

**TOWN OF ALLENSTOWN,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019**

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	3 - 8
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements</b>	
A Statement of Net Position .....	9
B Statement of Activities .....	10
<b>Fund Financial Statements</b>	
<i>Governmental Funds</i>	
C-1 Balance Sheet .....	11
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	12
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	13
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	14
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	15
<i>Proprietary Fund</i>	
E-1 Statement of Net Position .....	16
E-2 Statement of Revenues, Expenses, and Changes in Net Position .....	17
E-3 Statement of Cash Flows .....	18
<i>Fiduciary Funds</i>	
F-1 Statement of Fiduciary Net Position .....	19
F-2 Statement of Changes in Fiduciary Net Position .....	20
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS</b> .....	21 - 47
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
G Schedule of the Town's Proportionate Share of Net Pension Liability .....	48
H Schedule of Town Contributions – Pensions .....	49
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY</b> .....	50
I Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability .....	51
J Schedule of Town Contributions – Other Postemployment Benefits .....	52
K Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios.....	53
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY</b> .....	54

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**TABLE OF CONTENTS**

		<u>PAGES</u>
<b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>		
<b>Governmental Funds</b>		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	55
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	56 - 57
3	Schedule of Changes in Unassigned Fund Balance.....	58
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet .....	59
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	60



# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the Board of Selectmen  
Town of Allentown  
Allentown, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Town of Allentown as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Business-type Activities	Adverse
Major General Fund	Unmodified
Major Public Safety Services Revolving Fund	Unmodified
Major Proprietary Fund (Sewer Department)	Adverse
Aggregate Remaining Fund Information	Unmodified

### ***Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund***

As discussed in Note 1-B to the financial statements, management has not recorded all of the capital assets and related accumulated depreciation in the governmental activities, business-type activities, and major proprietary fund, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America

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

require that capital assets including infrastructure, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities, and major proprietary fund. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and major proprietary fund is not reasonably determinable.

***Adverse Opinions***

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide and proprietary fund financial statements of the Town of Allenstown, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and aggregate remaining fund information of the Town of Allenstown as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in fiscal year 2019 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Other Matters***

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

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

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

**Other Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Allenstown's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

# TOWN OF ALLENSTOWN, NH

## Management's Discussion and Analysis Calendar Year Ended December 31, 2019

Our discussion and analysis of the Town of Allenstown's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2019. Please read it in conjunction with the Town's financial statements, which begin on page 9.

### FINANCIAL HIGHLIGHTS

The Town's total net position was \$13,725,227, an increase of \$1,308,916 from the prior year balance. This total is comprised of: \$6,499,994 from Governmental Activities and \$7,225,233 from Business-Type (Sewer) Activities.

- Capital assets, net of depreciation for the Governmental Activities were \$6,279,367, an increase of \$12,891 from the prior year. Capital assets, net of depreciation for the Business-Type Activities were \$4,020,373, an increase of \$191,187 from the prior year. Depreciation expense for 2019 was \$225,606 for the Governmental Activities and \$231,555 for the Business-Type Activities. Depreciation expense does not include roadway infrastructure or the sewer collection system.
- The total long-term obligations for the Town Governmental Activities were \$3,094,903, and \$787,836 for Business-Type Activities. The long term obligations include capital leases, compensated absences, other postemployment benefits, accrued landfill postclosure care costs, and the net pension liability.
- The unassigned fund balance of the General Fund was \$2,395,308.

### OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of two types of statements:

#### *Government-Wide Financial Statements*

The Statement of Net Position, page 9 and the Statement of Activities, page 10 are designed to report the Town's financial activities in a manner similar to private-sector companies. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, thereby reporting all current year revenue and expenses regardless of when cash is paid or received. These two statements report the Town's net position and changes in them. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Town is improving or deteriorating.

# TOWN OF ALLENSTOWN, NH

## Management's Discussion and Analysis Calendar Year Ended December 31, 2019

- **Governmental Activities** - Most of the Town's basic services are reported in this section. These include general government, law enforcement, emergency medical services, fire protection, public works, sanitation, health and welfare, culture and recreation, and capital outlay. These activities are supported primarily by property taxes, motor vehicle fees, intergovernmental revenues, charges for service, and other miscellaneous revenues.
- **Business-Type Activities** – The Town charges a user fee to customers to cover all, or most of the cost of certain services provided. The Town's Sewer Department operations are reported here.

### *Fund Financial Statements*

The fund financial statements begin on page 11 and provide information on the Town's most significant funds; not the Town as a whole. A fund is a grouping of accounts, each of which is considered a separate accounting entity. The following fund types are utilized by the Town:

- **Governmental Funds:** This fund type is used to account for the Town's basic services such as general government, law enforcement, fire protection, public works, culture, recreation, health, welfare, and capital outlay. These activities are supported primarily by property taxes, motor vehicle permits, and intergovernmental revenues. Unlike the government-wide financial statements, these funds are reported using an accounting method called, Modified Accrual Accounting. This method of accounting measures cash and all other financial assets that can readily be converted to cash.

The governmental fund financial statements provide a short-term view of the Town's general government operations. It is useful to compare this information to similar information on the government-wide financial statements to gain a better understanding of the long-term impact of the Town's near term financial decisions.

- **Proprietary Funds:** These funds are commonly referred to as Enterprise Funds. Proprietary Funds are comprised of the Sewer Department Fund.
- **Fiduciary Funds:** Fiduciary funds account for assets held by the Town as a trustee or agent for individual, groups, private organizations, or other units of government. These funds are not reflected in the government-wide financial statements, because these assets are unavailable to finance the Town's operation.

### *Notes to the Financial Statements*

The notes to the Financial Statements provide additional information that is important to understanding the data provided in the government-wide and fund financial statements.

# TOWN OF ALLENSTOWN, NH

## Management's Discussion and Analysis Calendar Year Ended December 31, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS:

#### Statement of Net Position

The Statement of Net Position, is presented on page 9 of the financial statements.

- Net investment in Capital Assets: The Town has recorded its inventory in capital assets such as land, buildings, equipment and the wastewater treatment facility. Infrastructure such as roadways, wastewater collection system and storm water collection system have not been inventoried and amortized in accordance with GASB 34. The Town has recorded its inventory in capital assets for the Business-Type Activities such as land, buildings, equipment, and system infrastructure (pipes including installation costs, etc.), net of accumulated depreciation, and the related debt obligations.
- Restricted Net Position: Approximately .24% of the Town's Governmental Activities' net position are the Town's permanent funds, Library Funds and Drug Forfeiture Funds which represent resources that are subject to external restrictions on how they may be used.
- Unrestricted Net Position: The Town's unrestricted net position may be used to meet the Town's ongoing obligations.
- Total Net Position: The Town is reporting a positive net position in its Governmental Activities and Business-Type Activities.

**Statement of Activities** – Presented on page 10 of the financial statements.

#### Governmental Activities

- Revenues: Revenues are classified as either Program or General.

Program revenues are targeted to directly offset expenses. In 2019, program revenues consisted of Charges for Services (\$95,597), and operating grants and contributions of (\$92,785), which accounted for 2.3% and 2.2% respectively, of total revenue

General revenues, are revenues not specifically targeted for an activity. These are further divided as follows:

# TOWN OF ALLENSTOWN, NH

## Management's Discussion and Analysis Calendar Year Ended December 31, 2019

Governmental Revenue Chart:

<b>Taxes:</b>		
Property	2,636,572	65%
Other	159,408	4%
Motor Vehicle Permit Fees	800,465	20%
Licenses & other Fees	35,862	1%
Grants & other contributions	230,379	6%
Miscellaneous	173,630	4%
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 4,036,316</b>	

- Expenses: Expenses are classified by major governmental function or program and are offset by related program income. Depreciation has been recorded for 2019 by function and/or program as seen in Note 7 of the notes to financial statements.

