



TOWN OF RAYMOND, NEW HAMPSHIRE

Annual Financial Statements
For the Year Ended December 31, 2020

(With Independent Auditors' Report Thereon)

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Raymond, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Raymond, New Hampshire, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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Greenfield, Massachusetts
Ellsworth, Maine

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entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, in 2020 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2021 on our consideration of the Town's internal control over financial reporting



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

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
December 10, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Raymond (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the calendar year ended December 31, 2020.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The governmental activities include general government, public safety, highways and streets, health and welfare, sanitation, water distribution and treatment, and culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources

available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Fiduciary Funds

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

Notes to Financial Statements

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

Required Supplementary Information

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

Financial Highlights

- As of the close of the current calendar year, the total of assets exceeded liabilities by \$18,138,008 (i.e., net position), a change of \$1,388,807 in comparison to the prior year.
- As of the close of the current calendar year, governmental funds reported combined ending fund balances of \$12,189,910, a change of \$1,898,069 in comparison to the prior year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$5,978,298, a change of \$1,417,585 in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior years.

	NET POSITION	
	Governmental <u>Activities</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 21,401,417	\$ 22,841,721
Capital assets	<u>15,518,428</u>	<u>16,033,159</u>
Total assets	36,919,845	38,874,880
Deferred outflows of resources	1,893,443	692,998
Liabilities		
Other liabilities	7,647,354	11,336,035
Long-term liabilities	<u>12,617,448</u>	<u>11,100,654</u>
Total liabilities	20,264,802	22,436,689
Deferred inflows of resources	410,478	381,988
Net Position		
Net investments in capital assets	12,828,291	13,128,728
Restricted	2,982,475	2,628,849
Unrestricted	<u>2,327,242</u>	<u>991,624</u>
Total net position	<u>\$ 18,138,008</u>	<u>\$ 16,749,201</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent calendar year, total net position was \$18,138,008, a change of \$1,388,807 in comparison to the prior year.

The largest portion of net position \$12,828,291 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,982,475, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net

position, \$2,327,242, may be used to meet the Town's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 1,899,938	\$ 2,199,211
Operating grants and contributions	475,035	154,795
Capital grants and contributions	252,510	921,845
General revenues:		
Property taxes	6,594,360	5,671,388
Motor vehicle permit fees	2,344,766	2,296,014
Grants and contributions not restricted to specific programs	538,075	539,610
Investment income	386,961	529,347
Other	320,069	205,293
Total revenues	<u>12,811,714</u>	<u>12,517,503</u>
Expenses		
General government	3,466,985	2,478,252
Public safety	3,021,736	3,034,450
Highway and streets	2,685,920	2,868,442
Health and welfare	114,425	180,679
Sanitation	765,588	820,692
Water distribution and treatment	526,047	658,639
Culture and recreation	823,253	919,580
Interest on long-term debt	18,953	147,171
Total expenses	<u>11,422,907</u>	<u>11,107,905</u>
Change in net position	1,388,807	1,409,598
Net position - beginning of year	<u>16,749,201</u>	<u>15,339,603</u>
Net position - end of year	<u>\$ 18,138,008</u>	<u>\$ 16,749,201</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$1,388,807. Key elements of this change are as follows:

General Fund operations	\$ 1,577,366
Other governmental funds operations	320,703
Net pension liability and related deferred outflows and inflows of resources	(553,086)
Net OPEB liability and related deferred outflows and inflows of resources	(218,399)
Other	<u>262,223</u>
Total	<u>\$ 1,388,807</u>

Financial Analysis of Funds

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

Governmental Funds

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

The General Fund is the chief operating fund. At the end of the current calendar year, unassigned fund balance of the General Fund was \$5,978,298, while total fund balance was \$9,382,470. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the following table.

<u>General Fund</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 5,978,298	\$ 4,560,713	\$ 1,417,585	75.60%
Total fund balance	\$ 9,382,470	\$ 7,805,104	\$ 1,577,366	118.65%

The total fund balance of the General Fund changed by \$1,577,366 during the current calendar year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 434,286
Expenditures less than budget	1,254,895
Use of fund balance as a funding source	(767,865)
Change in capital reserve	437,832
Other	<u>218,218</u>
Total	<u>\$ 1,577,366</u>

Included in the total General Fund balance are the Town's capital reserve account with the following balance, classified as committed fund balance:

	<u>12/31/20</u>	<u>12/31/19</u>	<u>Change</u>
Capital reserves	\$ <u>3,263,001</u>	\$ <u>2,825,169</u>	\$ <u>437,832</u>
Total	\$ <u><u>3,263,001</u></u>	\$ <u><u>2,825,169</u></u>	\$ <u><u>437,832</u></u>

Nonmajor Governmental Funds

The nonmajor funds balance changed by \$320,703 primarily from timing differences between the receipt and disbursement of grants.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget. The actual results of both revenues and expenditures were comparable to the budget.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$15,518,428 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

- \$874,255 for various machinery and equipment.
- \$715,883 for various infrastructure.
- \$(2,153,371) of depreciation expense.

