF NEWMARKET, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,861,926	\$ 5,861,926	\$ 5,806,249	\$ (55,677)
Licenses and permits	1,900,000	1,900,000	2,000,926	100,926
Intergovernmental	928,270	928,270	880,793	(47,477)
Charges for services	250,000	250,000	259,809	9,809
Miscellaneous	20,000	20,000	66,848	46,848
Total revenues	8,960,196	8,960,196	9,014,625	54,429
EXPENDITURES				
Current:				
General government	3,825,840	3,825,840	3,445,931	379,909
Public safety	2,220,160	2,220,160	2,066,857	153,303
Highways and streets	1,217,737	1,217,737	1,206,644	11,093
Welfare	83,855	83,855	46,768	37,087
Culture and recreation	284,076	284,076	236,347	47,729
Conservation	2,900	2,900	2,647	253
Economic development	30,000	30,000	30,000	-
Debt service:				
Principal	200,000	275,000	264,300	10,700
Interest	91,220	96,160	84,226	11,934
Capital outlay	-	818,472	818,472	-
Total expenditures	7,955,788	8,854,200	8,202,192	652,008
Excess of revenues over expenditures	1,004,408	105,996	812,433	706,437
OTHER FINANCING SOURCES (USES)				
Transfers in	180,700	1,079,112	898,412	(180,700)
Transfers out	(1,185,108)	(1,185,108)	(1,494,005)	(308,897)
Total other financing sources (uses)	(1,004,408)	(105,996)	(595,593)	(489,597)
Net change in fund balances	\$ -	\$ -	216,840	\$ 216,840
Increase in nonspendable fund balance			(34,387)	
Unassigned fund balance, beginning			2,815,272	
Unassigned fund balance, ending			\$ 2,997,725	

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

EXHIBIT E-1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-type Activities			
	Enterprise Funds			Total
	Water	Wastewater	Solid Waste	Enterprise Funds
ASSETS				
Cash and cash equivalents	\$ 7,512,194	\$ 3,361,961	\$ 612,957	\$ 11,487,112
Receivables, net of allowance for uncollectible:				
Accounts	361,443	620,206	35,048	1,016,697
Intergovernmental	1,395,039	2,994,582	-	4,389,621
Internal balances	-	219,128	-	219,128
Capital assets:				
Land and construction in progress	5,507,799	810,456	-	6,318,255
Other capital assets, net of depreciation	7,622,550	15,613,167	-	23,235,717
Total assets	22,399,025	23,619,500	648,005	46,666,530
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to pensions	63,021	120,043	-	183,064
Amounts related to other postemployment benefits	42,483	73,453	-	115,936
Total deferred outflows of resources	105,504	193,496	-	299,000
LIABILITIES				
Current liabilities:				
Accounts payable	8,215	29,927	53,775	91,917
Accrued salaries and benefits	10,967	18,049	966	29,982
Retainage payable	305,186	-	-	305,186
Contract payable	943,609	13,308	-	956,917
Accrued interest payable	51,333	78,970	-	130,303
Intergovernmental	2,329,748	-	-	2,329,748
Internal balances	323,622	-	-	323,622
Long term liabilities:				
Due within one year	151,661	506,214	25,000	682,875
Due in more than one year	9,305,931	9,459,825	491,000	19,256,756
Total liabilities	13,430,272	10,106,293	570,741	24,107,306
DEFERRED INFLOWS OF RESOURCES				
Amounts related to pensions	7,714	14,694	-	22,408
Amounts related to other postemployment benefits	10,601	18,294	-	28,895
Total deferred inflows of resources	18,315	32,988	-	51,303
NET POSITION				
Net investment in capital assets	4,044,771	7,126,052	-	11,170,823
Restricted	5,248,290	-	-	5,248,290
Unrestricted	(237,119)	6,547,663	77,264	6,387,808
Total net position	\$ 9,055,942	\$ 13,673,715	\$ 77,264	\$ 22,806,921

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

EXHIBIT E-2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	Business-type Activities		
	Enterprise Funds		Total
	Water	Wastewater	Enterprise Funds
Operating revenues:			
User charges	\$ 1,222,178	\$ 2,092,386	\$ 3,314,564
Other sales	-	-	32,189
Fees and interest	2,905	5,644	8,549
Miscellaneous	95,374	1,000	96,374
Total operating revenues	<u>1,320,457</u>	<u>2,099,030</u>	<u>3,797,968</u>
Operating expenses:			
Salaries and wages	322,157	570,318	903,374
Operation and maintenance	129,329	249,257	378,586
Contractual services	97,006	95,067	210,725
Materials and supplies	31,749	87,394	149,634
Depreciation and amortization	359,649	450,978	810,627
Total operating expenses	<u>939,890</u>	<u>1,453,014</u>	<u>2,452,946</u>
Operating gain	<u>380,567</u>	<u>646,016</u>	<u>1,345,022</u>
Nonoperating revenue (expense):			
Interest income	17,138	8,496	28,422
Intergovernmental revenues	1,018,463	175,755	1,194,218
Interest expense	(162,484)	(283,515)	(445,999)
Other	3,254	2,864	6,118
Total nonoperating revenues (expense)	<u>876,371</u>	<u>(96,400)</u>	<u>782,759</u>
Other financing sources:			
Transfers in	-	-	630,653
Change in net position	1,256,938	549,616	2,758,434
Net position, beginning, as restated (see Note 20)	7,799,004	13,124,099	20,048,487
Net position, ending	<u>\$ 9,055,942</u>	<u>\$ 13,673,715</u>	<u>\$ 22,806,921</u>

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

EXHIBIT E-3
TOWN OF NEWMARKET, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Business-type Activities			
	Enterprise Funds			Total
	Water	Wastewater	Solid Waste	Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,273,575	\$ 2,078,999	\$ 373,467	\$ 3,726,041
Payments to employees	(339,673)	(556,918)	(9,933)	(906,524)
Payments to suppliers	(276,440)	(407,058)	(762,178)	(1,445,676)
Net cash provided by (used for) operating activities	657,462	1,115,023	(398,644)	1,373,841
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
State Aid grants received	-	167,442	-	167,442
State grant and loan proceeds received	1,758,098	-	-	1,758,098
Principal paid on notes	(151,661)	(506,214)	-	(657,875)
Acquisition and construction of fixed assets	(3,151,456)	(464,048)	-	(3,615,504)
Interest paid	(162,484)	(283,515)	-	(445,999)
Net cash used for capital and related financing activities	(1,707,503)	(1,086,335)	-	(2,793,838)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers in	-	-	630,653	630,653
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	17,138	8,496	2,788	28,422
Net increase (decrease) in cash and cash equivalents	(1,032,903)	37,184	234,797	(760,922)
Cash and cash equivalents, beginning, as restated (see Note 20)	8,545,097	3,324,777	378,160	12,248,034
Cash and cash equivalents, ending	\$ 7,512,194	\$ 3,361,961	\$ 612,957	\$ 11,487,112

Reconciliation of Operating Gain to Net Cash Provided by (Used for) Operating Activities