Following are expenses by category along with percentage of total expenditures:

Governmental Expense Chart

<b>General Government</b>	1,443,519	35%
<b>Public Safety</b>	1,572,078	38%
<b>Highways &amp; Streets</b>	602,570	15%
<b>Sanitation</b>	205,287	5%
<b>Health &amp; Welfare</b>	59,249	1%
<b>Culture &amp; Recreation</b>	199,250	5%
<b>Conservation</b>	1,188	< 1%
<b>Economic Development</b>	15,230	< 1%
<b>Interest – Long Term Debt</b>	(1,775)	< 1%
<b>TOTAL EXPENSES</b>	<b>\$ 4,096,596</b>	

## TOWN OF ALLENSTOWN, NH

### Management's Discussion and Analysis Calendar Year Ended December 31, 2019

#### Business-Type (Sewer) Activities

##### ➤ Revenues:

Program revenues for the Business-Type Activities, accounted for 99% of total program revenues for these activities. These are charges for service for Wastewater Treatment and Septage Haulers. The remaining 1% was from miscellaneous income.

##### ➤ Expenses:

Expenses of the Business-Type Activities consist of operating expenses and depreciation expense for the Sewer Department Fund.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

- Governmental Funds: The fund financial statements are provided on pages 11-14. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balance of resources. This information is most useful in assessing financing requirements. For example, unassigned fund balance may serve as a measure of a government's net resources available at year end. The Town's General Fund is its largest Governmental Fund.

During the year, the Town recognized \$4,422,284 in revenues and other financing sources in the General Fund. The Town incurred \$4,011,227 in General Fund expenditures and other financing uses during the year.

The Town finished the year with the General Fund balance in the amount of \$3,101,954, an increase of \$411,057 from the prior year. Of the total fund balance, \$12,165 is Non spendable; \$2,372 is Restricted; \$625,671 is Committed; and \$66,438 is Assigned, leaving an Unassigned Balance of \$2,395,308.

- Proprietary Funds: Proprietary funds (Sewer) provide the same type of information found in the Business-Type Activities reported in the government wide financial statements.

The Proprietary funds reported an overall change in net position of \$1,180,814.

# TOWN OF ALLENSTOWN, NH

## Management's Discussion and Analysis Calendar Year Ended December 31, 2019

### BUDGETARY HIGHLIGHTS

The town budget was approved at Town Meeting for the year ending December 31, 2019. The operating budget for the general fund passed as \$3,984,023 and the operating budget for the sewer fund passed at \$2,280,567. Also included in the appropriations were the following Warrant Article additions to Capital Reserve Funds:

- \$10,000 - Fire Safety Equipment CRF
- \$ 5,082 - Library CRF
- \$20,000 - Public Safety Facilities CRF
- \$ 6,500 - Streetlight CRF
- \$ 6,800 - Landfill CRF
- \$51,500 - Highway Equipment CRF
- \$10,000 - Town Building/Maintenance CRF
- \$15,000 - Economic Development CRF
- \$16,800 - Assessing Re-Valuation CRF
- \$10,000 - Parks & Recreation CRF

### CAPITAL ASSETS

As shown in Note 7 on page 33-34 of the financial statements, the Town of Allenstown has \$6,279,367 from Governmental Activities and \$4,020,373 from Business-Type Activities invested in capital assets, including land, buildings, building improvements, machinery, equipment and vehicles. The Town has not recorded its infrastructure capital assets, including roadways, wastewater collection system or storm water collection system in either the Governmental Activities or Business-Type Activities.

### NON-CURRENT OBLIGATIONS

As shown in Note 12 on page 37 of the financial statements, the Town of Allenstown has long-term liabilities of \$3,094,903 in the Governmental Activities and \$787,836 in the Business-Type Activities. Long term obligations include capital leases, compensated absences, landfill site monitoring, other postemployment benefits, and the net pension liability.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Allenstown's finances for any interested party. Questions related to this financial statement, or requests for additional information should be addressed to:

Debbie Bender  
Finance Director, Town of Allenstown  
16 School Street  
Allenstown, NH 03275  
(603) 485-4276 ext. 120

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,226,736	\$ 2,985,258	\$ 5,211,994
Investments	316,473	1,077,961	1,394,434
Taxes receivables (net)	812,315	-	812,315
Account receivables (net)	28,732	285,217	313,949
Internal balances	129,906	(129,906)	-
Prepaid items	263	-	263
Tax deeded property, subject to resale	11,902	-	11,902
Capital assets:			
Land and construction in progress	2,661,945	266,384	2,928,329
Other capital assets, net of depreciation	3,617,422	3,753,989	7,371,411
Total assets	<u>9,805,694</u>	<u>8,238,903</u>	<u>18,044,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts related to pensions	332,368	78,636	411,004
Amounts related to other postemployment benefits	14,499	526	15,025
Total deferred outflows of resources	<u>346,867</u>	<u>79,162</u>	<u>426,029</u>
<b>LIABILITIES</b>			
Accounts payable	156,162	196,229	352,391
Accrued salaries and benefits	63,536	16,128	79,664
Accrued interest payable	5,232	-	5,232
Intergovernmental payable	224	-	224
Escrow and performance deposits	10,899	-	10,899
Long-term liabilities:			
Due within one year	158,753	-	158,753
Due in more than one year	2,936,150	787,836	3,723,986
Total liabilities	<u>3,330,956</u>	<u>1,000,193</u>	<u>4,331,149</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	7,579	-	7,579
Amounts related to pensions	312,708	92,249	404,957
Amounts related to other postemployment benefits	1,324	390	1,714
Total deferred inflows of resources	<u>321,611</u>	<u>92,639</u>	<u>414,250</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,090,535	4,020,373	10,110,908
Restricted	15,650	-	15,650
Unrestricted	393,809	3,204,860	3,598,669
Total net position	<u>\$ 6,499,994</u>	<u>\$ 7,225,233</u>	<u>\$ 13,725,227</u>

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

**EXHIBIT B**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>						
General government	\$ 1,449,519	\$ 49,544	\$ -	\$ (1,399,975)	\$ -	\$ (1,399,975)
Public safety	1,566,078	36,195	80	(1,529,803)	-	(1,529,803)
Highways and streets	602,570	-	92,700	(509,870)	-	(509,870)
Sanitation	205,287	9,858	-	(195,429)	-	(195,429)
Health	7,780	-	-	(7,780)	-	(7,780)
Welfare	51,469	-	-	(51,469)	-	(51,469)
Culture and recreation	199,250	-	5	(199,245)	-	(199,245)
Conservation	1,188	-	-	(1,188)	-	(1,188)
Economic development	15,230	-	-	(15,230)	-	(15,230)
Interest on long-term debt	(1,775)	-	-	1,775	-	1,775
Total governmental activities	4,096,596	95,597	92,785	(3,908,214)	-	(3,908,214)
<b>Business-type activities:</b>						
Sewer	1,801,791	2,953,139	5,174	-	1,156,522	1,156,522
Total	\$ 5,898,387	\$ 3,048,736	\$ 97,959	(3,908,214)	1,156,522	(2,751,692)
<b>General revenues:</b>						
Taxes:						
Property				2,636,572	-	2,636,572
Other				159,408	-	159,408
Motor vehicle permit fees				800,465	-	800,465
Licenses and other fees				35,862	-	35,862
Grants and contributions not restricted to specific programs				230,379	-	230,379
Unrestricted investment earnings				-	19,683	19,683
Miscellaneous				173,630	4,609	178,239
Total general revenues				4,036,316	24,292	4,060,608
Change in net position				128,102	1,180,814	1,308,916
Net position, beginning				6,371,892	6,044,419	12,416,311
Net position, ending				\$ 6,499,994	\$ 7,225,233	\$ 13,725,227