Long-Term Debt

At the end of the current calendar year, total loans outstanding was \$2,681,093, all of which was backed by the full faith and credit of the government.

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

Requests for Information

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

Town of Raymond, New Hampshire
Town Manager
4 Epping Street
Raymond, NH 03077

TOWN OF RAYMOND, NEW HAMPSHIRE

Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 15,265,360
Investments	3,965,356
Receivables, net of allowance for uncollectibles:	
Taxes	934,304
User fees	260,181
Departmental and other	128,553
Other assets	<u>232,790</u>
Total Current Assets	20,786,544
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	614,873
Capital assets:	
Nondepreciable capital assets	1,733,100
Other capital assets, net of accumulated depreciation	<u>13,785,328</u>
Total Noncurrent Assets	<u>16,133,301</u>
Total Assets	36,919,845
Deferred Outflows of Resources	
Related to pensions	1,859,107
Related to OPEB	<u>34,336</u>
Total Deferred Outflows of Resources	1,893,443
Liabilities	
Current:	
Accounts payable	322,058
Accrued liabilities	81,490
Due to fiduciary funds	7,137,386
Other current liabilities	106,420
Current portion of long-term liabilities:	
Loans payable	222,744
Compensated absences	40,696
Capital leases	<u>5,712</u>
Total Current Liabilities	7,916,506
Noncurrent:	
Loans payable, net of current portion	2,458,349
Net pension liability	7,989,263
Net OPEB liability	1,531,090
Compensated absences, net of current portion	366,262
Capital leases, net of current portion	<u>3,332</u>
Total Noncurrent Liabilities	<u>12,348,296</u>
Total Liabilities	20,264,802
Deferred Inflows of Resources	
Related to pensions	400,869
Related to OPEB	<u>9,609</u>
Total Deferred Inflows of Resources	<u>410,478</u>
Net Position	
Net investment in capital assets	12,828,291
Restricted for:	
Grants and other statutory restrictions	2,281,836
Permanent funds:	
Nonexpendable	570,658
Expendable	129,981
Unrestricted	<u>2,327,242</u>
Total Net Position	\$ <u>18,138,008</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues				<u>Net (Expenses) Revenues and Changes in Net Position</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental Activities					
General government	\$ 3,466,985	\$ 69,720	\$ 273,442	\$ -	\$ (3,123,823)
Public safety	3,021,736	162,833	201,593	6,381	(2,650,929)
Highways and streets	2,685,920	273	-	246,129	(2,439,518)
Health and welfare	114,425	3,035	-	-	(111,390)
Sanitation	765,588	598,347	-	-	(167,241)
Water distribution and treatment	526,047	911,053	-	-	385,006
Culture and recreation	823,253	154,677	-	-	(668,576)
Interest on long-term debt	18,953	-	-	-	(18,953)
Total Governmental Activities	\$ 11,422,907	\$ 1,899,938	\$ 475,035	\$ 252,510	(8,795,424)
		General Revenues			
		Property taxes			6,594,360
		Motor vehicle permit fees			2,344,766
		Grants and contributions not restricted to specific programs			538,075
		Investment income			386,961
		Miscellaneous			320,069
		Total General Revenues			10,184,231
		Change in Net Position			1,388,807
		Net Position			
		Beginning of year			16,749,201
		End of year			\$ 18,138,008

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
December 31, 2020

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and short-term investments	\$ 14,325,251	\$ 940,109	\$ 15,265,360
Investments	3,344,019	621,337	3,965,356
Receivables:			
Property taxes	1,576,347	-	1,576,347
User fees	-	260,181	260,181
Departmental and other	4,973	123,580	128,553
Due from other funds	1,603,493	2,185,875	3,789,368
Other assets	<u>1,000</u>	<u>20,410</u>	<u>21,410</u>
Total Assets	<u>\$ 20,855,083</u>	<u>\$ 4,151,492</u>	<u>\$ 25,006,575</u>
Liabilities			
Accounts payable	\$ 204,372	\$ 117,686	\$ 322,058
Accrued liabilities	74,293	7,197	81,490
Due to fiduciary funds	7,137,386	-	7,137,386
Due to other funds	2,843,919	945,449	3,789,368
Other liabilities	<u>92,881</u>	<u>13,539</u>	<u>106,420</u>
Total Liabilities	10,352,851	1,083,871	11,436,722
Deferred Inflows of Resources			
Unavailable revenues	1,119,762	260,181	1,379,943
Fund Balances			
Nonspendable	141,171	129,981	271,152
Restricted	-	2,852,494	2,852,494
Committed	3,263,001	12,565	3,275,566
Unassigned	<u>5,978,298</u>	<u>(187,600)</u>	<u>5,790,698</u>
Total Fund Balances	<u>9,382,470</u>	<u>2,807,440</u>	<u>12,189,910</u>
Total Liabilities, Deferred Inflows of Resources	<u>\$ 20,855,083</u>	<u>\$ 4,151,492</u>	<u>\$ 25,006,575</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund
Balances to Net Position of Governmental
Activities in the Statement of Net Position
December 31, 2020

