

**TOWN OF ALLENSTOWN,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
A Statement of Net Position	9
B Statement of Activities	10
Fund Financial Statements	
<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
NOTES TO THE BASIC FINANCIAL STATEMENTS	21 - 47
REQUIRED SUPPLEMENTARY INFORMATION	
G Schedule of the Town's Proportionate Share of Net Pension Liability	48
H Schedule of Town Contributions – Pensions	49
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY	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
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY	54
COMBINING AND INDIVIDUAL FUND SCHEDULES	
Governmental Funds	
<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/Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Allenstown
Allenstown, 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 Allenstown as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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, 2020, 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, 2020, 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.

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.

September 21, 2021

*Plodzik & Sanderson
Professional Association*

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2020

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, 2020. 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 \$14,621,109, an increase of \$895,882 from the prior year balance. This total is comprised of: \$6,946,252 from Governmental Activities and \$7,674,857 from Business-Type (Sewer) Activities.

- Capital assets, net of depreciation for the Governmental Activities were \$6,203,542, a decrease of \$75,825 from the prior year. Capital assets, net of depreciation for the Business-Type Activities were \$3,827,178, a decrease of \$193,195 from the prior year. Depreciation expense for 2020 was \$273,115 for the Governmental Activities and \$232,580 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 \$3,879,213, and \$1,072,863 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 \$2,759,885.

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, 2020

- 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, 2020

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; resulting in an adverse opinion on the government-wide financial statements. 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 .29% 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 2020, program revenues consisted of Charges for Services (\$98,334), and operating grants and contributions of (\$108,801), which accounted for 2.4% and 2.6% 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, 2020

Governmental Revenue Chart:

Taxes:		
Property	2,756,978	61%
Other	128,975	3%
Motor Vehicle Permit Fees	810,357	18%
Licenses & other Fees	126,996	3%
Grants & other contributions	510,612	11%
Miscellaneous	221,302	4%
TOTAL GENERAL REVENUES	\$ 4,555,220	

- Expenses: Expenses are classified by major governmental function or program and are offset by related program income. Depreciation has been recorded for 2020 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

General Government	1,338,139	31%
Public Safety	1,876,233	43%
Highways & Streets	648,225	15%
Sanitation	215,109	5%
Health & Welfare	44,376	1%
Culture & Recreation	188,341	4%
Conservation	1,254	< 1%
Economic Development	4,420	< 1%
TOTAL EXPENSES	\$ 4,316,097	

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2020

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 \$4,968,995 in revenues and other financing sources in the General Fund. The Town incurred \$4,341,930 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 \$3,729,109, an increase of \$627,065 from the prior year. Of the total fund balance, \$8,547 is Non spendable; \$8,000 is Restricted; \$846,267 is Committed; and \$106,320 is Assigned, leaving an Unassigned Balance of \$2,759,885.

- > 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 \$449,624.

BUDGETARY HIGHLIGHTS

The town budget was approved at Town Meeting for the year ending December 31, 2020. The operating budget for the general fund passed as \$4,085,970 and the operating budget for the sewer fund passed at \$2,299,192. Also included in the appropriations were the following Warrant Article additions to Capital Reserve Funds:

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2020

\$10,000 - Fire Safety Equipment CRF
\$ 2,469 - Library CRF
\$20,000 - Public Safety Facilities CRF
\$ 6,500 - Streetlight CRF
\$17,525 - Landfill CRF
\$15,000 - Highway Equipment CRF
\$20,000 - Town Building/Maintenance CRF
\$20,000 - Economic Development CRF
\$16,800 - Assessing Re-Valuation CRF
\$30,000 - Parks & Recreation CRF
\$50,000 - Road Repair & Paving CRF
\$25,000 - Highway Facilities