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

**EXHIBIT C-1**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2019**

	General	Special Revenue Fund		Total Governmental Funds
		Public Safety Services Revolving	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,077,987	\$ 140,150	\$ 8,599	\$ 2,226,736
Investments	310,432	-	6,041	316,473
Receivables, net of allowance for uncollectible:				
Taxes	972,315	-	-	972,315
Accounts	22,748	5,984	-	28,732
Interfund receivable	198,628	-	-	198,628
Voluntary tax liens	23,940	-	-	23,940
Voluntary tax liens reserved until collected	(23,940)	-	-	(23,940)
Prepaid items	263	-	-	263
Tax deeded property, subject to resale	11,902	-	-	11,902
<b>Total assets</b>	<b>\$ 3,594,275</b>	<b>\$ 146,134</b>	<b>\$ 14,640</b>	<b>\$ 3,755,049</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 156,162	\$ -	\$ -	\$ 156,162
Accrued salaries and benefits	63,536	-	-	63,536
Intergovernmental payable	224	-	-	224
Interfund payable	-	68,722	-	68,722
Escrow and performance deposits	10,899	-	-	10,899
<b>Total liabilities</b>	<b>230,821</b>	<b>68,722</b>	<b>-</b>	<b>299,543</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - Property taxes	261,500	-	-	261,500
<b>FUND BALANCES</b>				
Nonspendable	12,165	-	5,814	17,979
Restricted	2,372	-	7,464	9,836
Committed	625,671	77,412	1,362	704,445
Assigned	66,438	-	-	66,438
Unassigned	2,395,308	-	-	2,395,308
<b>Total fund balances</b>	<b>3,101,954</b>	<b>77,412</b>	<b>14,640</b>	<b>3,194,006</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,594,275</b>	<b>\$ 146,134</b>	<b>\$ 14,640</b>	<b>\$ 3,755,049</b>

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

*EXHIBIT C-2*  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*December 31, 2019*

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 3,194,006
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 9,618,626	
Less accumulated depreciation	<u>(3,339,259)</u>	
		6,279,367
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 332,368	
Deferred inflows of resources related to pensions	(312,708)	
Deferred outflows of resources related to OPEB	14,499	
Deferred inflows of resources related to OPEB	<u>(1,324)</u>	
		32,835
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (68,722)	
Payables	<u>68,722</u>	
		-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		253,921
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(160,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(5,232)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Capital leases	\$ 188,832	
Compensated absences	71,376	
Accrued landfill postclosure care costs	154,800	
Net pension liability	2,314,571	
Other postemployment benefits	<u>365,324</u>	
		<u>(3,094,903)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 6,499,994</u></u>

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

**EXHIBIT C-3**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2019**

	General	Special Revenue Fund Public Safety Services Revolving	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,912,986	\$ -	\$ -	\$ 2,912,986
Licenses and permits	836,327	-	-	836,327
Intergovernmental receivable	409,106	-	-	409,106
Charges for services	68,249	27,348	-	95,597
Miscellaneous	85,947	1,453	288	87,688
Total revenues	<u>4,312,615</u>	<u>28,801</u>	<u>288</u>	<u>4,341,704</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,186,420	-	27	1,186,447
Public safety	1,476,223	17,671	-	1,493,894
Highways and streets	711,468	-	-	711,468
Sanitation	206,867	-	-	206,867
Health	7,780	-	-	7,780
Welfare	51,469	-	-	51,469
Culture and recreation	143,633	-	-	143,633
Conservation	1,188	-	-	1,188
Economic development	15,230	-	-	15,230
Capital outlay	210,949	-	-	210,949
Total expenditures	<u>4,011,227</u>	<u>17,671</u>	<u>27</u>	<u>4,028,925</u>
Excess of revenues over expenditures	<u>301,388</u>	<u>11,130</u>	<u>261</u>	<u>312,779</u>
<b>OTHER FINANCING SOURCES</b>				
Capital leases	<u>109,669</u>	<u>-</u>	<u>-</u>	<u>109,669</u>
Net change in fund balances	411,057	11,130	261	422,448
Fund balances, beginning	2,690,897	66,282	14,379	2,771,558
Fund balances, ending	<u>\$ 3,101,954</u>	<u>\$ 77,412</u>	<u>\$ 14,640</u>	<u>\$ 3,194,006</u>

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

*EXHIBIT C-4*  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2019*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 422,448
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 238,497	
Depreciation expense	<u>(225,606)</u>	12,891
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		(117,006)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the		
Inception of capital leases	\$ (109,669)	
Repayment of capital leases	<u>163,235</u>	53,566
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 1,775	
Decrease in compensated absences	6,960	
Decrease in accrued landfill postclosure care costs	2,700	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(269,309)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>14,077</u>	<u>(243,797)</u>
Changes in net position of governmental activities (Exhibit B)		<u>\$ 128,102</u>

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

**EXHIBIT D**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,777,513	\$ 2,795,980	\$ 18,467
Licenses and permits	694,030	836,327	142,297
Intergovernmental receivable	402,130	409,106	6,976
Charges for services	54,400	68,249	13,849
Miscellaneous	8,950	56,092	47,142
Total revenues	<u>3,937,023</u>	<u>4,165,754</u>	<u>228,731</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,338,271	1,177,976	160,295
Public safety	1,431,991	1,431,104	887
Highways and streets	608,170	559,985	48,185
Sanitation	195,000	201,654	(6,654)
Health	6,650	7,780	(1,130)
Welfare	67,160	51,469	15,691
Culture and recreation	122,650	129,849	(7,199)
Conservation	1,301	1,188	113
Economic development	900	2,330	(1,430)
Debt service:			
Interest	15,250	-	15,250
Capital outlay	226,930	210,949	15,981
Total expenditures	<u>4,014,273</u>	<u>3,774,284</u>	<u>239,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,250)</u>	<u>391,470</u>	<u>468,720</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(151,682)	(151,682)	-
Note proceeds	30,000	-	(30,000)
Total other financing sources (uses)	<u>(121,682)</u>	<u>(151,682)</u>	<u>(30,000)</u>
Net change in fund balances	<u>\$ (198,932)</u>	<u>239,788</u>	<u>\$ 438,720</u>
Increase in nonspendable fund balance		(6,489)	
Unassigned fund balance, beginning		2,255,930	
Unassigned fund balance, ending		<u>\$ 2,489,229</u>	

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

**EXHIBIT E-1**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Net Position**  
**December 31, 2019**

	Business-type Activities
	Enterprise Fund (Sewer Department)
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,985,258
Investments	1,077,961
Receivables (net)	285,217
Capital assets:	
Land and construction in progress	266,384
Other capital assets, net of depreciation	3,753,989
Total assets	8,368,809
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	78,636
Amounts related to other postemployment benefits	526
Total deferred outflows of resources	79,162
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	196,229
Accrued salaries and benefits	16,128
Internal balances	129,906
Long term liabilities:	
Due in more than one year	787,836
Total liabilities	1,130,099
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts related to pensions	92,249
Amounts related to other postemployment benefits	390
Total deferred inflows of resources	92,639
<b>NET POSITION</b>	
Net investment in capital assets	4,020,373
Unrestricted	3,204,860
Total net position	\$ 7,225,233

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

*EXHIBIT E-2*  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Proprietary Fund*  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	Business-type Activities
	Enterprise Fund (Sewer Department)
Operating revenues:	
User charges	\$ 1,939,245
Metered sewer sales	990,090
Fees and interest	23,804
Total operating revenues	2,953,139
Operating expenses:	
Salaries and wages	315,903
Operation and maintenance	572,693
Contractual services	389,046
Materials and supplies	292,594
Depreciation	231,555
Total operating expenses	1,801,791
Operating gain	1,151,348
Nonoperating revenue:	
Intergovernmental revenues	5,174
Interest income	19,683
Change in fair market value of investments	4,609
Total nonoperating revenues	29,466
Change in net position	1,180,814
Net position, beginning	6,044,419
Net position, ending	\$ 7,225,233

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

**EXHIBIT E-3**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Proprietary Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended December 31, 2019**

	Business-type Activities
	Enterprise Fund Sewer Department
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,932,171
Payments to employees	(544,834)
Payments to suppliers	(1,400,516)
Net cash provided by operating activities	986,821
Cash flows from capital and related financing activities:	
Acquisition and construction of fixed assets	(422,742)
Cash flows from non-capital financing activities:	
Intergovernmental revenues	5,174
Cash flows from investing activities:	
Sale of investments	(14,925)
Interest received	19,683
Net cash provided by investing activities	4,758
Net increase in cash	574,011
Cash, beginning	2,411,247
Cash, ending	\$ 2,985,258