Total governmental fund balances	\$ 12,189,910
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	15,518,428
Deferred outflows of resources related to pensions to be recognized in pension expense in future periods.	1,859,107
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	34,336
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,379,943
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Loans payable	(2,681,093)
Net pension liability	(7,989,263)
Net OPEB liability	(1,531,090)
Compensated absences	(406,958)
Capital leases payable	(9,044)
Deferred inflows of resources related to pensions to be recognized in pension expense in future periods.	(400,869)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(9,609)
Other	<u>184,210</u>
Net position of governmental activities	<u><u>\$ 18,138,008</u></u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues			
Property taxes	\$ 6,066,283	\$ 69,250	\$ 6,135,533
Penalties, interest, and other taxes	179,243	-	179,243
Licenses and permits	2,344,766	-	2,344,766
Charges for services	112,787	1,776,616	1,889,403
Intergovernmental	667,093	598,528	1,265,621
Investment income	171,922	215,038	386,960
Miscellaneous	<u>153,276</u>	<u>166,794</u>	<u>320,070</u>
Total Revenues	9,695,370	2,826,226	12,521,596
Expenditures			
Current:			
General government	2,400,263	321,421	2,721,684
Public safety	3,180,423	279,866	3,460,289
Highways and streets	1,371,611	415,882	1,787,493
Health and welfare	114,425	-	114,425
Sanitation	47,092	718,496	765,588
Water distribution and treatment	-	509,252	509,252
Culture and recreation	597,769	137,391	735,160
Debt service:			
Principal	5,712	220,393	226,105
Interest	-	79,143	79,143
Capital outlay	<u>190,390</u>	<u>33,998</u>	<u>224,388</u>
Total Expenditures	<u>7,907,685</u>	<u>2,715,842</u>	<u>10,623,527</u>
Excess of revenues over expenditures	1,787,685	110,384	1,898,069
Other Financing Sources (Uses)			
Transfers in	200,000	410,319	610,319
Transfers out	<u>(410,319)</u>	<u>(200,000)</u>	<u>(610,319)</u>
Total Other Financing Sources (Uses)	<u>(210,319)</u>	<u>210,319</u>	<u>-</u>
Change in fund balance	1,577,366	320,703	1,898,069
Fund Balance, at Beginning of Year	<u>7,805,104</u>	<u>2,486,737</u>	<u>10,291,841</u>
Fund Balance, at End of Year	\$ <u><u>9,382,470</u></u>	\$ <u><u>2,807,440</u></u>	\$ <u><u>12,189,910</u></u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Reconciliation of The Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net changes in fund balances - total governmental funds	\$ 1,898,069																		
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="width: 20%; text-align: right;">1,639,281</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,153,371)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Repayments of general obligation bonds</td> <td style="width: 20%; text-align: right;">220,393</td> </tr> <tr> <td>Repayments of capital leases</td> <td style="text-align: right;">5,712</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;">78,739</td> </tr> </table> • Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds: <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Change in net pension liability and related deferred outflows and inflows</td> <td style="width: 20%; text-align: right;">(553,086)</td> </tr> <tr> <td>Change in net OPEB liability and related deferred outflows and inflows</td> <td style="text-align: right;">(218,399)</td> </tr> <tr> <td>Change in accrued employee benefits</td> <td style="text-align: right;">200,541</td> </tr> </table> • Other differences <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right; border-top: 1px solid black;">270,928</td> </tr> </table> 		Capital outlay	1,639,281	Depreciation	(2,153,371)	Repayments of general obligation bonds	220,393	Repayments of capital leases	5,712		78,739	Change in net pension liability and related deferred outflows and inflows	(553,086)	Change in net OPEB liability and related deferred outflows and inflows	(218,399)	Change in accrued employee benefits	200,541		270,928
Capital outlay	1,639,281																		
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Change in net OPEB liability and related deferred outflows and inflows	(218,399)																		
Change in accrued employee benefits	200,541																		
	270,928																		
Change in net position of governmental activities	\$ <u>1,388,807</u>																		

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2020

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Assets		
Cash and short-term investments	\$ 1,441	\$ 724,163
Investments:		
Corporate equities	12,754	200,928
Fixed income mutual funds	65,291	1,028,545
Due from primary government	<u>5,508</u>	<u>7,131,878</u>
Total Assets	84,994	9,085,514
 Liabilities		
Accounts payable	-	4,556
Due to School District	-	7,530,024
Other liabilities	<u>124</u>	<u>216,748</u>
Total Liabilities	<u>124</u>	<u>7,751,328</u>
 Net Position		
Restricted for individuals, organizations, and other governments	<u>84,870</u>	<u>1,334,186</u>
Total net position	<u><u>\$ 84,870</u></u>	<u><u>\$ 1,334,186</u></u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes In Fiduciary Net Position
For the Year Ended December 31, 2020