Operating gain	\$ 380,567	\$ 646,016	\$ 318,439	\$ 1,345,022
Adjustments to reconcile operating gain to net cash provided by (used for) operating activities:				
Depreciation expense	359,649	450,978	-	810,627
Increase in accounts receivable	(46,882)	(52,779)	(5,014)	(104,675)
Decrease in intergovernmental receivables	-	32,748	-	32,748
Increase in deferred outflows related to pensions	(30,756)	(60,578)	-	(91,334)
Increase in deferred outflows related to OPEB	2,632	9,953	-	12,585
Increase/(Decrease) in accounts payable	(961,965)	11,352	(14,035)	(964,648)
Increase/(Decrease) in accrued salaries and benefits	(46,291)	(39,684)	966	(85,009)
Increase in contracts payable	943,609	13,308	-	956,917
Increase in compensated absences	9,164	11,892	-	21,056
Decrease in accrued landfill postclosure care costs	-	-	(699,000)	(699,000)
Increase in net pension liability	21,379	53,585	-	74,964
Increase in OPEB liabilities	27,856	40,934	-	68,790
Decrease in deferred inflows related to pensions	(3,887)	(5,858)	-	(9,745)
Increase in deferred inflows related to OPEB	2,387	3,156	-	5,543
Total adjustments	276,895	469,007	(717,083)	28,819
Net cash provided by (used for) operating activities	\$ 657,462	\$ 1,115,023	\$ (398,644)	\$ 1,373,841

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

EXHIBIT F-1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Private Purpose Trust	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 40,675	\$ 7,292,469
Investments	715,514	-
Taxes receivable	-	3,341,241
Total assets	<u>756,189</u>	<u>10,633,710</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	-	<u>9,548,365</u>
NET POSITION		
Unrestricted	<u>\$ 756,189</u>	<u>\$ 1,085,345</u>

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

EXHIBIT F-2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021

	Private Purpose Trust	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 300,000
Investment earnings	14,457	1,485
Change in fair market value	98,240	-
Impact fees collected	-	23,926
Taxes collected for other governments	-	19,080,489
Motor vehicle permit fees collected	-	561,395
Total additions	<u>112,697</u>	<u>19,967,295</u>
DEDUCTIONS		
Benefits paid	250	-
Administrative expenses	5,241	-
Payments of taxes to other governments	-	19,080,489
Payments of motor vehicle permit fees	-	561,395
Total deductions	<u>5,491</u>	<u>19,641,884</u>
Net increase in fiduciary net position	107,206	325,411
Net position, beginning, as restated (see Note 20)	648,983	759,934
Net position, ending	<u>\$ 756,189</u>	<u>\$ 1,085,345</u>

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Newmarket, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Newmarket is a municipal corporation governed by an elected seven-member Town Council and a Town Manager. 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 Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

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

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental Fund Financial Statements – Include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications. In addition, the Town has presented the Solid Waste fund as major funds because the Town believes the financial position and activities of this fund are significant to the Town as a whole.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants, and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the library and expendable trust funds are consolidated in the general fund.

Macallen Dam Capital Project Fund – accounts for the activity related to the repair and rehabilitation of the Macallen Dam.

Additionally, the Town reports the following fund types:

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

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

Permanent Fund – Is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports thirteen nonmajor governmental funds.

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

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

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

The Town reports the following major proprietary funds:

Water Fund – accounts for the 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 system.

Fiduciary Fund Financial Statements – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature and do not involve measurement of results of operations. These funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The private purpose trust funds account for scholarship funds held for the benefit of the students of Newmarket School District.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Custodial Fund – are custodial in nature and do not involve the measurement of operating results. A custodial fund is used to account for assets held on behalf of outside parties, including other governments. The custodial funds are used to account for the capital reserve funds held on behalf of the Newmarket School District.

1-C Cash and Cash Equivalents

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

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

1-D Statement of Cash Flows

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

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

Level 3 – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, it is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

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

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-G Prepaid Items

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

1-H Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The Town has established a threshold of \$5,000 or more and an estimated useful life in excess of one year 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.

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	5 - 40
Machinery, equipment, and vehicles	3 - 20
Infrastructure	5 - 40

1-I Interfund Activities

Interfund activities are reported as follows:

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-J Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 28, 2020, and November 16, 2020, and were due on July 15, 2020, and December 22, 2020, respectively. Effective April 1, 2020, for any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at June 30, 2021, and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

The Town net assessed valuation as of April 1, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 974,770,973
For all other taxes	\$ 981,517,373

The tax rates and amounts assessed for the year ended June 30, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.01	\$ 5,895,181
School portion:		
State of New Hampshire	\$2.04	1,988,390
Local	\$16.50	16,196,879
County portion	\$0.91	895,220
Total	<u>\$25.46</u>	<u>\$ 24,975,670</u>

1-K Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2021.

1-L Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

1-M Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statements of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Town utilizes the following classifications to categorize the financial transactions:

Direct Borrowings – financial transactions for a note or a loan where the Town negotiates certain terms with a single lender and are not offered for public sale.

Direct Placements – financial transactions for the sale of bonds where the Town engages with a single buyer or limited number of buyers without a public offering.

1-N Compensated Absences

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

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability 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 resources are maintained separately and represent a reconciling item between the governmental fund and government-wide presentations.

1-O Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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1-P Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-Q Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

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

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

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

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

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

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

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

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

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

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

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The Town shall achieve and maintain a minimum unassigned fund balance of 5% of the general fund's annual budget, including Town, School, and County appropriations. The Town shall work toward maintaining an unassigned fund balance of at least 8% of the general fund's annual budget, including Town, School, and County appropriations.

1-R Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, the useful lives and impairment of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, none of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. A major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

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The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 9,913,037
Adjustments:	
Basis difference:	
Inception of capital lease	625,000
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	62,716
To eliminate transfers between the general fund and blended funds	(898,412)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(44,156)
Per Exhibit C-3 (GAAP basis)	<u>\$ 9,658,185</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 9,696,197
Adjustments:	
Basis differences:	
Inception of capital lease	625,000
Encumbrances, beginning	45,413
Encumbrances, ending	(96,797)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	349,619
To eliminate transfers between the general fund and blended funds	(860,317)
Per Exhibit C-3 (GAAP basis)	<u>\$ 9,759,115</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$27,105,258 and the bank balances totaled \$27,239,138. Petty cash totaled \$1,484.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$3,799,948 of the Town's bank balance of \$27,239,138 was exposed to custodial credit risk.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 19,772,114
Cash per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	7,333,144
Total cash and cash equivalents	<u>\$ 27,105,258</u>

NOTE 4 – INVESTMENTS

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

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The Town has the following recurring fair value measurements and maturities as of June 30, 2021:

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Investments type:				
Common stock	\$ 568,267	\$ -	\$ -	\$ 568,267
Corporate bonds	266,609	-	-	266,609
Certificates of deposit	42,425	-	-	42,425
Equity mutual funds	421,150	-	-	421,150
Fixed income mutual funds	357,878	-	-	357,878
U.S. Government agency bonds	51,618	-	-	51,618
U.S. Treasury bonds	284,072	-	-	284,072
Total fair value of investments	<u>\$ 1,992,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,992,019</u>
Investments carried at amortized cost:				
NH Public Deposit Investment Pool				64,912
Total investments				<u>\$ 2,056,931</u>

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

Investments Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Common stock - no maturity	\$ 568,267	\$ -	\$ -	\$ -	\$ -
Corporate bonds	266,609	50,798	-	215,811	-
Certificates of deposit	42,425	42,425	-	-	-
Equity mutual funds - no maturity	421,150	-	-	-	-
Fixed income mutual funds	129,926	-	-	-	129,926
U.S. Government agency bonds	51,618	-	51,618	-	-
U.S. Treasury bonds	129,713	25,045	-	104,668	-
Total	<u>1,609,708</u>	<u>\$ 118,268</u>	<u>\$ 51,618</u>	<u>\$ 320,479</u>	<u>\$ 129,926</u>