CAPITAL ASSETS

As shown in Note 7 on pages 33-34 of the financial statements, the Town of Allenstown has \$6,203,542 from Governmental Activities and \$3,827,178 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 \$3,879,213 in the Governmental Activities and \$1,072,863 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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,900,256	\$ 3,400,023	\$ 5,300,279
Investments	1,169,195	1,097,345	2,266,540
Taxes receivables (net)	806,770	-	806,770
Account receivables (net)	56,283	336,020	392,303
Intergovernmental receivable	4,230	-	4,230
Internal balances	10,516	-	10,516
Prepaid items	3,765	-	3,765
Tax deeded property, subject to resale	4,782	-	4,782
Capital assets:			
Land and construction in progress	2,661,945	42,953	2,704,898
Other capital assets, net of depreciation	3,541,597	3,784,225	7,325,822
Total assets	<u>10,159,339</u>	<u>8,660,566</u>	<u>18,819,905</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	778,617	206,108	984,725
Amounts related to other postemployment benefits	18,233	1,203	19,436
Total deferred outflows of resources	<u>796,850</u>	<u>207,311</u>	<u>1,004,161</u>
LIABILITIES			
Accounts payable	7,425	89,453	96,878
Accrued interest payable	3,405	-	3,405
Intergovernmental payable	673	-	673
Internal balances	-	10,516	10,516
Long-term liabilities:			
Due within one year	84,301	-	84,301
Due in more than one year	3,816,706	1,072,863	4,889,569
Total liabilities	<u>3,912,510</u>	<u>1,172,832</u>	<u>5,085,342</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	28,662	-	28,662
Amounts related to pensions	66,460	19,511	85,971
Amounts related to other postemployment benefits	2,305	677	2,982
Total deferred inflows of resources	<u>97,427</u>	<u>20,188</u>	<u>117,615</u>
NET POSITION			
Net investment in capital assets	5,993,087	3,827,178	9,820,265
Restricted	20,413	-	20,413
Unrestricted	932,752	3,847,679	4,780,431
Total net position	<u>\$ 6,946,252</u>	<u>\$ 7,674,857</u>	<u>\$ 14,621,109</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, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 1,338,139	\$ 64,928	\$ -	\$ (1,273,211)	\$ -	\$ (1,273,211)
Public safety	1,876,233	26,004	15,742	(1,834,487)	-	(1,834,487)
Highways and streets	648,225	-	90,349	(557,876)	-	(557,876)
Sanitation	215,109	7,402	-	(207,707)	-	(207,707)
Health	5,353	-	-	(5,353)	-	(5,353)
Welfare	39,023	-	-	(39,023)	-	(39,023)
Culture and recreation	188,341	-	2,710	(185,631)	-	(185,631)
Conservation	1,254	-	-	(1,254)	-	(1,254)
Economic development	4,420	-	-	(4,420)	-	(4,420)
Total governmental activities	<u>4,316,097</u>	<u>98,334</u>	<u>108,801</u>	<u>(4,108,962)</u>	<u>-</u>	<u>(4,108,962)</u>
Business-type activities:						
Sewer	2,469,679	2,894,755	-	-	425,076	425,076
Total	<u>\$ 6,785,776</u>	<u>\$ 2,993,089</u>	<u>\$ 108,801</u>	<u>(4,108,962)</u>	<u>425,076</u>	<u>(3,683,886)</u>
General revenues:						
Taxes:						
Property				2,756,978	-	2,756,978
Other				128,975	-	128,975
Motor vehicle permit fees				810,357	-	810,357
Licenses and other fees				126,996	-	126,996
Grants and contributions not restricted to specific programs				510,612	-	510,612
Unrestricted investment earnings				-	21,651	21,651
Miscellaneous				221,302	2,897	224,199
Total general revenues				<u>4,555,220</u>	<u>24,548</u>	<u>4,579,768</u>
Change in net position				446,258	449,624	895,882
Net position, beginning				6,499,994	7,225,233	13,725,227
Net position, ending				<u>\$ 6,946,252</u>	<u>\$ 7,674,857</u>	<u>\$ 14,621,109</u>

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, 2020

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
		Public Safety Services Revolving		
ASSETS				
Cash and cash equivalents	\$ 1,816,896	\$ 75,732	\$ 7,628	\$ 1,900,256
Investments	1,163,045	-	6,150	1,169,195
Receivables, net of allowance for uncollectible:				
Taxes	976,770	-	-	976,770
Accounts	48,135	8,148	-	56,283
Intergovernmental receivable	4,230	-	-	4,230
Interfund receivable	12,401	-	-	12,401
Voluntary tax liens	23,940	-	-	23,940
Voluntary tax liens reserved until collected	(23,940)	-	-	(23,940)
Prepaid items	3,765	-	-	3,765
Tax dedeed property, subject to resale	4,782	-	-	4,782
Total assets	\$ 4,030,024	\$ 83,880	\$ 13,778	\$ 4,127,682
LIABILITIES				
Accounts payable	\$ 7,425	\$ -	\$ -	\$ 7,425
Intergovernmental payable	673	-	-	673
Interfund payable	-	1,885	-	1,885
Total liabilities	8,098	1,885	-	9,983
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	292,907	-	-	292,907
FUND BALANCES				
Nonspendable	8,547	-	5,761	14,308
Restricted	8,000	-	6,652	14,652
Committed	846,267	81,995	1,365	929,627
Assigned	106,320	-	-	106,320
Unassigned	2,759,885	-	-	2,759,885
Total fund balances	3,729,019	81,995	13,778	3,824,792
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,030,024	\$ 83,880	\$ 13,778	\$ 4,127,682