	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Taxes collected for School Districts	\$ -	\$ 18,030,024
Taxes collected for County	-	995,901
Fees collected for State of New Hampshire	-	773,629
Contributions from School District	-	690,088
Fees collected for School District	-	110,075
Investment income	<u>4,947</u>	<u>90,155</u>
Total Additions	4,947	20,689,872
Deductions		
Payment of taxes to School Districts	-	18,030,024
Payment of taxes to County	-	995,901
Payment of fees to State of New Hampshire	-	773,629
Payment on behalf of School District	-	327,090
Payment of fees to School District	-	119,842
Scholarships	<u>3,530</u>	<u>-</u>
Total Deductions	<u>3,530</u>	<u>20,246,486</u>
Net Increase	1,417	443,386
Net Position Restricted for Other Governments and Other Purposes		
Beginning of year	<u>83,453</u>	<u>890,800</u>
End of year	<u>\$ 84,870</u>	<u>\$ 1,334,186</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Raymond (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant policies:

Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In calendar year 2020, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial

statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and auto permits.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The government reports the following major governmental fund:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

- The *custodial funds* account for fiduciary assets held by the Government in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected of other governments, as well as capital reserve funds held in a trust by the Trustees of Trust Funds.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. A cash and investment 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 short-term investments". The interest earnings attributable to each fund type are included under investment income.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using the net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period. Investments measured at the NAV for fair value are not subject to level classification.

The Town invests in New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool managed by the State Banking Commission. The portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and investments are valued at amortized cost.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the calendar year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than

\$15,000 (\$10,000 for donated assets) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Machinery, equipment, and furnishings	5-15
Infrastructure	50

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the calendar year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Town's budget is originally prepared by the Selectmen's Office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

Deficit Fund Equity

Certain individual funds reflected deficit balances as of December 31, 2020.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Deposits and Investments

State statute RSA 35:9, for town capital reserve funds, limits funds be invested in federally or state-chartered banks or associations authorized by the State of New Hampshire; in bonds or notes of the State of New Hampshire; in stocks and bonds as are legal for investment by banks and associations chartered by the State of New Hampshire to engage in a banking business; in NHPDIP established pursuant to RSA 383:22; or in obligations with principal and interest fully guaranteed by the United States government.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned to it.

As of December 31, 2020, none of the Town’s bank balance of \$15,998,520 was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank’s trust department not in the Town’s name.

Investment Summary

The following is a summary of the Town’s investments as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 861,722
Fixed income mutual funds	<u>4,411,151</u>
Total investments	<u>\$ 5,272,873</u>

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of December 30, 2020, The Town and Trustees did not have investments subject to custodial credit risk exposure, as all assets were in the Town and Trustees' names.

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of December 31, 2020, investment ratings in fixed income mutual funds were not readily available.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure. As of December 31, 2020 the Town did not have any individual investments exceeding 5% of total investments.

Interest Rate Risk – Investments of Debt Securities

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

Foreign Currency Risk - Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate equities	\$ 861,722	\$ 786,149	\$ -	\$ -
Fixed income mutual funds	<u>4,411,151</u>	<u>-</u>	<u>4,411,151</u>	<u>-</u>
Total	<u>\$ 5,272,873</u>	<u>\$ 786,149</u>	<u>\$ 4,411,151</u>	<u>\$ -</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In April of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable reported in the government-wide financial statements are net of an allowance for doubtful accounts of \$27,170.

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Current Portion</u>	<u>Long- Term Portion</u>
Real estate taxes	\$ 934,304	\$ -	\$ 934,304	\$ -
Tax liens	<u>642,043</u>	<u>(27,170)</u>	<u>-</u>	<u>614,873</u>
Grand total	<u>\$ 1,576,347</u>	<u>\$ (27,170)</u>	<u>\$ 934,304</u>	<u>\$ 614,873</u>

5. User Fee Receivables

Receivables for user charges at December 31, 2020 consisted of outstanding water billing due at year end.

6. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of interfund balances as of December 31, 2020 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,603,493	\$ 9,981,305
Nonmajor Funds:		
Special Revenue Funds:		
Cable Fund	345,827	-
Recreation Fund	155,879	-
Roadways Fund	376,940	-
Water	861,263	-
WWTP Fund	-	141,171
Other	<u>378,136</u>	<u>228,341</u>
Subtotal Special Revenue Funds	2,118,045	369,512
Permanent Funds:	67,830	-
Capital Project Funds:		
Water Bond	-	20,350
Water Well	<u>-</u>	<u>555,587</u>
Subtotal Capital Project Funds	-	575,937
Subtotal Nonmajor Funds	<u>2,185,875</u>	<u>945,449</u>
Trust and Agency Funds:		
Private Purpose Trust Fund	5,508	-
Custodial Fund	<u>7,131,878</u>	<u>-</u>
Subtotal Fiduciary Funds	<u>7,137,386</u>	<u>-</u>
Total	<u>\$ 10,926,754</u>	<u>\$ 10,926,754</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2020.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 200,000	\$ 410,319
Nonmajor Funds:		
Special Revenue Funds:		
Recycling Fund	60,319	-
Roadways Fund	350,000	-
Water Fund	-	200,000
Subtotal Special Revenue Funds	<u>410,319</u>	<u>200,000</u>
Subtotal Nonmajor Funds	<u>410,319</u>	<u>200,000</u>
Grand Total	\$ <u>610,319</u>	\$ <u>610,319</u>

The \$200,000 was transferred from the Water Fund to the General Fund for capital reserve fund contributions. Of the \$410,319 transferred out of the General Fund, \$350,000 of highway block grant revenue was transferred to account for it separately in Special Revenue Funds.

7. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,666,310	\$ -	\$ -	\$ 4,666,310
Machinery, equipment, and furnishings	5,182,647	874,255	(180,785)	5,876,117
Infrastructure	<u>58,444,234</u>	<u>715,883</u>	<u>-</u>	<u>59,160,117</u>
Total capital assets, being depreciated	68,293,191	1,590,138	(180,785)	69,702,544
Less accumulated depreciation for:				
Buildings and improvements	(3,165,955)	(223,582)	-	(3,389,537)
Machinery, equipment, and furnishings	(3,929,122)	(290,875)	180,785	(4,039,212)
Infrastructure	<u>(46,849,553)</u>	<u>(1,638,914)</u>	<u>-</u>	<u>(48,488,467)</u>
Total accumulated depreciation	<u>(53,944,630)</u>	<u>(2,153,371)</u>	<u>180,785</u>	<u>(55,917,216)</u>
Capital assets, being depreciated, net	14,348,561	(563,233)	-	13,785,328
Capital assets, not being depreciated:				
Land	1,684,598	-	(641)	1,683,957
Construction in progress	<u>-</u>	<u>49,143</u>	<u>-</u>	<u>49,143</u>
Total capital assets, not being depreciated	<u>1,684,598</u>	<u>49,143</u>	<u>(641)</u>	<u>1,733,100</u>
Governmental activities capital assets, net	\$ <u>16,033,159</u>	\$ <u>(514,090)</u>	\$ <u>(641)</u>	\$ <u>15,518,428</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities	
General government	\$ 4,319
Public safety	110,174
Highway and streets	1,912,604
Water distribution and treatment	16,201
Culture and recreation	<u>110,073</u>
Total governmental activities	<u>\$ 2,153,371</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses represent 2020 expenditures paid in 2021.

10. Capital Lease Obligations

The Town is the lessee of certain equipment under a capital and operating lease expiring in 2022. Future minimum lease payments under the capital lease consists of the following as of December 31, 2020:

<u>Fiscal</u> <u>Year</u>	<u>Capital</u> <u>Leases</u>
2021	\$ 5,712
2022	<u>3,332</u>
Total payments	<u>\$ 9,044</u>

11. Long-Term Debt

Loans – Direct Borrowings

The Town issues state revolving loans to provide funds for improvements in the Town’s water infrastructure. Loans currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/20</u>
Ground Water Supply	06/01/24	3.69%	\$ 500,000
Well Replacement	03/01/38	0.46%	<u>2,181,093</u>
Total Governmental Activities			<u>\$ 2,681,093</u>

Future Debt Service

The annual payments to retire all long-term loans outstanding as of December 31, 2020 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 222,744	\$ 72,182	\$ 294,926
2022	225,152	65,164	290,316
2023	227,620	58,086	285,706
2024	230,148	50,948	281,096
2025	107,739	43,747	151,486
2026	110,395	41,092	151,487
2027	113,114	38,372	151,486
2028	115,901	35,585	151,486
2029	118,757	32,729	151,486
2030	121,683	29,803	151,486
2031 - 2035	654,893	102,535	757,428
2036 - 2038	<u>432,947</u>	<u>21,509</u>	<u>454,456</u>
Total	<u>\$ 2,681,093</u>	<u>\$ 591,752</u>	<u>\$ 3,272,845</u>

The Water Fund has been designated as the source to repay the long-term loans outstanding as of December 31, 2020.

Changes in General Long-Term Liabilities

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<u>Governmental Activities</u>						
Loans payable	2,901,486	\$ -	\$ (220,393)	\$ 2,681,093	\$ (222,744)	\$ 2,458,349
Net pension liability	6,262,657	1,726,606	-	7,989,263	-	7,989,263
Net OPEB liability	1,314,256	282,804	(65,970)	1,531,090	-	1,531,090
Compensated absences	607,499	-	(200,541)	406,958	(40,696)	366,262
Capital leases	14,756	-	(5,712)	9,044	(5,712)	3,332
Totals	\$ 11,100,654	\$ 2,009,410	\$ (492,616)	\$ 12,617,448	\$ (269,152)	\$ 12,348,296

Long-Term Debt Supporting Governmental Activities

Loans issued by the Town for various municipal projects are approved by Town Meeting and repaid with user fees in the Water fund. All other long-term liabilities will be funded by revenues recorded in the General Fund.

12. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

13. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented *GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2020:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds and the expendable portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes capital reserve funds and various capital project funds.

Unassigned

Represents amounts that are available to be spent in future periods, general capital reserve funds, and deficit funds.

Following is a breakdown of the Town's fund balances at December 31, 2020:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Fund deficits	\$ 141,171	\$ -	\$ 141,171
Nonexpendable permanent funds	<u>-</u>	<u>129,981</u>	<u>129,981</u>
Total Nonspendable	141,171	129,981	271,152
Restricted			
Special revenue funds:			
Water fund	-	845,180	845,180
Cable fund	-	364,866	364,866
Conservation fund	-	254,248	254,248
Library fund	-	124,103	124,103
Recreation fund	-	156,679	156,679
Roadways fund	-	331,639	331,639
Other	-	205,121	205,121
Expendable permanent funds	<u>-</u>	<u>570,658</u>	<u>570,658</u>
Total Restricted	-	2,852,494	2,852,494
Committed			
Capital reserve funds	3,263,001	-	3,263,001
Capital project funds	<u>-</u>	<u>12,565</u>	<u>12,565</u>
Total Committed	3,263,001	12,565	3,275,566
Unassigned			
Special revenue fund deficits	-	(152,952)	(152,952)
Capital project fund deficits	-	(34,648)	(34,648)
Unassigned	<u>5,978,298</u>	<u>-</u>	<u>5,978,298</u>
Total Unassigned	<u>5,978,298</u>	<u>(187,600)</u>	<u>5,790,698</u>
Total Fund Balance	<u>\$ 9,382,470</u>	<u>\$ 2,807,440</u>	<u>\$ 12,189,910</u>

14. Retirement System

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

Plan Description

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

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

Benefits Provided

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced. Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012.

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7.00% for employees, 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16 III, which is 10.88% for employees, 24.77% for police and 26.43% for fire. The Town's contributions to NHRS for the year ended December 31, 2020 were \$573,812, which was equal to their annual required contribution.

Summary of Significant Accounting Policies

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

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

At December 31, 2020, the Town reported a liability of \$7,989,263, 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 June 30, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the most recent measurement date of June 30, 2020, the Town's projected proportion was 0.12490736%, which was a decrease of (0.00524864)% from its previous year proportion.

For the year ended December 31, 2020, the Town recognized pension expense of \$1,127,415. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 215,749	\$ 85,782
Changes of assumptions	790,297	-
Changes in proportion	59,450	315,087
Net difference between projected and actual earnings on pension plan investments	494,145	-
Contributions subsequent to the measurement date	<u>299,466</u>	<u>-</u>
Total	<u>\$ 1,859,107</u>	<u>\$ 400,869</u>

The amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. Other amounts

reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ 167,045
2022	302,929
2023	365,882
2024	<u>322,916</u>
Total	\$ <u>1,158,772</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.00% per year, previously 2.50%
Wage inflation	2.75% per year, previously 3.25%
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of plan investment expense, including inflation, previously 7.25%

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

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

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table.

Actuarial assumptions reflect benefit changes resulting from CH 340 laws of 2019 (HB616), which grants a one-time 1.5% Cost of Living Adjustment (COLA) on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member. The COLA will take effect on the retired member’s first anniversary date of retirement occurring after July 1, 2020.

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Large cap equities	22.50 %	3.71%
Small/mid cap equities	<u>7.50</u>	4.15%
Total domestic equities	30.00	
Int'l equities (unhedged)	13.00	3.96%
Emerging int'l equities	<u>7.00</u>	6.20%
Total international equities	20.00	
Core bonds	9.00	0.42%
Global multi-sector fixed income	10.00	1.66%
Absolute return fixed income	<u>6.00</u>	0.92%
Total fixed income	25.00	
Private equity	10.00	7.71%
Private debt	<u>5.00</u>	4.81%
Total alternative investments	<u>15.00</u>	
Real estate	<u>10.00</u>	2.95%
Total	<u><u>100.00</u></u> %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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 and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 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 one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
\$ 10,342,845	\$ 7,989,263	\$ 6,066,076

Pension Plan Fiduciary Net Position

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

15. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Town OPEB Plan

All the following OPEB disclosures for the Town OPEB Plan are based on a measurement date of December 31, 2020.