***Reconciliation of Operating Gain to Net Cash Provided by Operating Activities***

Operating gain	\$ 1,151,348
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:	
Depreciation expense	231,555
Increase in accounts receivables	(20,968)
Decrease in deferred outflows related to pensions	35,956
Decrease in deferred outflows related to OPEB	4,413
Decrease in accounts payable	(177,669)
Decrease in accrued salaries and benefits	(1,100)
Increase in internal balances	31,486
Decrease in compensated absences	(4,929)
Increase in net pension liability	29,244
Increase in OPEB	9,435
Decrease in deferred inflows related to pensions	(301,203)
Decrease in deferred inflows related to OPEB	(747)
Total adjustments	(164,527)
Net cash provided by operating activities	\$ 986,821

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

**EXHIBIT F-1**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2019**

	School Trust Funds	Taxes	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,604,032	\$ 2,604,032
Investments	209,254	-	209,254
Total assets	<u>209,254</u>	<u>2,604,032</u>	<u>2,813,286</u>
<b>LIABILITIES</b>			
Due to school district	<u>-</u>	<u>2,604,032</u>	<u>2,604,032</u>
<b>NET POSITION</b>			
Restricted	<u>\$ 209,254</u>	<u>\$ -</u>	<u>\$ 209,254</u>

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

**EXHIBIT F-2**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	School Trust Funds	Taxes	Total
<b>ADDITIONS</b>			
Contributions	\$ 80,000	\$ -	\$ 80,000
Investment earnings	2,539	-	2,539
Change in fair market value	10,142	-	10,142
Tax collections for other governments	-	6,303,684	6,303,684
Total additions	<u>92,681</u>	<u>6,303,684</u>	<u>6,396,365</u>
<b>DEDUCTIONS</b>			
Administrative expenses	630	-	630
Payments of taxes to other governments	-	6,303,684	6,303,684
Total deductions	<u>630</u>	<u>6,303,684</u>	<u>6,304,314</u>
Change in net position	92,051	-	92,051
Net position, beginning, as restated (see Note 18)	117,203	-	117,203
Net position, ending	<u>\$ 209,254</u>	<u>\$ -</u>	<u>\$ 209,254</u>

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

	<u>NOTE</u>
<b>Summary of Significant Accounting Policies .....</b>	<b>1</b>
Reporting Entity .....	1-A
Basis of Accounting, and Measurement Focus .....	1-B
Cash and Cash Equivalents.....	1-C
Statement of Cash Flows .....	1-D
Investments.....	1-E
Receivables.....	1-F
Prepaid Items .....	1-G
Capital Assets .....	1-H
Interfund Activities.....	1-I
Property Taxes.....	1-J
Accounts Payable .....	1-K
Deferred Outflows/Inflows of Resources .....	1-L
Long-term Obligations .....	1-M
Compensated Absences .....	1-N
Defined Benefit Pension Plan .....	1-O
Postemployment Benefits Other Than Pensions.....	1-P
Net Position/Fund Balances.....	1-Q
Use of Estimates .....	1-R
 <b>Stewardship, Compliance, and Accountability.....</b>	 <b>2</b>
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis.....	2-B
Accounting Change .....	2-C

***DETAILED NOTES ON ALL FUNDS***

<b>Cash and Cash Equivalents .....</b>	<b>3</b>
<b>Investments .....</b>	<b>4</b>
<b>Taxes Receivable .....</b>	<b>5</b>
<b>Other Receivables.....</b>	<b>6</b>
<b>Capital Assets.....</b>	<b>7</b>
<b>Interfund/Internal Balances .....</b>	<b>8</b>
<b>Intergovernmental Payables.....</b>	<b>9</b>
<b>Deferred Outflows/Inflows of Resources .....</b>	<b>10</b>
<b>Capital Lease Obligations .....</b>	<b>11</b>
<b>Long-term Liabilities .....</b>	<b>12</b>
<b>Defined Benefit Pension Plan .....</b>	<b>13</b>
<b>Postemployment Benefits Other Than Pensions.....</b>	<b>14</b>
New Hampshire Retirement System (NHRS).....	14-A
Town of Allenstown Retiree Health Benefit Program .....	14-B
<b>Commitments/Encumbrances .....</b>	<b>15</b>
<b>Governmental and Business-type Activities Net Position .....</b>	<b>16</b>
<b>Governmental Fund Balances .....</b>	<b>17</b>
<b>Prior Period Adjustment .....</b>	<b>18</b>

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

<b>Risk Management.....</b>	<b>19</b>
<b>Contingent Liabilities.....</b>	<b>20</b>
<b>Subsequent Events.....</b>	<b>21</b>

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In 2019 the Town implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-C for further information on this pronouncement.

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

***1-A Reporting Entity***

The Town of Allenstown is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

***1-B Basis of Accounting, and Measurement Focus***

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

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the infrastructure capital assets and related accumulated depreciation, which have been partially omitted because they have not been inventoried at historical cost. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded depreciation expense related to its infrastructure assets in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

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

***Governmental Fund Financial Statements*** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

**Public Safety Services Revolving Fund** – the Public Safety Services Revolving fund is used to account for revenues and expenditures related to public safety.

Additionally, the Town reports the following fund types:

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

**Permanent Fund** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

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

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

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

The Town reports the following major proprietary fund:

**Sewer Fund** – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

***1-C Cash and Cash Equivalents***

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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

***1-D Statement of Cash Flows***

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

***1-E Investments***

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

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

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

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

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

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

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), U.S. government obligations, and corporate bonds would be examples of Level 2 investments.

**Level 3** – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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

***1-F Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

***1-G Prepaid Items***

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

***1-H Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund’s measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position. Capital assets of the proprietary fund are capitalized in the fund and the cost basis for proprietary fund capital assets is the same as that used for general capital assets. The Town has not capitalized all of its infrastructure capital assets as the Town has not determined the historical cost for the initial reporting of these assets.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Land improvements	40
Buildings and building improvements	30 - 40
Machinery, equipment, and vehicles	5 - 40
Infrastructure	20 - 40

***1-I Interfund Activities***

Interfund activities are reported as follows:

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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

**1-J Property Taxes**

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 6, 2019 and November 7, 2019, and due on July 1, 2019 and December 16, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on April 11, 2019.

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

The Town net assessed valuation as of April 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 286,571,896
For all other taxes	\$ 295,309,596

The tax rates and amounts assessed for the year ended December 31, 2019 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$9.68	\$ 2,862,183
School portion:		
State of New Hampshire	\$2.09	597,850
Local	\$16.54	4,881,182
County portion	\$2.79	824,652
Total	\$31.10	\$ 9,165,867

**1-K Accounts Payable**

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

**1-L Deferred Outflows/Inflows of Resources**

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

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

***1-M Long-term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position.

***1-N Compensated Absences***

***Vacation*** - The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***Sick Leave*** - Accumulated sick leave lapses when employees leave the employ of the Town and when, upon separation from service, no monetary obligation exists.

***1-O Defined Benefit Pension Plan***

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

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

***1-P Postemployment Benefits Other Than Pensions***

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

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

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

***1-Q Net Position/Fund Balances***

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

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any capital leases that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

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

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

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

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

The Town will maintain an appropriate level of unassigned fund balance following the guidelines establish by the New Hampshire Government Finance Officers Association, which are as follows:

- 5% to 15% of regular general fund operating revenues, or
- 8% to 17% of regular general fund operating expenditures.

***1-R Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of tangible and intangible capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A Budgetary Information**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general and sewer department funds. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, \$47,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$151,932 was voted from unassigned fund balance as a transfer to the capital reserve funds.