Investments carried at amortized cost:

New Hampshire Public Deposit Investment Pool - no maturity	64,912
Total investments	<u>\$ 1,674,620</u>

Credit Risk - The Town has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-E. As of June 30, 2021, the Town's investment pool had the following credit risk structure:

Investments Type	Exempt From Disclosure	Rating as of Year End			
		AAA	AA	A	BBB
Common stock	\$ 568,267	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	-	-	212,698	53,911
Certificates of deposit	42,425	-	-	-	-
Equity mutual funds	421,150	-	-	-	-
Fixed income mutual funds	357,878	-	-	-	-
New Hampshire Public Deposit Investment Pool	64,912	-	-	-	-
U.S. Government agency bonds	-	-	51,618	-	-
U.S. Treasury bonds	284,072	-	-	-	-
Total	<u>\$ 1,738,704</u>	<u>\$ -</u>	<u>\$ 51,618</u>	<u>\$ 212,698</u>	<u>\$ 53,911</u>

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Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have custodial credit risk policies for investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,341,417
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	715,514
Total investments	<u>\$ 2,056,931</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivables represent the amount of current and prior year taxes which have not been collected as of June 30, 2021. Taxes receivable by year are as follows:

	Governmental Activities	Governmental Fund General Fund	Fiduciary Fund Custodial Funds
Property:			
Levy of 2021	\$ 1,037,002	\$ 1,037,002	\$ 3,341,241
Unredeemed (under tax lien):			
Levy of 2020	144,703	144,703	-
Levy of 2019	82,505	82,505	-
Levies of 2018 and prior	33,346	33,346	-
Excavation	721	721	-
Taxes receivable	<u>\$ 1,298,277</u>	<u>\$ 1,298,277</u>	<u>\$ 3,341,241</u>

NOTE 6 – OTHER RECEIVABLES

Receivables at June 30, 2021, consisted of accounts (billings for ambulance, police details, water, wastewater, solid waste, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of June 30, 2021 for the Town's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Governmental Funds General Fund	Nonmajor Funds	Proprietary Funds Water	Wastewater	Solid Waste
Receivables:							
Accounts	\$ 474,478	\$ 1,064,329	\$ 426,671	\$ 47,807	\$ 377,999	\$ 650,070	\$ 36,260
Intergovernmental	38,995	4,389,621	2,388	36,607	1,395,039	2,994,582	-
Gross receivables	513,473	5,453,950	429,059	84,414	1,773,038	3,644,652	36,260
Less:							
Allowance for uncollectibles	(342,573)	(47,632)	(342,573)	-	(16,556)	(29,864)	(1,212)
Net total receivables	<u>\$ 170,900</u>	<u>\$ 5,406,318</u>	<u>\$ 86,486</u>	<u>\$ 84,414</u>	<u>\$ 1,756,482</u>	<u>\$ 3,614,788</u>	<u>\$ 35,048</u>

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is as follows:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 6,213,245	\$ -	\$ -	\$ 6,213,245
Intangible asset	-	75,986	-	75,986
Construction in progress	1,440,800	2,469,391	(1,057,246)	2,852,945
Total capital assets not being depreciated	7,654,045	2,545,377	(1,057,246)	9,142,176
Being depreciated:				
Buildings and building improvements	5,889,899	27,263	-	5,917,162
Machinery, vehicles, and equipment	5,832,435	777,261	(67,966)	6,541,730
Infrastructure	64,762,414	1,838,827	-	66,601,241
Total capital assets being depreciated	76,484,748	2,643,351	(67,966)	79,060,133
Total all capital assets	84,138,793	5,188,728	(1,125,212)	88,202,309
Less accumulated depreciation:				
Buildings and building improvements	(2,314,044)	(196,954)	-	(2,510,998)
Machinery, vehicles, and equipment	(3,911,942)	(327,917)	59,063	(4,180,796)
Infrastructure	(34,380,672)	(1,628,138)	-	(36,008,810)
Total accumulated depreciation	(40,606,658)	(2,153,009)	59,063	(42,700,604)
Net book value, capital assets being depreciated	35,878,090	490,342	(8,903)	36,359,529
Net book value, all governmental activities capital assets	\$ 43,532,135	\$ 3,035,719	\$ (1,066,149)	\$ 45,501,705
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 852,397	\$ -	\$ -	\$ 852,397
Construction in progress	309,194	5,158,938	(2,274)	5,465,858
Total capital assets not being depreciated	1,161,591	5,158,938	(2,274)	6,318,255
Being depreciated:				
Buildings and building improvements	20,455,822	-	-	20,455,822
Machinery, vehicles, and equipment	1,173,294	117,226	(20,000)	1,270,520
Infrastructure	15,370,771	7,565	-	15,378,336
Total capital assets being depreciated	36,999,887	124,791	(20,000)	37,104,678
Total all capital assets	38,161,478	5,283,729	(22,274)	43,422,933
Less accumulated depreciation:				
Buildings and building improvements	(6,199,079)	(402,944)	-	(6,602,023)
Machinery, vehicles, and equipment	(308,337)	(66,782)	20,000	(355,119)
Infrastructure	(6,570,918)	(340,901)	-	(6,911,819)
Total accumulated depreciation	(13,078,334)	(810,627)	20,000	(13,868,961)
Net book value, capital assets being depreciated	23,921,553	(685,836)	-	23,235,717
Net book value, all business-type activities capital assets	\$ 25,083,144	\$ 4,473,102	\$ (2,274)	\$ 29,553,972

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

Governmental activities:	
General government	\$ 215,503
Public safety	61,443
Highways and streets	1,793,749
Culture and recreation	82,314
Total depreciation expense	<u>\$ 2,153,009</u>
Business-type activities:	
Water	\$ 359,649
Sewer	450,978
Total depreciation expense	<u>\$ 810,627</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 323,622
General	Nonmajor	3,414
Sewer	General	219,128
Nonmajor	General	2,468
		<u>\$ 548,632</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2021 is as follows:

		Transfers In:		
		Governmental	Proprietary	
		Funds	Funds	
		Nonmajor	Solid Waste	Total
Transfers out:				
General fund	\$	3,035	\$ 630,653	\$ 633,688

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at June 30, 2021 consist of the following:

	Governmental Fund	Proprietary Fund
	General	Water
Balance due to the State of New Hampshire	\$ 2,578	\$ -
Balance due to New Hampshire Retirement System	82,618	-
State of New Hampshire Drinking Water loan drawdown	-	2,329,748
Total intergovernmental payables due	<u>\$ 85,196</u>	<u>\$ 2,329,748</u>

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The intergovernmental payables of \$2,329,748 in the water fund pertain to drawdowns on a Drinking Water and Groundwater Trust loan to be issued by the State of New Hampshire Department of Environmental Services. The loan is being used by the Town to pay for the costs of certain capital projects in the water fund. The Town has been authorized to spend up to \$3,900,000 on the loan. The loan will not be finalized until completion of the capital projects, however drawdowns on the loan are reported as intergovernmental payables until the loan is finalized.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities	Proprietary Funds	
			Water	Wastewater
Amounts related to pensions, see Note 13	\$ 1,876,256	\$ 183,064	\$ 63,021	\$ 120,043
Amounts related to OPEB, see Note 14	529,400	115,936	42,483	73,453
Total deferred inflows of resources	<u>\$ 2,405,656</u>	<u>\$ 299,000</u>	<u>\$ 105,504</u>	<u>\$ 193,496</u>