General Information about the OPEB Plan

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments under	1
Active employees	<u>50</u>
Total	<u><u>51</u></u>

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the alternative method as of December 31, 2020, in accordance with the parameters of GASB Statement No. 75. Alternative measurement method valuations of an ongoing plan are allowed for a sole employer with fewer than one hundred total plan members and involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future, similar to broad measurement steps as would be used by an actuarial valuation for plans whose members exceed one hundred. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The alternative measurement method used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	5.6% average, including inflation
Discount rate	1.93%
Healthcare cost trend rates	8.0% for 2020, decreasing to an ultimate rate of 4.0% in 8 years
Retirees' share of benefit-related costs	100%

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index - SAPIHG at December 31, 2020.

Mortality rates were based on the mortality tables at the National Center for Health Statistics. The 2014 United States life Tables for Males and Females were used.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study of the New Hampshire Retirement System, which was for the period July 1, 2016 – June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 1.93%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town’s total OPEB liability of \$1,012,607 was measured as of December 31, 2020, and was determined by the alternative method as of December 31, 2020.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year:

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 729,803
Changes for the year:	
Service cost	87,253
Interest	23,985
Changes in assumptions or other inputs	261,577
Benefit payments	<u>(90,011)</u>
Net Changes	<u>282,804</u>
Balances, end of year	\$ <u><u>1,012,607</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% in 2019 to 1.93% in 2020. All other assumptions were the same as those used in the previous measurement.

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

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

1% Decrease (0.93%)	Current Discount Rate <u>(1.93%)</u>	1% Increase <u>(2.93%)</u>
\$ 1,338,095	\$ 1,012,607	\$ 796,208

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease <u>(7.00%)</u>	Current Healthcare Cost Trend Rates <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
\$ 945,804	\$ 1,012,607	\$ 1,084,622

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

For the year ended December 31, 2020, the Town recognized an OPEB expense of \$130,298. At December 31, 2020, the Town did not have any deferred outflows or inflows of resources related to the Total OPEB liability.

New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The OPEB plan is closed to new entrants. The monthly Medical Subsidy rates are:

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 person Medicare Supplement - \$473.68

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Town contributed 0.29% of gross payroll for Group I employees, 1.81% of gross payroll for Group I teachers, and 3.66% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same in the Retirement System footnote.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2020 was \$518,483, representing 0.11845392%.

For the year ended December 31, 2020, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$(8,559). At December 31, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,502
Changes in proportion	-	8,107
Change in assumptions	3,334	-
Net difference between projected and actual OPEB investment earnings	1,940	-
Contributions subsequent to the measurement date	<u>29,062</u>	<u>-</u>
Total	<u>\$ 34,336</u>	<u>\$ 9,609</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2021.

Other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended:</u>	
2021	\$ (6,129)
2022	574
2023	685
2024	<u>535</u>
Total	<u>\$ (4,335)</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate
 The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	<u>1%</u> <u>Decrease</u>	Current Discount <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$	563,019	\$ 518,483	\$ 479,818

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and (Inflows)

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at December 31, 2020:

	Total/Net OPEB <u>Liability</u>	Total Deferred Outflows of <u>Resources</u>	Total Deferred Inflows of <u>Resources</u>	Total OPEB <u>Expense</u>
Town OPEB Plan	\$ 1,012,607	\$ -	\$ -	\$ 130,298
Proportionate share of NHRS Medical Subsidy Plan	<u>518,483</u>	<u>34,336</u>	<u>9,609</u>	<u>(8,559)</u>
Total	<u>\$ 1,531,090</u>	<u>\$ 34,336</u>	<u>\$ 9,609</u>	<u>\$ 121,739</u>

16. Change in Accounting Principle

During 2020, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

17. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and

spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

18. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, Leases, effective for the Town beginning with its fiscal year ending December 31, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not yet evaluated the effect of this standard.

TOWN OF RAYMOND, NEW HAMPSHIRE

Required Supplemental Information
General Fund

Statement of Revenues, and Expenditures and Other Sources (Uses) - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive <u>(Negative)</u>
Revenues				
Property taxes	\$ 5,730,229	\$ 5,730,229	\$ 5,781,527	\$ 51,298
Penalties, interest, and other taxes	145,000	145,000	224,755	79,755
Charges for services	55,000	55,000	46,899	(8,101)
Intergovernmental	675,253	675,253	667,093	(8,160)
Licenses and permits	1,962,000	1,962,000	2,186,980	224,980
Investment income	115,000	115,000	80,410	(34,590)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>131,104</u>	<u>129,104</u>
Total Revenues and Other Sources	8,684,482	8,684,482	9,118,768	434,286
Expenditures and Other Uses				
General government	2,709,880	2,709,880	2,255,897	453,983
Public safety	3,077,843	3,077,843	2,713,346	364,497
Highways and streets	1,310,423	1,310,423	1,075,183	235,240
Health and welfare	148,230	148,230	114,425	33,805
Sanitation	73,959	73,959	47,092	26,867
Culture and recreation	738,272	738,272	597,769	140,503
Capital outlay	<u>190,390</u>	<u>190,390</u>	<u>190,390</u>	<u>-</u>
Total Expenditures and Other Uses	<u>8,248,997</u>	<u>8,248,997</u>	<u>6,994,102</u>	<u>1,254,895</u>
Other Financing Sources (Uses)				
Transfers out	(1,481,401)	(1,481,401)	(1,533,560)	(52,159)
Use of fund balance	767,865	767,865	767,865	-
Use of prior year fund balance (carryforwards)	<u>278,051</u>	<u>278,051</u>	<u>278,051</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(435,485)</u>	<u>(435,485)</u>	<u>(487,644)</u>	<u>(52,159)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,637,022</u>	\$ <u>1,637,022</u>