**2-B Budgetary Reconciliation to GAAP Basis**

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D (budgetary basis)	\$4,165,754
Adjustment:	
Basis difference:	
Inception of capital leases	109,669
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	29,855
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	117,006
Per Exhibit C-3 (GAAP basis)	<u>\$4,422,284</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$3,925,966
Adjustment:	
Basis differences:	
Inception of capital leases	109,669
Encumbrances, beginning	150,804
Encumbrances, ending	(66,438)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	42,908
To eliminate transfers between general and blended expendable trust funds	(151,682)
Per Exhibit C-3 (GAAP basis)	<u>\$4,011,227</u>

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 18.

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$7,816,026 and the bank balances totaled \$7,727,634. Petty cash totaled \$650.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 5,211,994
Cash per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	2,604,032
Total cash and cash equivalents	<u>\$ 7,816,026</u>

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2019:

	Valuation		Less Than 1		Total
	Measurement Method	Fair Value	Year	1-5 Years	
Investments type:					
Corporate bonds	Level 2	\$ -	\$ 130,236	\$ 705,067	835,303
New Hampshire Public Deposit Investment Pool	Level 2	956	-	-	956
U.S. Government obligations	Level 2	-	319,825	447,604	767,429
Total fair value		<u>\$ 956</u>	<u>\$ 450,061</u>	<u>\$ 1,152,671</u>	<u>\$ 1,603,688</u>

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

Of the Town's total investments, only the \$956 is in custody of the Town Treasurer. The remaining investments are held by the Town's Trustees of Trust Funds.

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

**Credit Risk** - State law limits investments as explained in Note 1-E. The Trustees of Trust Funds investment policy requires portfolio diversification as a means to control risk. Investments shall be investment grade, with not more than 10% of the portfolio invested in "BBB" securities. Additionally, the investment policy does not permit investments in securities issued in foreign markets. The Town's investment pool had the following credit structure:

Ratings per Moody's	Corporate	U.S. Government Obligations	Total
Aaa	\$ 45,666	\$ 767,429	\$ 813,095
Aa1	120,560	-	120,560
Aa2	141,472	-	141,472
Aa3	20,156	-	20,156
A1	75,680	-	75,680
A2	253,534	-	253,534
A3	143,207	-	143,207
Baa1	35,028	-	35,028
	<u>\$ 835,303</u>	<u>\$ 767,429</u>	<u>\$ 1,602,732</u>

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trustees of Trust Funds investment policy requires all investment assets to be held in a brokerage account for safekeeping, or other financial institutions that meet or exceed industry guidelines or insurance protection standards.

**Concentration of Credit Risk** – The Trustees of Trust Funds investment policy limits the amount it may invest in any one issuer to not more than 10% of the fund or \$10,000, whichever is greater, except for deposits in any federally or state chartered banks or associations authorized to engage in banking business in New Hampshire; credit unions in New Hampshire; obligations of the United States, the State of New Hampshire and its subdivisions; participation units in the public deposit investment pool established pursuant to RSA 383:22; or in shares of open ended mutual funds selected by the Trustees for investment under RSA 31:25. At December 31, 2019, the Town did not have more than 5% of the total investments in a single issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,394,434
Investments per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	209,254
Total investments	<u>\$ 1,603,688</u>

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$160,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 494,312	\$ 494,312
Unredeemed (under tax lien):		
Levy of 2018	244,790	244,790
Levy of 2017	187,725	187,725
Levies of 2016 and prior	45,246	45,246
Yield	242	242
Less: allowance for estimated uncollectible taxes	(160,000) *	-
Net taxes receivable	<u>\$ 812,315</u>	<u>\$ 972,315</u>

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2019, consisted of accounts (billings for police details, sewer, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2019 for the Town's general fund, business-type activities, and proprietary fund, including applicable allowances for uncollectible accounts are as follows:

	Governmental	Business-type	
	Fund	Activities	
	General	Proprietary Fund (Sewer Department)	Total
Receivables:			
Accounts	\$ 22,748	\$ 305,217	\$ 327,965
Voluntary tax liens	23,940	-	23,940
Gross receivables	46,688	305,217	351,905
Less: allowance for uncollectibles	(23,940)	(20,000)	(43,940)
Net total receivables	<u>\$ 22,748</u>	<u>\$ 285,217</u>	<u>\$ 307,965</u>

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
<b>Governmental activities:</b>				
At cost:				
Not being depreciated:				
Land*	\$ 2,661,945	\$ -	\$ -	\$ 2,661,945
Being depreciated:				
Buildings and building improvements	3,191,849	-	-	3,191,849
Machinery, equipment, and vehicles	3,335,151	115,269	-	3,450,420
Infrastructure	191,184	123,228	-	314,412
Total capital assets being depreciated	<u>6,718,184</u>	<u>238,497</u>	<u>-</u>	<u>6,956,681</u>
Total all capital assets	<u>9,380,129</u>	<u>238,497</u>	<u>-</u>	<u>9,618,626</u>

*(Continued)*

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Buildings and building improvements	(703,875)	(77,802)	-	(781,677)
Machinery, equipment, and vehicles	(2,403,405)	(137,324)	-	(2,540,729)
Infrastructure	(6,373)	(10,480)	-	(16,853)
Total accumulated depreciation	<u>(3,113,653)</u>	<u>(225,606)</u>	<u>-</u>	<u>(3,339,259)</u>
Net book value, capital assets being depreciated	3,604,531	12,891	-	3,617,422
Net book value, all governmental activities capital assets	<u>\$ 6,266,476</u>	<u>\$ 12,891</u>	<u>\$ -</u>	<u>\$ 6,279,367</u>

\*Included in the total balance is \$1,533,435 of land located in a flood plain, which the Town acquired through a Federal Flood Mitigation Assistance Grant. As the land was acquired to ensure the safety of the public as well as to enhance flood plains capacity, it has been recorded at assessment value rather than acquisition cost. GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, mandates that "capital assets that will no longer be used by the government should be reported at the lower of carrying value or fair value."

	Balance, beginning	Additions	Deletions	Balance, ending
<b>Business-type activities:</b>				
At cost:				
Not being depreciated:				
Land	\$ 25,962	\$ -	\$ -	\$ 25,962
Construction in progress	147,457	92,965	-	240,422
Total capital assets not being depreciated	<u>173,419</u>	<u>92,965</u>	<u>-</u>	<u>266,384</u>
Being depreciated:				
Land improvements	125,230	-	-	125,230
Buildings and building improvements	1,468,271	-	-	1,468,271
Machinery, equipment, and vehicles	2,220,105	352,657	(55,743)	2,517,019
Infrastructure	3,823,800	-	-	3,823,800
Total capital assets being depreciated	<u>7,637,406</u>	<u>352,657</u>	<u>(55,743)</u>	<u>7,934,320</u>
Total all capital assets	<u>7,810,825</u>	<u>445,622</u>	<u>(55,743)</u>	<u>8,200,704</u>
Less accumulated depreciation:				
Land improvements	(125,230)	-	-	(125,230)
Buildings and building improvements	(763,390)	(26,106)	-	(789,496)
Machinery, equipment, and vehicles	(1,289,972)	(141,843)	32,863	(1,398,952)
Infrastructure	(1,803,047)	(63,606)	-	(1,866,653)
Total accumulated depreciation	<u>(3,981,639)</u>	<u>(231,555)</u>	<u>32,863</u>	<u>(4,180,331)</u>
Net book value, capital assets being depreciated	3,655,767	121,102	(22,880)	3,753,989
Net book value, all business-type activities capital assets	<u>\$ 3,829,186</u>	<u>\$ 214,067</u>	<u>\$ (22,880)</u>	<u>\$ 4,020,373</u>

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

**Governmental activities:**

General government	\$ 4,113
Public safety	112,405
Highways and streets	52,445
Sanitation	1,120
Culture and recreation	55,523
Total depreciation expense	<u>\$ 225,606</u>

**Business-type activities:**

Sewer	<u>\$ 231,555</u>
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**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**NOTE 8 – INTERFUND/INTERNAL BALANCES**

The composition of interfund/internal balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sewer	\$ 129,906
General	Public Safety Services Revolving	68,722
		\$ 198,628