Deferred inflows of resources are as follows:

	Governmental Funds			Fiduciary Funds
	Governmental Activities	General Fund	Nonmajor Governmental Funds	Custodial Funds
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 44,156	\$ -	\$ -
Property taxes collected in advance	2,950,100	2,950,100	-	9,548,365
Grant revenue collected in advance of eligible expenditures being made	73,002	-	73,002	-
Amounts related to pensions, see Note 13	128,665	-	-	-
Amounts related to OPEB, see Note 14	229,669	-	-	-
Total deferred inflows of resources	<u>\$ 3,381,436</u>	<u>\$ 2,994,256</u>	<u>\$ 73,002</u>	<u>\$ 9,548,365</u>

	Business-type Activities	Proprietary Funds	
		Water	Wastewater
Amounts related to pensions, see Note 13	\$ 22,408	\$ 7,714	\$ 14,694
Amounts related to OPEB, see Note 14	28,895	10,601	18,294
Total deferred inflows of resources	<u>\$ 51,303</u>	<u>\$ 18,315</u>	<u>\$ 32,988</u>

NOTE 11 – CAPITAL LEASE OBLIGATIONS

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2021
Capital lease obligations:		
Fire engine	2.32%	\$ 375,000
Energy efficiency upgrades	3.99%	110,834
Total capital lease obligations		<u>\$ 485,834</u>

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Fire engine	\$ 625,000
Energy efficiency upgrades	149,794
Total equipment	<u>\$ 774,794</u>

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The annual requirements to amortize the capital leases payable as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30.	Governmental Activities
2022	\$ 60,909
2023	60,909
2024	60,909
2025	60,908
2026	60,908
2027-2031	249,165
Total requirements	553,708
Less: interest	(67,874)
Present value of remaining payments	\$ 485,834

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020 (as restated)	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental activities:					
Bonds payable:					
Direct placements	\$ 2,329,300	\$ -	\$ (264,300)	\$ 2,065,000	\$ 265,000
Premium	195,700	-	(9,785)	185,915	9,785
Total bonds payable	2,525,000	-	(274,085)	2,250,915	274,785
Capital leases	124,332	625,000	(263,498)	485,834	47,787
Compensated absences	333,481	43,089	-	376,570	81,091
Net pension liability	5,234,518	1,595,285	-	6,829,803	-
Net other postemployment benefits	1,505,826	-	(53,419)	1,452,407	-
Total long-term liabilities	\$ 9,723,157	\$ 2,263,374	\$ (591,002)	\$ 11,395,529	\$ 403,663
Business-type activities:					
Bonds payable:					
Direct placements	\$ 6,819,000	\$ -	\$ -	\$ 6,819,000	\$ -
Direct borrowings - notes payable	12,222,024	-	(657,875)	11,564,149	657,875
Compensated absences	70,765	21,056	-	91,821	-
Accrued landfill postclosure care costs	1,215,000	-	(699,000)	516,000	25,000
Net pension liability	591,412	74,964	-	666,376	-
Net other postemployment benefits	213,495	90,653	(21,863)	282,285	-
Total long-term liabilities	\$ 21,131,696	\$ 186,673	\$ (1,378,738)	\$ 19,939,631	\$ 682,875

Long-term bonds/notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2021	Current Portion
Bonds payable						
Direct placements:						
Open space land acquisition	\$ 2,000,000	2013	2023	4.52%	\$ 200,000	\$ 100,000
Downtown TIF	\$ 1,500,000	2013	2023	4.52%	150,000	75,000
Macallen Dam renovation	\$ 1,804,300	2020	2040	2.15%	1,715,000	90,000
					2,065,000	265,000
Bond premium					185,915	9,785
Total					\$ 2,250,915	\$ 274,785

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Business-type activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2021	Current Portion
Bonds payable						
Direct placements:						
Water projects interim financing*	\$ 6,819,000	2020	2024	1.80%	\$ 6,819,000	\$ -
Direct borrowings - notes payable						
Creighton Street pump	\$ 1,964,777	2003	2022	3.70%	79,040	79,040
Wastewater facilities	\$ 1,792,223	2019	2023	2.00%	11,960	5,980
Macintosh Well land acquisition	\$ 340,000	2009	2029	0.00%	160,000	20,000
New Village	\$ 940,000	2012	2032	1.10%	258,500	23,500
Macintosh Well	\$ 2,002,080	2016	2037	1.96%	1,601,664	100,104
Great Hill	\$ 631,143	2016	2037	1.96%	504,914	31,557
Wastewater treatment plant	\$ 10,340,000	2018	2044	2.63%	8,948,071	397,694
					<u>11,564,149</u>	<u>657,875</u>
Total					<u>\$ 18,383,149</u>	<u>\$ 657,875</u>

* The interim financing represents a direct placement bond issued through a local financial institution for the purpose of municipal water system upgrades throughout the Town. The term of the loan is not to exceed four years, however, upon completion of the municipal water system upgrades, the Town will replace the interim financing with a loan through the United States Department of Agriculture (USDA) Rural Development. The USDA loan will be paid in equal semi-annual installments over a period of 30 years.

The annual requirements to amortize all general obligation bonds/notes outstanding as of June 30, 2021, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2022	\$ 265,000	\$ 73,513	\$ 338,513
2023	265,000	70,044	335,044
2024	90,000	56,879	146,879
2025	90,000	52,289	142,289
2026	90,000	47,699	137,699
2027-2031	450,000	169,644	619,644
2032-2036	455,000	77,848	532,848
2037-2041	360,000	22,275	382,275
Totals	<u>\$ 2,065,000</u>	<u>\$ 570,191</u>	<u>\$ 2,635,191</u>

Business-type activities:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2022	\$ 657,875	\$ 407,500	\$ 1,065,375
2023	674,575	390,701	1,065,276
2024	7,296,115	375,109	7,671,224
2025	572,855	240,341	813,196
2026	572,855	226,592	799,447
2027-2031	2,824,276	926,717	3,750,993
2032-2036	2,670,276	587,358	3,257,634
2037-2041	2,120,131	276,611	2,396,742
2042-2046	994,191	39,145	1,033,336
Totals	<u>\$ 18,383,149</u>	<u>\$ 3,470,074</u>	<u>\$ 21,853,223</u>

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Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 1990 and completed closure construction in 1995. Federal and State laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred after the date the landfill no longer accepts waste. The New Hampshire Department of Environmental Services requirements for financial assurance for landfills require financial assurance for 30 years on an on-going basis. The estimated total current cost of the landfill postclosure care (\$516,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2021. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2021 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 9, 2021	Stormwater improvements	<u>\$ 1,000,000</u>

NOTE 13 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80%, respectively. For fiscal year 2021, the Town contributed 24.77% for police, 26.43% for fire, and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$554,144, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021 the Town reported a liability of \$7,496,179 (\$6,829,803 in the governmental activities and \$666,376 in the business-type activities and proprietary funds) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2020, the Town's proportion was 0.11% which was a decrease of 0.01% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,089,845. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 97,575	\$ 171,591
Changes in assumptions	741,521	-
Net difference between projected and actual investment earnings on pension plan investments	463,647	80,487
Differences between expected and actual experience	202,433	-
Contributions subsequent to the measurement date	554,144	-
Total	<u>\$ 2,059,320</u>	<u>\$ 252,078</u>