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, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 3,824,792
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 8,877,031	
Less accumulated depreciation	<u>(2,673,489)</u>	
		6,203,542
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	\$ 778,617	
Deferred inflows of resources related to pensions	(66,460)	
Deferred outflows of resources related to OPEB	18,233	
Deferred inflows of resources related to OPEB	<u>(2,305)</u>	
		728,085
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (1,885)	
Payables	<u>1,885</u>	
		-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		264,245
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(170,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(3,405)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Note	\$ 21,794	
Capital leases	188,661	
Compensated absences	98,654	
Accrued landfill postclosure care costs	147,200	
Net pension liability	3,108,682	
Other postemployment benefits	<u>336,016</u>	
		<u>(3,901,007)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 6,946,252</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, 2020

	General	Special Revenue Fund Public Safety Services Revolving	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,885,629	\$ -	\$ -	\$ 2,885,629
Licenses and permits	937,353	-	-	937,353
Intergovernmental receivable	773,412	-	-	773,412
Charges for services	81,694	16,640	-	98,334
Miscellaneous	66,264	872	167	67,303
Total revenues	<u>4,744,352</u>	<u>17,512</u>	<u>167</u>	<u>4,762,031</u>
EXPENDITURES				
Current:				
General government	1,248,540	-	29	1,248,569
Public safety	1,757,174	12,929	1,000	1,771,103
Highways and streets	726,922	-	-	726,922
Sanitation	222,709	-	-	222,709
Health	5,353	-	-	5,353
Welfare	39,023	-	-	39,023
Culture and recreation	131,634	-	-	131,634
Conservation	1,254	-	-	1,254
Economic development	4,420	-	-	4,420
Capital outlay	204,901	-	-	204,901
Total expenditures	<u>4,341,930</u>	<u>12,929</u>	<u>1,029</u>	<u>4,355,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>402,422</u>	<u>4,583</u>	<u>(862)</u>	<u>406,143</u>
OTHER FINANCING SOURCES				
Note proceeds	21,794	-	-	21,794
Capital leases	202,849	-	-	202,849
Total other financing sources	<u>224,643</u>	<u>-</u>	<u>-</u>	<u>224,643</u>
Net change in fund balances	627,065	4,583	(862)	630,786
Fund balances, beginning	3,101,954	77,412	14,640	3,194,006
Fund balances, ending	<u>\$ 3,729,019</u>	<u>\$ 81,995</u>	<u>\$ 13,778</u>	<u>\$ 3,824,792</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, 2020

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 630,786
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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 202,849	
Disposal of capital assets	(5,559)	
Depreciation expense	<u>(273,115)</u>	(75,825)
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		324
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		
Proceeds of note	\$ (21,794)	
Inception of capital leases	(202,849)	
Repayment of capital leases	<u>203,020</u>	(21,623)
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	\$ 1,827	
Increase in compensated absences	(27,278)	
Decrease in accrued landfill postclosure care costs	7,600	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(101,614)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>32,061</u>	(87,404)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 446,258</u></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, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,777,850	\$ 2,777,850	\$ 2,885,953	\$ 108,103
Licenses and permits	736,930	736,930	937,353	200,423
Intergovernmental receivable	411,040	656,192	773,412	117,220
Charges for services	55,850	55,850	81,694	25,844
Miscellaneous	12,300	12,300	28,581	16,281
Total revenues	<u>3,993,970</u>	<u>4,239,122</u>	<u>4,706,993</u>	<u>467,871</u>
EXPENDITURES				
Current:				
General government	1,352,030	1,407,282	1,244,800	162,482
Public safety	1,507,650	1,697,550	1,713,471	(15,921)
Highways and streets	614,150	614,150	577,369	36,781
Sanitation	201,900	201,900	222,709	(20,809)
Health	6,650	6,650	5,353	1,297
Welfare	61,600	61,600	39,023	22,577
Culture and recreation	124,150	124,150	129,435	(5,285)
Conservation	1,410	1,410	1,254	156
Economic development	3,000	3,000	4,420	(1,420)
Debt service:				
Interest	15,000	15,000	-	15,000
Capital outlay	198,430	198,430	204,901	(6,471)
Total expenditures	<u>4,085,970</u>	<u>4,331,122</u>	<u>4,142,735</u>	<u>188,387</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(92,000)</u>	<u>(92,000)</u>	<u>564,258</u>	<u>656,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(233,294)	(233,294)	(233,294)	-
Note proceeds	-	-	21,794	21,794
Total other financing sources (uses)	<u>(233,294)</u>	<u>(233,294)</u>	<u>(211,500)</u>	<u>21,794</u>
Net change in fund balances	<u>\$ (325,294)</u>	<u>\$ (325,294)</u>	352,758	<u>\$ 678,052</u>
Decrease in nonspendable fund balance			3,618	
Decrease in committed fund balance			8,525	
Unassigned fund balance, beginning			2,489,229	
Unassigned fund balance, ending			<u>\$ 2,854,130</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, 2020