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

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$2,604,256 at December 31, 2019 consist of the following:

Governmental fund:		
General fund:		
Miscellaneous fees due to the State of New Hampshire	\$	224
Fiduciary fund:		
Taxes:		
Balance of the 2019-2020 district assessment due to the Allenstown School District	2,604,032	
Total intergovernmental payables due	\$	2,604,256

**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at December 31, 2019 consist of amounts related to pensions totaling \$411,004 and amounts related to OPEB totaling \$15,025. For further discussion on these amounts, see Note 13 and 14 respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
<b>Governmental activities:</b>		
Property taxes levied prior to their due date	\$ 7,579	\$ 261,500
Amounts related to pensions (see Note 13)	312,708	-
Amounts related to other postemployment benefits (see Note 14)	1,324	-
Total governmental activities	321,611	\$ 261,500
<b>Business-type activities:</b>		
Enterprise fund:		
Sewer department:		
Amounts related to pensions (see Note 13)	92,249	
Amounts related to other postemployment benefits (see Note 14)	390	
Total sewer department	92,639	
Total deferred inflows of resources	\$ 414,250	

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**NOTE 11 – CAPITAL LEASE OBLIGATIONS**

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2019
<b>Governmental activities:</b>		
Capital lease obligations:		
Fire truck	2.96%	\$ 81,585
Ford F-550 dump truck	3.99%	25,952
2020 Ford Explorer Interceptor	4.79%	27,491
Ford F-550 with plow	4.89%	43,877
Ford Explorer Interceptor	4.89%	9,927
Total capital lease obligations		<u>\$ 188,832</u>

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

	Governmental Activities
Equipment:	
Fire truck	\$ 240,319
Ford F-550 dump truck	92,908
2020 Ford Explorer Interceptor	42,232
Ford F-550 with plow	67,437
Ford Explorer Interceptor	29,805
Total equipment	<u>472,701</u>
Less: accumulated depreciation	(94,373)
Total capital lease equipment	<u>\$ 378,328</u>

The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
<u>2020</u>	\$ 159,700
2021	38,301
Total requirements	<u>198,001</u>
Less: interest	(9,169)
Present value of remaining payments	<u>\$ 188,832</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**NOTE 12 – LONG-TERM LIABILITIES**

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2019:

	Balance			Balance	
	January 1, 2019	Additions	Reductions	December 31, 2019	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$ 242,398	\$ 109,669	\$ (163,235)	\$ 188,832	\$ 152,303
Compensated absences	78,336	-	(6,960)	71,376	-
Accrued landfill postclosure care costs	157,500	-	(2,700)	154,800	6,450
Net pension liability	2,409,034	-	(94,463)	2,314,571	-
Net other postemployment benefits	396,820	-	(31,496)	365,324	-
Total long-term liabilities	<u>\$ 3,284,088</u>	<u>\$ 109,669</u>	<u>\$ (298,854)</u>	<u>\$ 3,094,903</u>	<u>\$ 158,753</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 9,040	\$ -	\$ (4,929)	\$ 4,111	\$ -
Net pension liability	653,557	29,244	-	682,801	-
Net other postemployment benefits	91,489	9,435	-	100,924	-
Total long-term liabilities	<u>\$ 754,086</u>	<u>\$ 38,679</u>	<u>\$ (4,929)</u>	<u>\$ 787,836</u>	<u>\$ -</u>

**Bonds/Notes Authorized and Unissued** – Bonds and notes authorized and unissued as of December 31, 2019 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 10, 2015	Wastewater collection and treatment	\$ 10,458
March 14, 2017	Suncook Pond wastewater pump station	1,616,000
March 14, 2017	Asset management system	10
March 12, 2019	Asset management system	30,000
		<u>\$ 1,656,468</u>

**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in past years. State laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$154,800, which is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2019. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town has established a capital reserve fund for landfill postclosure care costs. This fund had a balance of \$16,417 at year-end.

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**Benefits Provided** – The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

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

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 were \$209,337 for governmental activities and \$61,755 for business-type activities which were paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2019 the Town reported a liability of \$2,314,571 in the governmental activities and \$682,801 for business-type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.05% in the governmental activities and 0.01% in the business-type activities. This was no change in either the governmental activities and business-type activities from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$437,677 in the governmental activities and \$(112,753) in the business-type activities. At December 31, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 102,047	\$ 244,031	\$ 30,104	\$ 71,990
Changes in assumptions	83,045	-	24,499	-
Net difference between projected and actual investment earnings on pension plan investments	-	18,907	3,775	14,682
Differences between expected and actual experience	12,798	49,770	-	5,577
Contributions subsequent to the measurement date	134,478	-	20,258	-
<b>Total</b>	<b>\$ 332,368</b>	<b>\$ 312,708</b>	<b>\$ 78,636</b>	<b>\$ 92,249</b>

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

The \$134,478 in the governmental activities and \$20,258 in the business-type activities reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities
2020	\$ 33,249	\$ 9,809
2021	(97,135)	(28,655)
2022	(48,381)	(14,273)
2023	(2,551)	(752)
Totals	<u>\$ (114,818)</u>	<u>\$ (33,871)</u>

**Actuarial Assumptions** – The collective total pension liability was based on the following assumptions:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Wage inflation	3.25% (3.00% for teachers)
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

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

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, 2010 – June 30, 2015.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2018</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	<u>20.00%</u>	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.25%
Total	<u>100.00%</u>	

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**Discount Rate** – The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
<b>Governmental activities:</b>			
June 30, 2019	\$ 3,099,305	\$ 2,314,571	\$ 1,665,993
<b>Business-type activities:</b>			
June 30, 2019	\$ 914,299	\$ 682,801	\$ 491,470

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

**NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**14-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

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

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

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

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

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 were \$24,009 for governmental activities and \$7,083 for business-type activities which were paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At December 31, 2019, the Town reported a liability of \$230,650 in the governmental activities and \$68,042 in the business-type activities for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.05% in the governmental activities and 0.02% in the business-type activities. This was a decrease of 0.01% in the governmental activities and an increase of 0.01% in the business-type activities from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$31,380 in the governmental activities and (\$920) in the business-type activities. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 663	\$ -	\$ 195
Net difference between projected and actual investment earnings on OPEB plan investments		-	-	77
Differences between expected and actual experience		-	-	118
Contributions subsequent to the measurement date	14,499	-	526	-
Total	\$ 14,499	\$ 1,324	\$ 526	\$ 390

The \$14,499 in the governmental activities and \$526 in the business-type activities reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities
2020	\$ (1,236)	\$ (364)
2021	(172)	(51)
2022	18	5
2023	66	20
Totals	\$ (1,324)	\$ (390)

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**Actuarial Assumptions** – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.5 %
Wage inflation:	3.25 % (3.00%) for teachers
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
<b>Governmental activities:</b>			
June 30, 2019	\$ 250,175	\$ 230,650	\$ 213,684
<b>Business-type activities:</b>			
June 30, 2019	\$ 73,802	\$ 68,042	\$ 63,037

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

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

**14-B Town of Allenstown Retiree Health Benefit Program**

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

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

**Employees Covered by Benefit Terms** – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	21
Total participants covered by OPEB plan	<u>22</u>

**Total OPEB Liability** – The Town's total OPEB liability of \$134,674 in the governmental activities and \$32,882 in the business-type activities was measured as of December 31, 2019, and was determined by an actuarial valuation of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$134,674 in the governmental activities and \$32,882 in the business-type activities in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.3%
Healthcare Cost Trend Rates:	
Current Year Trend	7.5%
Second Year Trend	7.0%
Decrement	0.5%
Ultimate Trend	4.5%
Year Ultimate Trend is Reached	2026

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2019

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

Mortality rates were based on the RPH- 2019 Total Dataset Mortality Table fully generational using Scale MP-2019.