The \$554,144 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2021	\$ 236,917
2022	338,005
2023	365,798
2024	312,378
2025	-
Thereafter	-
Totals	<u>\$ 1,253,098</u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions which, accordingly, apply to 2020 measurements:

Inflation:	2.0%
Salary increases:	5.6% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 9,704,501	\$ 7,496,179	\$ 5,691,688

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

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

14-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2018 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

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

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16, or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2019, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$50,244, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the Town reported a liability of \$443,195 (\$403,797 in the governmental activities and \$39,398 in the business-type activities and proprietary funds) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2020, the Town’s proportion was 0.10%, which was a decrease of 0.01% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the Town recognized OPEB expense of \$285. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 2,850	\$ 6,155
Net difference between projected and actual investment earnings on OPEB plan investments	1,658	-
Differences between expected and actual experience	-	1,284
Contributions subsequent to the measurement date	50,244	-
Total	<u>\$ 54,752</u>	<u>\$ 7,439</u>

The \$50,244 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2021	\$ (4,464)
2022	491
2023	585
2024	457
2025	-
Thereafter	-
Totals	<u>\$ (2,931)</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019, and a measurement date of June 30, 2020. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.6 % average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

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Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 481,264	\$ 443,195	\$ 410,144

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

14-B Town of Newmarket Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire Inter-Local Trust.

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Employees Covered by Benefit Terms – As of 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	<u>51</u>

Total OPEB Liability – The Town’s total OPEB liability of \$1,291,497 (\$1,048,610 in the governmental activities and \$242,887 in the business-type activities and proprietary funds) was measured as of July 1, 2019, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,291,497 in the July 1, 2019, 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:	
Current Year Trend	9.50%
Second Year Trend	9.00%
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 RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	June 30,	
	2020	2021
OPEB liability, beginning of year	\$ 944,292	\$ 1,225,970
Changes for the year:		
Service cost	55,242	56,463
Interest	25,502	26,897
Assumption changes	367,231	-
Difference between actual and expected experience	(148,850)	-
Benefit payments	(17,447)	(17,833)
OPEB liability end of year:	<u>\$ 1,225,970</u>	<u>\$ 1,291,497</u>

Sensitivity of the Town’s OPEB Liability to Changes in the Discount Rate – The July 1, 2019, actuarial valuation was prepared using a discount rate of 2.21%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to \$1,404,412, or by 8.74%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to \$1,182,986, or by 8.40%.

	Discount Rate		
	1% Decrease	Baseline 2.21%	1% Increase
Total OPEB Liability	<u>\$ 1,404,412</u>	<u>\$ 1,291,497</u>	<u>\$ 1,182,986</u>

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Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2019, actuarial valuation was prepared using an initial trend rate of 9.50%. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to \$1,120,221, or by 13.26%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to \$1,491,787, or by 15.51%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 9.50%	1% Increase
Total OPEB Liability	\$ 1,120,221	\$ 1,291,497	\$ 1,491,787

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the Town recognized OPEB expense of \$199,062. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 331,989	\$ -
Differences between expected and actual experience	258,595	150,119
Total	\$ 590,584	\$ 150,119

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

Fiscal Year Ending June 30,	
2022	\$ 115,702
2023	115,702
2024	115,702
2025	49,920
2026	43,439
Thereafter	-
Totals	\$ 440,465

NOTE 15 – COMMITMENTS

The Town entered into construction contracts during the fiscal year for municipal water system upgrades. As of June 30, 2021, the Town had outstanding construction contracts totaling \$3,110,883 that will be financed with interim financing and a subsequently issued USDA loan, as discussed at Note 12.

Construction commitments are as follows:

Business-type Activities	Spent to Date	Remaining Commitment
Water		
Macintosh and Tucker Well Water Treatment Facility	\$ 2,725,155	\$ 2,042,324
Water & Sewer Utility Improvements	138,413	1,068,559
Total Construction Commitments	\$ 2,863,568	\$ 3,110,883

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 16 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2021 and are as follows:

General fund:	
General government	\$ 5,550
Public safety	25,436
Highways and streets	44,554
Culture and recreation	757
Economic development	20,500
Total encumbrances	<u>\$ 96,797</u>

NOTE 17 – STATE AID TO WATER POLLUTION PROJECTS

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

Business-type activities:

Bond Issued	Principal	Interest	Total
C-655 Sewerage Improvements Program, Phase I	\$ 15,512	\$ 575	\$ 16,087
C-929 WWTF Upgrade	2,979,070	959,478	3,938,548
	<u>\$ 2,994,582</u>	<u>\$ 960,053</u>	<u>\$ 3,954,635</u>

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At June 30, 2021, the Town is due to receive the following annual amounts to offset debt payments:

Business-type activities:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2022	\$ 76,960	\$ 38,940	\$ 115,900
2023	123,063	74,524	197,587
2024	123,063	71,357	194,420
2025	123,063	68,189	191,252
2026	123,063	65,021	188,084
2027-2031	606,345	277,951	884,296
2032-2036	606,345	199,655	806,000
2037-2041	606,345	121,355	727,700
2042-2046	606,335	43,061	649,396
Total	<u>\$ 2,994,582</u>	<u>\$ 960,053</u>	<u>\$ 3,954,635</u>

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 18 – NET POSITION

Net position at June 30, 2021 includes the following:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Net investment in capital assets:				
Net book value, all capital assets	\$ 45,501,705	\$ 29,553,972	\$ 75,055,677	\$ -
Less:				
Direct placements - bonds payable	(2,065,000)	(6,819,000)	(8,884,000)	-
Unamortized bond premiums	(185,915)	-	(185,915)	-
Direct borrowings - notes payable	-	(11,564,149)	(11,564,149)	-
Capital leases payable	(485,834)	-	(485,834)	-
Total net investment in capital assets	42,764,956	11,170,823	53,935,779	-
Restricted net position:				
Capital projects	104,165	5,248,290	5,352,455	-
Library	281,061	-	281,061	-
Perpetual care - nonexpendable	1,097,093	-	1,097,093	-
Perpetual care - expendable	207,148	-	207,148	-
Pistol permits	7,697	-	7,697	-
Drug forfeiture	837	-	837	-
Federal drug forfeiture	24,855	-	24,855	-
Total restricted net position	1,722,856	5,248,290	6,971,146	-
Unrestricted	(729,456)	6,387,808	5,658,352	1,841,534
Total net position	\$ 43,758,356	\$ 22,806,921	\$ 66,565,277	\$ 1,841,534

NOTE 19 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2021 include the following:

	General Fund	Mac Allen Dam Capital Project Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 74,832	\$ -	\$ -	\$ 74,832
Tax deeded property	4,609	-	-	4,609
Permanent fund - principal balance	-	-	1,097,093	1,097,093
Total nonspendable fund balance	79,441	-	1,097,093	1,176,534
Restricted:				
Library	281,061	-	-	281,061
Capital projects	-	17,620	86,545	104,165
Pistol permits	-	-	7,697	7,697
Drug forfeiture	-	-	837	837
Federal drug forfeiture	-	-	24,855	24,855
Permanent - income balance	-	-	207,148	207,148
Total restricted fund balance	281,061	17,620	327,082	625,763