	Business-type Activities
	Enterprise Fund (Sewer Department)
ASSETS	
Cash and cash equivalents	\$ 3,400,023
Investments	1,097,345
Receivables (net)	336,020
Capital assets:	
Land and construction in progress	42,953
Other capital assets, net of depreciation	3,784,225
Total assets	8,660,566
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	206,108
Amounts related to other postemployment benefits	1,203
Total deferred outflows of resources	207,311
LIABILITIES	
Current liabilities:	
Accounts payable	89,453
Internal balances	10,516
Long term liabilities:	
Due in more than one year	1,072,863
Total liabilities	1,172,832
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	19,511
Amounts related to other postemployment benefits	677
Total deferred inflows of resources	20,188
NET POSITION	
Net investment in capital assets	3,827,178
Unrestricted	3,847,679
Total net position	\$ 7,674,857

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, 2020

	Business-type Activities
	Enterprise Fund (Sewer Department)
Operating revenues:	
User charges	\$ 1,878,931
Metered sewer sales	999,934
Fees and interest	15,890
Total operating revenues	2,894,755
Operating expenses:	
Salaries and wages	646,024
Operation and maintenance	870,861
Contractual services	449,795
Materials and supplies	270,419
Depreciation	232,580
Total operating expenses	2,469,679
Operating gain	425,076
Nonoperating revenue:	
Interest income	21,651
Change in fair market value of investments	2,897
Total nonoperating revenues	24,548
Change in net position	449,624
Net position, beginning	7,225,233
Net position, ending	\$ 7,674,857

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, 2020

	Business-type Activities
	Enterprise Fund Sewer Department
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,822,984
Payments to employees	(801,727)
Payments to suppliers	(1,963,424)
Net cash provided by operating activities	57,833
Cash flows from capital and related financing activities:	
Acquisition and construction of fixed assets	371,302
Cash flows from investing activities:	
Sale of investments	(36,021)
Interest received	21,651
Net cash used by investing activities	(14,370)
Net increase in cash	414,765
Cash, beginning	2,985,258
Cash, ending	\$ 3,400,023

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities

Operating gain	\$ 425,076
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:	
Depreciation expense	232,580
Increase in accounts receivables	(71,771)
Increase in deferred outflows related to pensions	(91,516)
Decrease in deferred outflows related to OPEB	3,736
Decrease in accounts payable	(284,445)
Decrease in accrued salaries and benefits	(17,228)
Decrease in internal balances	(87,904)
Decrease in compensated absences	(4,111)
Increase in net pension liability	259,051
Increase in OPEB	68,766
Decrease in deferred inflows related to pensions	(373,941)
Decrease in deferred inflows related to OPEB	(460)
Total adjustments	(367,243)
Net cash provided by operating activities	\$ 57,833

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, 2020

	School		Total
	Trust Funds	Taxes	
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,296,177	\$ 2,296,177
Investments	443,979	-	443,979
Total assets	443,979	2,296,177	2,740,156
LIABILITIES			
Due to school district	-	2,296,177	2,296,177
NET POSITION			
Restricted	\$ 443,979	\$ -	\$ 443,979

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, 2020

	School Trust Funds	Taxes	Total
ADDITIONS			
Contributions	\$ 220,000	\$ -	\$ 220,000
Investment earnings	4,418	-	4,418
Change in fair market value	18,965	-	18,965
Tax collections for other governments	-	5,872,007	5,872,007
Total additions	<u>243,383</u>	<u>5,872,007</u>	<u>6,115,390</u>
DEDUCTIONS			
Benefits paid	7,686	-	7,686
Administrative expenses	972	-	972
Payments of taxes to other governments	-	5,872,007	5,872,007
Total deductions	<u>8,658</u>	<u>5,872,007</u>	<u>5,880,665</u>
Change in net position	234,725	-	234,725
Net position, beginning	209,254	-	209,254
Net position, ending	<u>\$ 443,979</u>	<u>\$ -</u>	<u>\$ 443,979</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, 2020

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
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
 Stewardship, Compliance, and Accountability	 2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis.....	2-B

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Other Receivables.....	6
Capital Assets.....	7
Interfund/Internal Balances	8
Intergovernmental Payables.....	9
Deferred Outflows/Inflows of Resources.....	10
Capital Lease Obligations	11
Long-term Liabilities	12
Defined Benefit Pension Plan	13
Postemployment Benefits Other Than Pensions	14
New Hampshire Retirement System (NHRS).....	14-A
Town of Allenstown Retiree Health Benefit Program	14-B
Commitments/Encumbrances	15
Governmental Activities, Business-type Activities, and Fiduciary Funds Net Position	16
Governmental Fund Balances	17
Risk Management.....	18
Contingent Liabilities.....	19

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

COVID-19	20
Tax Abatements.....	21
Subsequent Events.....	22

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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.

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 be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, 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.

The Town reports the following fiduciary funds:

Custodial Fund – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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."

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

1-D Statement of Cash Flows

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

1-E Investments

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

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

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

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

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

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

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

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

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

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

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at 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), and intangible assets (i.e., easements) 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.