**Notes to the Required Supplemental Information
for General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 9,695,370	\$ 7,907,685	\$ (210,319)
To record use of fund balance	-	-	767,865
To record budgeted use of prior year fund balance (carryforwards)	-	-	278,051
To reverse effects of combining general fund and capital reserve funds (GASB 54)	(291,948)	(975,357)	(1,121,241)
To reclassify transfers for budgetary presentation	200,000	(2,000)	(202,000)
To reverse audit entries	<u>(484,654)</u>	<u>63,774</u>	<u>-</u>
Budgetary Basis	<u>\$ 9,118,768</u>	<u>\$ 6,994,102</u>	<u>\$ (487,644)</u>

TOWN OF RAYMOND, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2020	June 30, 2020	0.12490736%	\$ 7,989,263	\$ 3,615,704	220.96%	58.70%
December 31, 2019	June 30, 2019	0.13015600%	\$ 6,262,657	\$ 3,333,842	187.85%	65.59%
December 31, 2018	June 30, 2018	0.12800619%	\$ 6,163,757	\$ 3,143,797	196.06%	64.73%
December 31, 2017	June 30, 2017	0.13324495%	\$ 6,552,977	\$ 3,024,562	216.66%	62.66%
December 31, 2016	June 30, 2016	0.13646539%	\$ 7,256,677	\$ 2,994,610	242.32%	58.30%
December 31, 2015	June 30, 2015	0.13348816%	\$ 5,288,170	\$ 2,881,837	183.50%	65.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF RAYMOND, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	June 30, 2020	\$ 573,812	\$ 573,812	\$ -	\$ 3,615,704	15.87%
December 31, 2019	June 30, 2019	\$ 557,537	\$ 557,537	\$ -	\$ 3,327,805	16.75%
December 31, 2018	June 30, 2018	\$ 569,690	\$ 569,690	\$ -	\$ 3,334,443	17.09%
December 31, 2017	June 30, 2017	\$ 503,025	\$ 503,025	\$ -	\$ 3,032,281	16.59%
December 31, 2016	June 30, 2016	\$ 482,739	\$ 482,739	\$ -	\$ 2,967,656	16.27%
December 31, 2015	June 30, 2015	\$ 463,802	\$ 463,802	\$ -	\$ 2,911,037	15.93%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF RAYMOND, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contributions of the Net OPEB Liability

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2020	June 30, 2020	0.11845392%	\$518,483	\$ 3,615,704	14.34%	7.74%
December 31, 2019	June 30, 2019	0.13331157%	\$584,453	\$ 3,333,842	17.53%	7.75%
December 31, 2018	June 30, 2018	0.13379384%	\$612,569	\$ 3,143,797	19.49%	7.53%
December 31, 2017	June 30, 2017	0.09359866%	\$427,965	\$ 3,024,562	14.15%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
December 31, 2020	June 30, 2020	\$ 55,830	\$ 55,830	\$ -	\$ 3,615,704	1.54%
December 31, 2019	June 30, 2019	\$ 57,328	\$ 57,328	\$ -	\$ 3,327,805	1.72%
December 31, 2018	June 30, 2018	\$ 61,998	\$ 61,998	\$ -	\$ 3,334,443	1.86%
December 31, 2017	June 30, 2017	\$ 55,768	\$ 55,768	\$ -	\$ 3,032,281	1.84%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF RAYMOND, NEW HAMPSHIRE

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in the Total OPEB Liability

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 87,253	\$ 83,098	\$ 95,599
Interest	23,985	22,843	36,309
Changes of assumptions	261,577	(268,902)	(234,531)
Benefit payments, including refunds of member contributions	<u>(90,011)</u>	<u>(85,725)</u>	<u>(98,646)</u>
Net change in total OPEB liability	282,804	(248,686)	(201,269)
Total OPEB liability - beginning	<u>729,803</u>	<u>978,489</u>	<u>1,179,758</u>
Total OPEB liability - ending	<u>\$ 1,012,607</u>	<u>\$ 729,803</u>	<u>\$ 978,489</u>

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions and Independent Auditors' Report.

See Independent Auditors' Report.



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

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen,
Raymond, New Hampshire

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Raymond, New Hampshire as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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

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.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
December 10, 2021