(Continued)

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Governmental fund balances continued:

	General Fund	Mac Allen Dam Capital Project Fund	Nonmajor Funds	Total Governmental Funds
Committed:				
Expendable trust	1,945,041	-	-	1,945,041
Recreation	-	-	381,363	381,363
Ambulance revolving	-	-	45,496	45,496
Public safety service revolving	-	-	164,871	164,871
Conservation commission	-	-	171,426	171,426
Impact fees	-	-	30,148	30,148
Total committed fund balance	<u>1,945,041</u>	<u>-</u>	<u>793,304</u>	<u>2,738,345</u>
Assigned:				
Encumbrances	<u>96,797</u>	<u>-</u>	<u>-</u>	<u>96,797</u>
Unassigned	<u>2,953,569</u>	<u>-</u>	<u>-</u>	<u>2,953,569</u>
Total governmental fund balances	<u>\$ 5,355,909</u>	<u>\$ 17,620</u>	<u>\$ 2,217,479</u>	<u>\$ 7,591,008</u>

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TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at July 1, 2020, was restated to give retroactive effect to the following prior period adjustments:

	Governmental Funds						Fiduciary Funds
	Governmental Activities	Business-type Activities	General Fund	Other Governmental Funds	Proprietary funds		Custodial Funds
					Water	Wastewater	
To eliminate tax receivables and related allowance that were related to deferral	\$ (3,019,493)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To record capital lease payable	(124,332)	-	-	-	-	-	-
To blend the library fund with the general fund in accordance with GASB No. 54	-	-	301,269	(301,269)	-	-	-
To eliminate prior year deferred tax revenue	301,706	-	301,706	-	-	-	-
To eliminate unsubstantiated interfund balance in the expendable trust funds	6,964	1	6,964	-	(15,662)	15,663	-
To restate for incorrectly recorded deficit in grants fund	125,695	-	(68,148)	193,843	-	-	-
To reclassify assets to the correct fund	-	-	-	-	135,851	(135,851)	-
To adjust construction in progress to agree with actual costs	-	(389,127)	-	-	(389,127)	-	-
To record long-term State Aid receivables	-	3,162,024	-	-	-	3,162,024	-
To allocate Impact Fees to the appropriate fund which were previously deferred in the General Fund	28,212	224,192	-	28,212	6,312	217,880	28,945
To record the value of school district trust funds held by the Trustees of Trust Funds	-	-	-	-	-	-	730,989
Net position/fund balance, as previously reported	47,209,816	17,051,397	4,915,048	2,315,630	8,061,630	9,864,383	-
Net position/fund balance, as restated	\$ 44,528,568	\$ 20,048,487	\$ 5,456,839	\$ 2,236,416	\$ 7,799,004	\$ 13,124,099	\$ 759,934

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Cash at July 1, 2020, was restated to give retroactive effect to the following prior period adjustments:

	Proprietary funds		
	Water	Wastewater	Solid Waste
To reclassify interfund receivables as pooled cash	\$ 7,909,353	\$ 1,830,886	\$ 378,160
Cash, as previously reported	635,744	1,493,891	-
Cash, as restated	<u>\$ 8,545,097</u>	<u>\$ 3,324,777</u>	<u>\$ 378,160</u>

NOTE 21 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020, to June 30, 2021 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. For the year ending June 30, 2021, the Town paid \$141,922 and \$112,563, respectively, to Primex³ for worker's compensation and property/liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 22 – COVID-19

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2021; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$111,520. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 23 – CONTINGENT LIABILITIES

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 24 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Management has evaluated subsequent events through January 19, 2022, the date the June 30, 2021 financial statements were available to be issued, and the following events occurred that require recognition or disclosure:

On August 16, 2021, the Town entered a 7-year lease agreement for the purchase of two International dump trucks with plow equipment totaling \$328,000.

On September 1, 2021, the Town entered a 7-year lease agreement for the purchase of a water thickener for the wastewater treatment plant totaling \$199,172.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Town's proportion of the net pension liability	0.14%	0.13%	0.12%	0.12%	0.12%	0.12%	0.12%	0.11%
Town's proportionate share of the net pension liability	\$ 5,012,607	\$ 4,447,840	\$ 4,802,182	\$ 6,333,818	\$ 5,827,776	\$ 5,654,926	\$ 5,825,930	\$ 7,496,179
Town's covered payroll (as of the measurement date)	\$ 2,768,188	\$ 2,811,851	\$ 2,877,003	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138
Town's proportionate share of the net pension liability as a percentage of its covered payroll	181.08%	158.18%	166.92%	207.45%	186.18%	169.73%	173.68%	211.87%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

EXHIBIT H
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 289,606	\$ 384,428	\$ 422,316	\$ 466,972	\$ 495,679	\$ 525,896	\$ 521,538	\$ 520,644
Contributions in relation to the contractually required contributions	(289,606)	(384,428)	(422,316)	(466,972)	(495,679)	(525,896)	(521,538)	(520,644)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year-end)	\$ 2,768,188	\$ 2,811,851	\$ 2,877,003	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138
Contributions as a percentage of covered payroll	10.46%	13.67%	14.68%	15.29%	15.84%	15.78%	15.55%	14.72%

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

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

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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EXHIBIT I
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Town's proportion of the net OPEB liability	0.08%	0.08%	0.11%	0.11%	0.10%
Town's proportionate share of the net OPEB liability (asset)	\$ 375,963	\$ 342,998	\$ 502,479	\$ 493,351	\$ 443,195
Town's covered payroll (as of the measurement date)	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	12.31%	10.96%	15.08%	14.71%	12.53%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT J
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 44,462	\$ 44,462	\$ 48,545	\$ 51,355	\$ 46,999
Contributions in relation to the contractually required contribution	(44,462)	(44,462)	(48,545)	(51,355)	(46,999)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of the fiscal year end)	\$ 3,053,172	\$ 3,130,137	\$ 3,331,670	\$ 3,354,421	\$ 3,538,138
Contributions as a percentage of covered payroll	1.46%	1.42%	1.46%	1.53%	1.33%

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

EXHIBIT K
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended June 30, 2021
Unaudited

	June 30,				
	2017	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 349,147	\$ 930,008	\$ 895,748	\$ 944,292	\$ 1,225,970
Changes for the year:					
Service cost	52,859	37,983	38,742	55,242	56,463
Interest	13,254	32,745	31,716	25,502	26,897
Changes to benefit terms	-	-	-	-	-
Assumption changes	139,746	-	-	367,231	-
Differences between actual and expected experience	575,283	(74,309)	(2,283)	(148,850)	-
Change in actuarial cost method	(164,695)	-	-	-	-
Benefit payments	(35,586)	(30,679)	(19,631)	(17,447)	(17,833)
OPEB liability, end of year	<u>\$ 930,008</u>	<u>\$ 895,748</u>	<u>\$ 944,292</u>	<u>\$ 1,225,970</u>	<u>\$ 1,291,497</u>
Covered payroll	<u>\$ 3,053,172</u>	<u>\$ 3,925,787</u>	<u>\$ 4,004,303</u>	<u>\$ 3,230,471</u>	<u>\$ 3,295,080</u>
Total OPEB liability as a percentage of covered payroll	30.46%	22.82%	23.58%	37.95%	39.19%