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>
Capital Asset Classes:	
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, 2020

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, 2020, and July 1, 2020, and due on November 9, 2020, and December 14, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on May 19, 2020.

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, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 290,837,887
For all other taxes	\$ 299,179,637

The tax rates and amounts assessed for the year ended December 31, 2020, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$9.62	\$ 2,883,962
School portion:		
State of New Hampshire	\$2.03	591,233
Local	\$14.89	4,454,944
County portion	\$2.76	825,830
Total	\$29.30	\$ 8,755,969

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, 2020.

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 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.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

1-M Long-term Obligations

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

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.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 established 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 of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivables, the useful lives and impairment of capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 2020, \$92,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$233,294 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 the 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 and other financing sources:	
Per Exhibit D (budgetary basis)	\$4,728,787
Adjustment:	
Basis difference:	
Inception of capital leases	202,849
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	37,683
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(324)
Per Exhibit C-3 (GAAP basis)	<u>\$4,968,995</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$4,376,029
Adjustment:	
Basis differences:	
Inception of capital leases	202,849
Encumbrances, beginning	66,438
Encumbrances, ending	(106,320)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	36,228
To eliminate transfers between general and blended expendable trust funds	(233,294)
Per Exhibit C-3 (GAAP basis)	<u>\$4,341,930</u>

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 \$7,596,456 and the bank balances totaled \$8,043,322. Petty cash totaled \$650.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 5,300,279
Cash per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	2,296,177
Total cash and cash equivalents	\$ 7,596,456

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. Since 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, 2020:

	Valuation Measurement Method	Fair Value	Less Than 1			Total
			Year	1-5 Years	6-10 Years	
Investments type:						
Corporate bonds	Level 2	\$ -	\$ -	\$ 1,259,863	149,389	1,409,252
New Hampshire Public Deposit Investment	Level 2	501,537	-	-	-	501,537
U.S. Government obligations	Level 2	-	66,982	732,748	-	799,730
Total fair value		\$ 501,537	\$ 66,982	\$ 1,992,611	\$ 149,389	\$ 2,710,519

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	U.S.		
	Corporate	Government Obligations	Total
Aaa	\$ 53,178	\$ 1,326,844	\$ 1,380,022
Aa1	46,154	-	46,154
Aa2	98,024	-	98,024
Aa3	45,184	-	45,184
A	82,631	-	82,631
A+	88,153	-	88,153

(Continued)

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Credit risk continued:

Ratings per Moody's	Corporate	Government Obligations	Total
A-	125,552	-	125,552
A1	26,810	-	26,810
A2	93,012	-	93,012
A3	42,527	-	42,527
AA	11,440	-	11,440
AA-	56,541	-	56,541
BBB+	112,932	-	112,932
	<u>\$ 882,138</u>	<u>\$ 1,326,844</u>	<u>\$ 2,208,982</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, 2020, 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)	\$2,266,540
Investments per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	443,979
Total investments	<u>\$2,710,519</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$170,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 521,016	\$ 521,016
Unredeemed (under tax lien):		
Levy of 2019	242,252	242,252
Levy of 2018	153,428	153,428
Levies of 2017 and prior	59,684	59,684
Yield	390	390
Less: allowance for estimated uncollectible taxes	(170,000) *	-
Net taxes receivable	<u>\$ 806,770</u>	<u>\$ 976,770</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).

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2020, 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, 2020 for the Town’s individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Major Governmental Funds		Business-type Activities	Total
	General	Public Safety	Proprietary Fund (Sewer Department)	
	Receivables:			
Accounts	\$ 48,135	\$ 8,148	\$ 356,020	\$ 412,303
Intergovernmental	4,230	-	-	4,230
Voluntary tax liens	23,940	-	-	23,940
Gross receivables	76,305	8,148	356,020	440,473
Less: allowance for uncollectibles	(23,940)	-	(20,000)	(43,940)
Net total receivables	\$ 52,365	\$ 8,148	\$ 336,020	\$ 396,533

NOTE 7 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
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	3,450,420	202,849	(944,444)	2,708,825
Infrastructure	314,412	-	-	314,412
Total capital assets being depreciated	6,956,681	202,849	(944,444)	6,215,086
Total all capital assets	9,618,626	202,849	(944,444)	8,877,031
Less accumulated depreciation:				
Buildings and building improvements	(781,677)	(77,802)	-	(859,479)
Machinery, equipment, and vehicles	(2,540,729)	(184,833)	938,885	(1,786,677)
Infrastructure	(16,853)	(10,480)	-	(27,333)
Total accumulated depreciation	(3,339,259)	(273,115)	938,885	(2,673,489)
Net book value, capital assets being depreciated	3,617,422	(70,266)	(5,559)	3,541,597
Net book value, all governmental activities capital assets	\$6,279,367	\$(70,266)	\$ (5,559)	\$ 6,203,542