**Changes in the Total OPEB Liability**

	Governmental Activities	Business-type Activities
OPEB liability beginning of year	\$ 145,104	\$ 23,200
Changes for the year:		
Service cost	13,535	3,305
Interest	5,650	1,379
Assumption changes and difference between actual and expected experience	(6,696)	10,594
Benefit payments	(22,919)	(5,596)
OPEB liability end of year	<u>\$ 134,674</u>	<u>\$ 32,882</u>

**Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate** – The December 31, 2019, actuarial valuation was prepared using a discount rate of 3.3%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$125,895, or by 6.5%, in the governmental activities and \$32,820, or by 0.2%, in the business-type activities. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$144,355, or by 7.2%, in the governmental activities and \$34,516, or by 5%, in the business-type activities.

	Discount Rate		
	1% Decrease	Baseline 3.26%	1% Increase
<b>Governmental Activities:</b>			
Total OPEB Liability	\$ 144,355	\$ 134,674	\$ 125,895
<b>Business-type Activities:</b>			
Total OPEB Liability	\$ 34,516	\$ 32,882	\$ 32,820

**Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The December 31, 2019, actuarial valuation was prepared using an initial trend rate of 7.5%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$149,487, or by 11.0%, in the governmental activities and \$36,499, or by 11.0%, in the business-type activities. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$122,118, or by 9.3%, in the governmental activities and \$29,816, or by 9.3%, in the business-type activities.

	Healthcare Cost Trend Rates		
	1% Decrease 6.5% Year 1 Decreasing to 3.5%	Baseline 7.5% Year 1 Decreasing to 4.5%	1% Increase 8.5% Year 1 Decreasing to 5.5%
<b>Governmental Activities:</b>			
Total OPEB Liability	\$ 122,118	\$ 134,674	\$ 149,487
<b>Business-type Activities:</b>			
Total OPEB Liability	\$ 29,816	\$ 32,882	\$ 36,499

**OPEB Expense** – For the year ended December 31, 2019, the Town recognized OPEB expense of \$20,987 in the governmental activities and \$6,780 in the business-type activities.

**NOTE 15 – COMMITMENTS/ENCUMBRANCES**

The Town has entered into a construction contract totaling \$225,050 related to the Suncook Pond Wastewater Pump Station. As of December 31, 2019, the remaining unpaid balance of this contract was \$17,768.

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2019 and are as follows:

General fund:	
Public safety	\$ 3,141
Highways and streets	60,758
Culture and recreation	2,539
Total encumbrances	<u>\$ 66,438</u>

**NOTE 16 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION**

Governmental activities net position reported on the Statement of Net Position at December 31, 2019 include the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 6,279,367	\$ 4,020,373	\$ 10,299,740
Less:			
Capital leases payable	(188,832)	-	(188,832)
Total net investment in capital assets	<u>6,090,535</u>	<u>4,020,373</u>	<u>10,110,908</u>
Restricted net position:			
DARE	7,237	-	7,237
Library	2,372	-	2,372
Perpetual care - nonexpendable	5,814	-	5,814
Perpetual care - expendable	227	-	227
Total restricted net position	<u>15,650</u>	<u>-</u>	<u>15,650</u>
Unrestricted	<u>393,809</u>	<u>3,204,860</u>	<u>3,598,669</u>
Total net position	<u>\$ 6,499,994</u>	<u>\$ 7,225,233</u>	<u>\$ 13,725,227</u>

**NOTE 17 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General Fund	Special Revenue Fund Public Safety Services Revolving	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepaid items	\$ 263	\$ -	\$ -	\$ 263
Tax deeded property	11,902	-	-	11,902
Permanent fund - principal balance	-	-	5,814	5,814
Total nonspendable fund balance	<u>12,165</u>	<u>-</u>	<u>5,814</u>	<u>17,979</u>
<b>Restricted:</b>				
Library	2,372	-	-	2,372
DARE fund	-	-	7,237	7,237
Permanent - income balance	-	-	227	227
Total restricted fund balance	<u>2,372</u>	<u>-</u>	<u>7,464</u>	<u>9,836</u>

*(Continued)*

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

Governmental fund balances continued:

	General Fund	Special Revenue Fund		Total Governmental Funds
		Public Safety Services Revolving	Nonmajor Funds	
<b>Committed:</b>				
Expendable trust	617,146	-	-	617,146
Excess transfer from expendable trust to general fund	8,525	-	-	8,525
Conservation commission	-	-	1,362	1,362
Public safety services revolving fund	-	77,412	-	77,412
Total committed fund balance	<u>625,671</u>	<u>77,412</u>	<u>1,362</u>	<u>704,445</u>
<b>Assigned:</b>				
Encumbrances	66,438	-	-	66,438
<b>Unassigned</b>	<u>2,395,308</u>	<u>-</u>	<u>-</u>	<u>2,395,308</u>
Total governmental fund balances	<u>\$ 3,101,954</u>	<u>\$ 77,412</u>	<u>\$ 14,640</u>	<u>\$ 3,194,006</u>

**NOTE 18 – PRIOR PERIOD ADJUSTMENT**

Net position at January 1, 2019 was restated to give retroactive effect to the following prior period adjustment:

	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB No. 84, see Note 2-C	\$ 117,203
Net position, as previously reported	-
Net position, as restated	<u>\$ 117,203</u>

**NOTE 19 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$80,039 and \$52,142 respectively, to Primex for property, liability and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 20 – CONTINGENT LIABILITIES**

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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

**NOTE 21 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through November 12, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following events occurred that require recognition or disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor issued an order declaring a state of emergency on March 13, 2020. It is anticipated that the impact of the pandemic will continue for some time. As a result, economic uncertainties have arisen which could have a financial impact on the Town though such potential impact is unknown at this time.

At the March 10, 2020 Annual Town Meeting, voters approved 12 warrant articles (numbers 12 through 23) totaling \$233,294 to be funded through the use of available unassigned fund balance as of December 31, 2019.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT G**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%
Town's proportionate share of the net pension liability	\$ 2,874,706	\$ 2,504,810	\$ 2,670,973	\$ 3,708,204	\$ 3,414,090	\$ 3,062,591	\$ 2,997,372
Town's covered payroll	\$ 1,423,472	\$ 1,474,396	\$ 1,509,969	\$ 1,642,728	\$ 1,477,631	\$ 1,649,788	\$ 1,895,847
Town's proportionate share of the net pension liability as a percentage of its covered payroll	201.95%	169.89%	176.89%	225.73%	231.05%	185.64%	158.10%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

**EXHIBIT H**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 166,088	\$ 216,492	\$ 226,196	\$ 249,705	\$ 254,317	\$ 268,821	\$ 271,092
Contributions in relation to the contractually required contributions	(166,088)	(216,492)	(226,196)	(249,705)	(254,317)	(268,821)	(271,092)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	<u>\$1,423,472</u>	<u>\$1,474,396</u>	<u>\$1,509,969</u>	<u>\$1,642,728</u>	<u>\$1,477,631</u>	<u>\$1,649,788</u>	<u>\$1,895,847</u>
Contributions as a percentage of covered payroll	11.67%	14.68%	14.98%	15.20%	17.21%	16.29%	14.30%

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

**Other Information:**

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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**EXHIBIT I**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.05%	0.05%	0.07%	0.05%
Town's proportionate share of the net OPEB liability (asset)	\$ 238,611	\$ 234,503	\$ 320,005	\$ 298,692
Town's covered payroll	\$ 1,642,728	\$ 1,477,631	\$ 1,649,788	\$ 1,895,847
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	14.53%	15.87%	19.40%	15.76%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

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

**EXHIBIT J**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 28,640	\$ 30,398	\$ 30,916	\$ 31,092
Contributions in relation to the contractually required contribution	(28,640)	(30,398)	(30,916)	(31,092)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,642,728	\$ 1,477,631	\$ 1,649,788	\$ 1,895,847
Contributions as a percentage of covered payroll	1.74%	2.06%	1.87%	1.64%

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

**EXHIBIT K**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios*  
**Retiree Health Benefit Program**  
**For the Fiscal Year Ended December 31, 2019**