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

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

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

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

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

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town's other postemployment benefits at June 30, 2021. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF NEWMARKET, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,730,447	\$ 5,699,575	\$ (30,872)
Land use change	44,451	-	(44,451)
Yield	1,235	114	(1,121)
Excavation	-	1,017	1,017
Payment in lieu of taxes	26,525	26,258	(267)
Interest and penalties on taxes	59,268	79,285	20,017
Total from taxes	5,861,926	5,806,249	(55,677)
Licenses, permits, and fees:			
Motor vehicle permit fees	1,596,000	1,796,596	200,596
Building permits	57,000	39,630	(17,370)
Other	247,000	164,700	(82,300)
Total from licenses, permits, and fees	1,900,000	2,000,926	100,926
Intergovernmental:			
State:			
Shared revenues	114,114	114,114	-
Meals and rooms distribution	478,702	478,702	-
Highway block grant	179,520	179,474	(46)
Other	934	934	-
Federal:			
CARES Act	-	26,178	26,178
Other:			
Newmarket School District	155,000	81,391	(73,609)
Total from intergovernmental	928,270	880,793	(47,477)
Charges for services:			
Income from departments	250,000	259,809	9,809
Miscellaneous:			
Sale of municipal property	-	11,430	11,430
Interest on investments	20,000	31,441	11,441
Other	-	23,977	23,977
Total from miscellaneous	20,000	66,848	46,848
Other financing sources:			
Transfers in	1,079,112	898,412	(180,700)
Total revenues and other financing sources	\$ 10,039,308	\$ 9,913,037	\$ (126,271)

SCHEDULE 2
TOWN OF NEWMARKET, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 226,360	\$ 231,752	\$ -	\$ (5,392)
Election and registration	1,170	203,761	189,989	1,170	13,772
Financial administration	2,880	303,719	273,559	-	33,040
Revaluation of property	-	78,300	74,915	-	3,385
Legal	-	90,000	125,532	-	(35,532)
Personnel administration	-	1,689,830	1,535,552	-	154,278
Planning and zoning	-	139,801	136,344	2,273	1,184
General government buildings	-	738,648	579,996	907	157,745
Cemeteries	-	37,872	15,461	-	22,411
Insurance, not otherwise allocated	-	99,894	93,742	-	6,152
Other	2,400	217,655	189,989	1,200	28,866
Total general government	6,450	3,825,840	3,446,831	5,550	379,909
Public safety:					
Police	12,705	1,666,832	1,500,861	17,884	160,792
Fire	-	471,849	477,288	7,552	(12,991)
Building inspection	-	79,229	74,535	-	4,694
Emergency management	-	2,250	1,442	-	808
Total public safety	12,705	2,220,160	2,054,126	25,436	153,303
Highways and streets:					
Administration	-	490,537	525,691	-	(35,154)
Highways and streets	23,752	465,000	423,227	43,554	21,971
Bridges	-	6,000	816	-	5,184
Street lighting	-	40,000	40,173	-	(173)
Other	2,506	216,200	198,441	1,000	19,265
Total highways and streets	26,258	1,217,737	1,188,348	44,554	11,093
Welfare:					
Administration and direct assistance	-	32,375	29,560	-	2,815
Intergovernmental welfare payments	-	51,480	17,208	-	34,272
Total welfare	-	83,855	46,768	-	37,087
Culture and recreation:					
Parks and recreation	-	218,576	215,290	757	2,529
Patriotic purposes	-	2,500	-	-	2,500
Other	-	63,000	20,300	-	42,700
Total culture and recreation	-	284,076	235,590	757	47,729
Conservation	-	2,900	2,647	-	253
Economic development	-	30,000	9,500	20,500	-
Debt service:					
Principal of long-term debt	-	275,000	264,300	-	10,700
Interest on long-term debt	-	96,160	84,226	-	11,934
Total debt service	-	371,160	348,526	-	22,634
Capital outlay	-	818,472	818,472	-	-
Other financing uses:					
Transfers out	-	1,185,108	1,494,005	-	(308,897)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 45,413	\$ 10,039,308	\$ 9,644,813	\$ 96,797	\$ 343,111

SCHEDULE 3
TOWN OF NEWMARKET, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,815,272
2020-21 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (126,271)	
Unexpended balance of appropriations (Schedule 2)	<u>343,111</u>	
Budget surplus		216,840
Increase in nonspendable fund balance		<u>(34,387)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,997,725
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		<u>(44,156)</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,953,569</u></u>

SCHEDULE 4
TOWN OF NEWMARKET, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds				Public Safety Service Revolving
	Pistol Permits	Recreation	Drug Forfeiture	Ambulance Revolving	
ASSETS					
Cash and cash equivalents	\$ 7,697	\$ 527,147	\$ 837	\$ 45,496	\$ 129,617
Investments	-	-	-	-	-
Accounts receivable (net)	-	-	-	-	39,660
Due from other governments	-	-	-	-	-
Interfund receivable	-	-	-	-	385
Total assets	<u>\$ 7,697</u>	<u>\$ 527,147</u>	<u>\$ 837</u>	<u>\$ 45,496</u>	<u>\$ 169,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 134,251	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	9,450	-	-	4,376
Interfund payable	-	2,083	-	-	415
Total liabilities	<u>-</u>	<u>145,784</u>	<u>-</u>	<u>-</u>	<u>4,791</u>
Deferred inflows of resources:					
Unavailable revenue - Grants received in advance	-	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	7,697	-	837	-	-
Committed	-	381,363	-	45,496	164,871
Total fund balances	<u>7,697</u>	<u>381,363</u>	<u>837</u>	<u>45,496</u>	<u>164,871</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,697</u>	<u>\$ 527,147</u>	<u>\$ 837</u>	<u>\$ 45,496</u>	<u>\$ 169,662</u>

Special Revenue Funds						Capital Project Fund	Permanent Fund	Total
Conservation Commission	Bike Path	Grants	Federal Drug Forfeiture	CDBG	Impact Fees	Open Space		
\$ 171,488	\$ -	\$ 64,009	\$ 24,855	\$ -	\$ 30,148	\$ 86,545	\$ 70,155	\$ 1,157,994
-	-	-	-	-	-	-	1,234,086	1,234,086
-	-	8,147	-	-	-	-	-	47,807
-	-	-	-	36,607	-	-	-	36,607
-	-	2,083	-	-	-	-	-	2,468
<u>\$ 171,488</u>	<u>\$ -</u>	<u>\$ 74,239</u>	<u>\$ 24,855</u>	<u>\$ 36,607</u>	<u>\$ 30,148</u>	<u>\$ 86,545</u>	<u>\$ 1,304,241</u>	<u>\$ 2,478,962</u>
\$ 62	\$ -	\$ 852	\$ -	\$ 36,076	\$ -	\$ -	\$ -	\$ 171,241
-	-	-	-	-	-	-	-	13,826
-	-	385	-	531	-	-	-	3,414
<u>62</u>	<u>-</u>	<u>1,237</u>	<u>-</u>	<u>36,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,481</u>
-	-	73,002	-	-	-	-	-	73,002
-	-	-	-	-	-	-	1,097,093	1,097,093
-	-	-	24,855	-	-	86,545	207,148	327,082
171,426	-	-	-	-	30,148	-	-	793,304
<u>171,426</u>	<u>-</u>	<u>-</u>	<u>24,855</u>	<u>-</u>	<u>30,148</u>	<u>86,545</u>	<u>1,304,241</u>	<u>2,217,479</u>
<u>\$ 171,488</u>	<u>\$ -</u>	<u>\$ 74,239</u>	<u>\$ 24,855</u>	<u>\$ 36,607</u>	<u>\$ 30,148</u>	<u>\$ 86,545</u>	<u>\$ 1,304,241</u>	<u>\$ 2,478,962</u>