(Continued)

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 25,962	\$ -	\$ -	\$ 25,962
Construction in progress	240,422	-	(223,431)	16,991
Total capital assets not being depreciated	<u>266,384</u>	<u>-</u>	<u>(223,431)</u>	<u>42,953</u>
Being depreciated:				
Land improvements	125,230	-	-	125,230
Buildings and building improvements	1,468,271	-	-	1,468,271
Machinery, equipment, and vehicles	2,517,019	38,000	(190,700)	2,364,319
Infrastructure	3,823,800	223,431	-	4,047,231
Total capital assets being depreciated	<u>7,934,320</u>	<u>261,431</u>	<u>(190,700)</u>	<u>8,005,051</u>
Total all capital assets	<u>8,200,704</u>	<u>261,431</u>	<u>(414,131)</u>	<u>8,048,004</u>
Less accumulated depreciation:				
Land improvements	(125,230)	-	-	(125,230)
Buildings and building improvements	(789,496)	(25,576)	-	(815,072)
Machinery, equipment, and vehicles	(1,398,952)	(135,950)	192,085	(1,342,817)
Infrastructure	(1,866,653)	(71,054)	-	(1,937,707)
Total accumulated depreciation	<u>(4,180,331)</u>	<u>(232,580)</u>	<u>192,085</u>	<u>(4,220,826)</u>
Net book value, capital assets being depreciated	<u>3,753,989</u>	<u>28,851</u>	<u>1,385</u>	<u>3,784,225</u>
Net book value, all business-type activities capital assets	<u>\$4,020,373</u>	<u>\$ 28,851</u>	<u>\$(222,046)</u>	<u>\$ 3,827,178</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."

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	120,737
Highways and streets	92,741
Culture and recreation	55,524
Total depreciation expense	<u>\$ 273,115</u>
Business-type activities:	
Sewer	<u>\$ 232,580</u>

NOTE 8 – INTERFUND/INTERNAL BALANCES

The composition of interfund/internal balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Sewer	\$ 10,516
General	Public Safety Services Revolving	1,885
		<u>\$ 12,401</u>

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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 \$2,296,850 on December 31, 2020, consist of the following:

Governmental fund:	
General fund:	
Fees due to other governments	\$ 673
Taxes:	
Balance of the 2020-2021 district assessment due to the Allenstown School District	2,296,177
Total intergovernmental payables due	<u>\$2,296,850</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources of at December 31, 2020 consist of the following:

Governmental activities:	
Amounts related to pensions (see Note 13)	\$ 778,617
Amounts related to other postemployment benefits (see Note 14)	18,233
Total governmental activities	<u>796,850</u>
Business-type activities:	
Enterprise fund:	
Sewer department:	
Amounts related to pensions (see Note 13)	206,108
Amounts related to other postemployment benefits (see Note 14)	1,203
Total sewer department	<u>207,311</u>
Total deferred outflows of resources	<u>\$1,004,161</u>

	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Governmental activities:		
Property taxes levied prior to their due date	\$ 28,662	\$292,907
Amounts related to pensions (see Note 13)	66,460	-
Amounts related to other postemployment benefits (see Note 14)	2,305	-
Total governmental activities	<u>97,427</u>	<u>\$292,907</u>
Business-type activities:		
Enterprise fund:		
Sewer department:		
Amounts related to pensions (see Note 13)	19,511	
Amounts related to other postemployment benefits (see Note 14)	677	
Total sewer department	<u>20,188</u>	
Total deferred inflows of resources	<u>\$117,615</u>	

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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, 2020
Governmental activities:		
Capital lease obligations:		
2018 Ford Explorer	4.69%	\$ 20,016
2020 Ford Explorer Interceptor	4.79%	14,067
Ford F-550 with plow	4.89%	22,462
2020 International	2.97%	132,116
Total capital lease obligations		<u>\$ 188,661</u>

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

	Governmental Activities
Equipment:	
2018 Ford Explorer	\$ 30,734
2020 Ford Explorer Interceptor	42,232
Ford F-550 with plow	67,437
2020 International	172,115
Total equipment	<u>312,518</u>
Less: accumulated depreciation	(53,739)
Total capital lease equipment	<u>\$ 258,779</u>

The annual requirements to amortize the capital leases payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 84,536
2022	46,235
2023	35,517
2024	35,517
Total requirements	<u>201,805</u>
Less: interest	(13,144)
Present value of remaining payments	<u>\$ 188,661</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, 2020