	<u>2018</u>	<u>2019</u>
OPEB liability, beginning of year	\$ 365,659	\$ 168,304
Changes for the year:		
Service cost	24,208	16,840
Interest	13,096	7,029
Assumption changes and difference between actual and expected experience	(216,175)	3,898
Benefit payments	<u>(18,484)</u>	<u>(28,515)</u>
OPEB liability, end of year	<u>\$ 168,304</u>	<u>\$ 167,556</u>
Covered payroll	<u>\$ 1,107,326</u>	<u>\$ 1,311,205</u>
Total OPEB liability as a percentage of covered payroll	15.20%	12.78%

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

**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2019. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2019*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,678,213	\$ 2,636,572	\$ (41,641)
Yield	-	21,822	21,822
Payment in lieu of taxes	5,300	10,600	5,300
Interest and penalties on taxes	94,000	126,986	32,986
Total from taxes	<u>2,777,513</u>	<u>2,795,980</u>	<u>18,467</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	300	1,155	855
Motor vehicle permit fees	670,000	800,465	130,465
Building permits	15,000	24,114	9,114
Other	8,730	10,593	1,863
Total from licenses, permits, and fees	<u>694,030</u>	<u>836,327</u>	<u>142,297</u>
<b>Intergovernmental:</b>			
State:			
Shared revenues	81,027	86,027	5,000
Meals and rooms distribution	221,512	221,512	-
Highway block grant	92,840	92,700	(140)
State and federal forest land reimbursement	5,151	5,151	-
Other	1,600	3,716	2,116
Total from intergovernmental	<u>402,130</u>	<u>409,106</u>	<u>6,976</u>
<b>Charges for services:</b>			
Income from departments	54,400	68,249	13,849
<b>Miscellaneous:</b>			
Sale of municipal property	-	4,568	4,568
Interest on investments	6,000	41,969	35,969
Other	2,950	9,555	6,605
Total from miscellaneous	<u>8,950</u>	<u>56,092</u>	<u>47,142</u>
<b>Other financing sources:</b>			
Bond proceeds	30,000	-	(30,000)
Total revenues and other financing sources	3,967,023	<u>\$ 4,165,754</u>	<u>\$ 198,731</u>
Unassigned fund balance used to reduce tax rate	47,000		
Amounts voted from fund balance	151,932		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,165,955</u>		

**SCHEDULE 2**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2019**

	Encumbered from Prior			Encumbered to Subsequent		Variance
	Year	Appropriations	Expenditures	Year		Positive (Negative)
<b>Current:</b>						
<b>General government:</b>						
Executive	\$ -	\$ 190,110	\$ 174,525	\$ -	\$	15,585
Election and registration	-	74,050	67,422	-		6,628
Financial administration	-	146,260	129,333	-		16,927
Revaluation of property	-	42,600	42,747	-		(147)
Legal	6,000	50,000	67,656	-		(11,656)
Personnel administration	-	728,400	601,105	-		127,295
Planning and zoning	-	17,370	16,337	-		1,033
General government buildings	-	27,900	18,571	-		9,329
Cemeteries	-	1	-	-		1
Insurance, not otherwise allocated	-	56,620	61,297	-		(4,677)
Advertising and regional associations	-	4,960	4,983	-		(23)
<b>Total general government</b>	<b>6,000</b>	<b>1,338,271</b>	<b>1,183,976</b>	<b>-</b>		<b>160,295</b>
<b>Public safety:</b>						
Police	-	936,591	971,533	3,141		(38,083)
Ambulance	-	118,200	118,189	-		11
Fire	-	323,200	296,302	-		26,898
Building inspection	-	43,650	30,650	-		13,000
Emergency management	-	10,350	11,289	-		(939)
<b>Total public safety</b>	<b>-</b>	<b>1,431,991</b>	<b>1,427,963</b>	<b>3,141</b>		<b>887</b>
<b>Highways and streets:</b>						
Administration	144,804	320,480	389,546	-		75,738
Highways and streets	-	271,690	239,009	60,758		(28,077)
Street lighting	-	16,000	15,476	-		524
<b>Total highways and streets</b>	<b>144,804</b>	<b>608,170</b>	<b>644,031</b>	<b>60,758</b>		<b>48,185</b>
<b>Sanitation:</b>						
Administration	-	10,000	12,043	-		(2,043)
Solid waste collection	-	115,000	116,181	-		(1,181)
Solid waste disposal	-	70,000	73,430	-		(3,430)
<b>Total sanitation</b>	<b>-</b>	<b>195,000</b>	<b>201,654</b>	<b>-</b>		<b>(6,654)</b>
<b>Health:</b>						
Administration	-	6,450	7,780	-		(1,330)
Pest control	-	200	-	-		200
<b>Total health</b>	<b>-</b>	<b>6,650</b>	<b>7,780</b>	<b>-</b>		<b>(1,130)</b>
<b>Welfare:</b>						
Administration and direct assistance	-	44,950	29,759	-		15,191
Vendor payments and other	-	22,210	21,710	-		500
<b>Total welfare</b>	<b>-</b>	<b>67,160</b>	<b>51,469</b>	<b>-</b>		<b>15,691</b>
<b>Culture and recreation:</b>						
Parks and recreation	-	62,280	64,760	2,539		(5,019)
Library	-	58,020	60,550	-		(2,530)
Patriotic purposes	-	2,350	2,000	-		350
<b>Total culture and recreation</b>	<b>-</b>	<b>122,650</b>	<b>127,310</b>	<b>2,539</b>		<b>(7,199)</b>
Conservation	-	1,301	1,188	-		113

*(Continued)*

*SCHEDULE 2 (Continued)*  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Major General Fund*  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2019*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Economic development	-	900	2,330	-	(1,430)
Debt service:					
Interest on long-term debt	-	250	-	-	250
Interest on tax anticipation notes	-	15,000	-	-	15,000
Total debt service	-	15,250	-	-	15,250
Capital outlay	-	226,930	210,949	-	15,981
Other financing uses:					
Transfers out	-	151,682	151,682	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 150,804	\$ 4,165,955	\$ 4,010,332	\$ 66,438	\$ 239,989

**SCHEDULE 3**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2019**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,255,930
Changes:		
Unassigned fund balance used to reduce 2019 tax rate		(47,000)
Amounts voted from fund balance		(151,932)
2019 Budget summary:		
Revenue surplus (Schedule 1)	\$ 198,731	
Unexpended balance of appropriations (Schedule 2)	<u>239,989</u>	
2019 Budget surplus		438,720
Increase in nonspendable fund balance		<u>(6,489)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,489,229
<b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(253,921)
Elimination of the allowance for uncollectible taxes		<u>160,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,395,308</u></u>

**SCHEDULE 4**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2019**

	Special Revenue Funds			Total
	Conservation	DARE	Permanent	
	Commission		Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,362	\$ 7,237	\$ -	\$ 8,599
Investments	-	-	6,041	6,041
Total assets	<u>\$ 1,362</u>	<u>\$ 7,237</u>	<u>\$ 6,041</u>	<u>\$ 14,640</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ -	\$ -	\$ 5,814	\$ 5,814
Restricted	-	7,237	227	7,464
Committed	1,362	-	-	1,362
Total fund balances	<u>\$ 1,362</u>	<u>\$ 7,237</u>	<u>\$ 6,041</u>	<u>\$ 14,640</u>

**SCHEDULE 5**  
**TOWN OF ALLENSTOWN, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2019**

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Conservation</u>		<u>Permanent</u>	
	<u>Commission</u>	<u>DARE</u>	<u>Fund</u>	
<b>REVENUES</b>				
Miscellaneous	\$ 3	\$ 80	\$ 205	\$ 288
<b>EXPENDITURES</b>				
Current:				
General government	-	-	27	27
Net change in fund balances	3	80	178	261
Fund balances, beginning	1,359	7,157	5,863	14,379
Fund balances, ending	<u>\$ 1,362</u>	<u>\$ 7,237</u>	<u>\$ 6,041</u>	<u>\$ 14,640</u>