SCHEDULE 5
TOWN OF NEWMARKET, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds				
	Pistol Permits	Recreation	Drug Forfeiture	Ambulance Revolving	Public Safety Service Revolving
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	585	327,349	-	75,000	132,372
Miscellaneous	28	885	1	31	-
Total revenues	613	328,234	1	75,031	132,372
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	1,116	474	-	-	84,969
Welfare	-	-	-	-	-
Culture and recreation	-	208,360	-	-	-
Conservation	-	-	-	-	-
Capital outlay	-	301,978	-	65,963	-
Total expenditures	1,116	510,812	-	65,963	84,969
Excess (deficiency) of revenues over (under) expenditures	(503)	(182,578)	1	9,068	47,403
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balances	(503)	(182,578)	1	9,068	47,403
Fund balances (deficit), beginning, as restated (see Note 20)	8,200	563,941	836	36,428	117,468
Fund balances, ending	\$ 7,697	\$ 381,363	\$ 837	\$ 45,496	\$ 164,871

Special Revenue Funds						Capital Project Fund	Permanent Fund	Total
Conservation Commission	Bike Path	Grants	Federal Drug Forfeiture	CDBG	Impact Fees	Open Space		
\$ -	\$ -	\$ 211,480	\$ -	\$ 36,607	\$ -	\$ -	\$ -	\$ 248,087
-	-	-	-	-	-	-	-	535,306
14,340	-	6,898	23	-	1,936	228	179,409	203,779
14,340	-	218,378	23	36,607	1,936	228	179,409	987,172
-	-	-	-	-	-	-	7,506	7,506
-	-	210,209	-	-	-	-	-	296,768
-	-	-	-	36,607	-	-	-	36,607
-	-	322	-	-	-	-	-	208,682
7,807	-	1,228	-	-	-	-	-	9,035
75,986	-	6,619	-	-	-	-	-	450,546
83,793	-	218,378	-	36,607	-	-	7,506	1,009,144
(69,453)	-	-	23	-	1,936	228	171,903	(21,972)
-	3,035	-	-	-	-	-	-	3,035
(69,453)	3,035	-	23	-	1,936	228	171,903	(18,937)
240,879	(3,035)	-	24,832	-	28,212	86,317	1,132,338	2,236,416
\$ 171,426	\$ -	\$ -	\$ 24,855	\$ -	\$ 30,148	\$ 86,545	\$ 1,304,241	\$ 2,217,479

SCHEDULE 6
TOWN OF NEWMARKET, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
June 30, 2021

	Custodial Funds				Total
	Taxes	Trust Funds	Impact Fees	State of NH Motor Vehicle Registrations	
ASSETS					
Cash and cash equivalents	\$ 6,207,124	\$ 1,032,469	\$ 52,876	\$ -	\$ 7,292,469
Taxes receivable	3,341,241	-	-	-	3,341,241
Total assets	<u>9,548,365</u>	<u>1,032,469</u>	<u>52,876</u>	<u>-</u>	<u>10,633,710</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	<u>9,548,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,548,365</u>
NET POSITION					
Unrestricted	<u>\$ -</u>	<u>\$ 1,032,469</u>	<u>\$ 52,876</u>	<u>\$ -</u>	<u>\$ 1,085,345</u>

SCHEDULE 7
TOWN OF NEWMARKET, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021

	Custodial Funds				
	Taxes	Trust Funds	Impact Fees	State of NH Motor Vehicle Permit Fees	Total
Additions:					
Contributions	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000
Investment earnings	-	1,480	5	-	1,485
Impact fees collected	-	-	23,926	-	23,926
Tax collections for other governments	19,080,489	-	-	-	19,080,489
Motor vehicle permit fees collected	-	-	-	561,395	561,395
Total additions	19,080,489	301,480	23,931	561,395	19,967,295
Deductions:					
Payments of taxes to other governments	19,080,489	-	-	-	19,080,489
Payments of motor vehicle permit fees	-	-	-	561,395	561,395
Total deductions	19,080,489	-	-	561,395	19,641,884
Change in net position	-	301,480	23,931	-	325,411
Net position, beginning, as restated (see Note 20)	-	730,989	28,945	-	759,934
Net position, ending	\$ -	\$ 1,032,469	\$ 52,876	\$ -	\$ 1,085,345

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



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and the aggregate remaining fund information of the Town of Newmarket, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Newmarket's basic financial statements, and have issued our report thereon dated January 19, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Sheryl A. Platt, CPA

January 19, 2022

PLODZIK & SANDERSON
Professional Association



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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Newmarket's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of Newmarket's major federal program for the year ended June 30, 2021. The Town of Newmarket's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Newmarket's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Newmarket's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town of Newmarket's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Newmarket complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Newmarket is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Newmarket's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Newmarket's control over compliance.

Town of Newmarket

*Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance*

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Sheryl A. Pratt, CPA

PLODZIK & SANDERSON
Professional Association

January 19, 2022

SCHEDULE I
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

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

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

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.760</u>	<u>Water and Waste Disposal Systems for Rural Communities</u>

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

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
TOWN OF NEWMARKET, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
COVID-19 - Community Development Block Grant/State's Program	14.228	20-192-CDPS-CV	\$ -	\$ 36,607
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the New Hampshire Department of Safety				
State and Community Highway Safety:				
Drive Sober Get Pulled Over	20.600	#19-136	-	365
U Drive, U Text, U Pay	20.600	#19-136	-	258
Join the Clique	20.600	#19-136	-	193
Operation Safe Commute	20.600	#20-136	-	389
<i>PROGRAM TOTAL</i>			-	1,205
U.S. DEPARTMENT OF TREASURY				
Passed Through the New Hampshire Governor's Office for Emergency Relief and Recovery (GOFERR)				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	62,275	194,450
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through the New Hampshire Secretary of State's Office				
COVID-19 - HAVA Election Security Grants	90.404	DC20101CARES	-	26,178
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the New Hampshire Department of Safety				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4516-DR-NH	-	8,054
Homeland Security Grant Program	97.067	N/A	-	1,500
DIRECT FUNDING				
U.S. DEPARTMENT OF AGRICULTURE				
Water and Waste Disposal Systems for Rural Communities (note 4)	10.760	N/A	-	1,559,261
U.S. DEPARTMENT OF JUSTICE				
Bullet Proof Vest Partnership Program	16.607	N/A	-	1,271
Total Expenditures of Federal Awards			\$ 62,275	\$ 1,828,526

The accompanying notes are an integral part of this schedule.

TOWN OF NEWMARKET, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Town of Newmarket under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Newmarket, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Newmarket.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Loans Outstanding

The Town of Newmarket had the following loan balance outstanding at June 30, 2021. The loans made during the year are included in the federal expenditures presented in the Schedule.

<i>CFDA Number</i>	<i>Program Name</i>	<i>Outstanding Balances at June 30, 2021</i>
10.760	Water and Waste Disposal Systems For Rural Communities	\$1,559,261