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental activities:					
Note payable	\$ -	\$ 21,794	\$ -	\$ 21,794	\$ -
Capital leases	188,832	202,849	(203,020)	188,661	77,901
Compensated absences	71,376	27,278	-	98,654	-
Accrued landfill postclosure care costs	154,800	-	(7,600)	147,200	6,400
Net pension liability	2,314,571	794,111	-	3,108,682	-
Net other postemployment benefits	365,324	-	(29,308)	336,016	-
Total long-term liabilities	<u>\$ 3,094,903</u>	<u>\$ 1,046,032</u>	<u>\$ (239,928)</u>	<u>\$ 3,901,007</u>	<u>\$ 84,301</u>
Business-type activities:					
Compensated absences	\$ 4,111	\$ -	\$ (4,111)	\$ -	\$ -
Net pension liability	682,801	229,807	-	912,608	-
Net other postemployment benefits	100,924	59,331	-	160,255	-
Total long-term liabilities	<u>\$ 787,836</u>	<u>\$ 289,138</u>	<u>\$ (4,111)</u>	<u>\$ 1,072,863</u>	<u>\$ -</u>

Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020
Governmental activities:					
Note payable:					
State revolving loan*	\$ 21,794	2021	-	-	<u>\$ 21,794</u>

***State Revolving Loan Fund Program** - Drawdowns received under a State Revolving Loan Fund Program will be consolidated by promissory notes upon substantial completion of the related project. As of December 31, 2020, drawdowns received to date totaling \$21,794 are recorded on the Town's financial statements, exclusive of any anticipated forgiveness on the loans. The note, plus interest, will be repaid from the General Fund.

There is no annual requirement to amortize the governmental activities note payable outstanding at December 31, 2020, as the note related to the *State Revolving Loan Fund Program* is not yet in repayment.

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in past years. Federal and State laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$147,200 as of December 31, 2020. The estimated total current cost of the landfill postclosure care (\$147,200) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher 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. During the year ended December 31, 2020, the Town deposited \$17,525 into this fund which has a balance of \$35,860 at year-end.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2020 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	8,206
		<u>\$ 1,634,674</u>

NOTE 13 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers 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.

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

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

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 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$135,055 for the governmental activities and \$17,178 for the business-type activities, which was paid in full.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2020 the Town reported a liability of \$3,108,682 in the governmental activities and \$912,608 in the business-type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.06% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$463,107 for the governmental activities and \$135,953 for the business-type activities. At December 31, 2020 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	\$ 59,828	\$ -	\$ 17,564	\$ -
Changes in assumptions	307,510	-	90,275	-
Net difference between projected and actual investment earnings on pension plan investments	192,275	33,082	56,446	9,712
Differences between expected and actual experience	83,949	33,378	24,645	9,799
Contributions subsequent to the measurement date	135,055	-	17,178	-
Total	<u>\$ 778,617</u>	<u>\$ 66,460</u>	<u>\$ 206,108</u>	<u>\$ 19,511</u>

The \$135,055 in the governmental activities and \$17,178 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Governmental Activities	Business-type Activities
2021	\$ 140,409	\$ 41,219
2022	136,474	40,064
2023	152,179	44,675
2024	148,040	43,461
Thereafter	-	-
Totals	<u>\$ 577,102</u>	<u>\$ 169,419</u>

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

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

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

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

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

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Governmental activities:			
June 30, 2020	\$ 4,024,478	\$ 3,108,682	\$ 2,360,356
Business-type activities:			
June 30, 2020	\$ 1,181,455	\$ 912,608	\$ 692,923

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.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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.

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

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

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

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 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 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$16,025 for the governmental activities and \$554 for the business-type activities, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2020, the Town reported a liability of \$217,091 in the governmental activities and \$63,731 in the business-type activities for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.06% which was an increase of 0.01% from its proportion measured as of June 30, 2019.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

For the year ended December 31, 2020, the Town recognized OPEB expense of \$7,980 in the governmental activities and \$2,343 in the business-type activities. At December 31, 2020, 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	\$ -	\$ 1,676	\$ -	\$ 492
Net difference between projected and actual investment earnings on OPEB plan investments	812	-	239	-
Differences between expected and actual experience	-	629	-	185
Changes in assumptions or other inputs	1,396	-	410	-
Contributions subsequent to the measurement date	16,025	-	554	-
Total	<u>\$ 18,233</u>	<u>\$ 2,305</u>	<u>\$ 1,203</u>	<u>\$ 677</u>

The \$16,025 reported as deferred outflows of resources related to OPEB in the governmental activities and \$554 in the business-type activities 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, 2021. 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
2021	\$ (847)	\$ (249)
2022	240	71
2023	287	84
2024	223	66
Thereafter	-	-
Totals	<u>\$ (97)</u>	<u>\$ (28)</u>

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

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

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

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

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

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	<u>20.00%</u>	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	<u>25.00%</u>	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	2.95%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current 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.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Governmental activities:			
June 30, 2020	\$ 235,738	\$ 217,091	\$ 200,902
Business-type activities:			
June 30, 2020	\$ 69,205	\$ 63,731	\$ 58,978

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.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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, 2020, 27 active employees were covered by the benefit plan.

Total OPEB Liability – The Town’s total OPEB liability of \$118,925 in the governmental activities and \$96,524 in the business-type activities was measured as of December 31, 2020, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$118,925 in the governmental activities and \$96,524 in the business-type activities in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.1%
Healthcare Cost Trend Rates:	
Current Year Trend	8.0%
Second Year Trend	7.5%
Decrement	0.5%
Ultimate Trend	4.5%
Year Ultimate Trend is Reached	2028
Salary Increases:	2.75%

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, 2020.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generation using Scale MP-2020.

Changes in the Total OPEB Liability

	Governmental Activities	Business-type Activities
OPEB liability beginning of year	\$ 134,674	\$ 32,882
Changes for the year:		
Service cost	10,304	8,364
Interest	3,351	2,720
Assumption changes and difference between actual and expected experience	(29,404)	52,558
OPEB liability end of year	\$ 118,925	\$ 96,524

Sensitivity of the Town’s OPEB Liability to Changes in the Discount Rate – The December 31, 2020, actuarial valuation was prepared using a discount rate of 2.1%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$109,102 in the governmental activities and \$88,551 in the business-type activities.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

If the discount rate were 1% lower than what was used the OPEB liability would increase to \$129,793 in the governmental activities and \$105,344 in the business-type activities.

	Discount Rate		
	1% Decrease	Baseline 2.1%	1% Increase
Governmental Activities:			
Total OPEB Liability	\$ 129,793	\$ 118,925	\$ 109,102
Business-type Activities:			
Total OPEB Liability	\$ 105,344	\$ 96,524	\$ 88,551

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The December 31, 2020, actuarial valuation was prepared using an initial trend rate of 7.0%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$135,323 in the governmental activities and \$109,833 in the business-type activities. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$105,251 in the governmental activities and \$85,425 in the business-type activities.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline	1% Increase
	6.0% Year 1	7.0% Year 1	8.0% Year 1
	Decreasing to 3.5%	Decreasing to 4.5%	Decreasing to 5.5%
Governmental Activities:			
Total OPEB Liability	\$ 105,251	\$ 118,925	\$ 135,323
Business-type Activities:			
Total OPEB Liability	\$ 85,425	\$ 96,524	\$ 109,833

OPEB Expense – For the year ended December 31, 2020, the Town recognized OPEB expense of \$15,749 in the governmental activities and \$63,642 in the business-type activities.

NOTE 15 – COMMITMENTS/ENCUMBRANCES

The Town has entered into a construction contract totaling \$572,515 related to the Suncook Pond Wastewater Pump Station. As of December 31, 2020, the remaining unpaid balance of this contract was \$233,337.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

General fund:	
Highways and streets	\$ 106,320

NOTE 16 – GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES, AND FIDUCIARY FUNDS NET POSITION

Net position reported on the government-wide, business type activities, and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

	Governmental Activities	Business-type Activities	Fiduciary Funds
Net investment in capital assets:			
Net book value, all capital assets	\$ 6,203,542	\$ 3,827,178	\$ -
Less:			
Capital leases payable	(188,661)	-	-
Total net investment in capital assets	5,993,087	3,827,178	-

(Continued)

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Governmental activities, business-type activities, and fiduciary funds net position continued:

	Governmental Activities	Business-type Activities	Fiduciary Funds
Restricted net position:			
DARE	6,263	-	-
Library	8,000	-	-
Perpetual care - nonexpendable	5,761	-	-
Perpetual care - expendable	389	-	-
School trust funds	-	-	443,979
Total restricted net position	20,413	-	443,979
Unrestricted	932,752	3,847,679	-
Total net position	\$ 6,946,252	\$ 7,674,857	\$ 443,979

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Special Revenue Fund		Total Governmental Funds
		Public Safety Services Revolving	Nonmajor Funds	
Nonspendable:				
Prepaid items	\$ 3,765	\$ -	\$ -	\$ 3,765
Tax deeded property	4,782	-	-	4,782
Permanent fund - principal balance	-	-	5,761	5,761
Total nonspendable fund balance	8,547	-	5,761	14,308
Restricted:				
Library	8,000	-	-	8,000
DARE fund	-	-	6,263	6,263
Permanent - income balance	-	-	389	389
Total restricted fund balance	8,000	-	6,652	14,652
Committed:				
Expendable trust	846,267	-	-	846,267
Conservation commission	-	-	1,365	1,365
Public safety services revolving fund	-	81,995	-	81,995
Total committed fund balance	846,267	81,995	1,365	929,627
Assigned:				
Encumbrances	106,320	-	-	106,320
Unassigned	2,759,885	-	-	2,759,885
Total governmental fund balances	\$ 3,729,019	\$ 81,995	\$ 13,778	\$ 3,824,792

NOTE 18 – 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 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020, to December 31, 2020, by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid \$75,637 and \$50,677, respectively, to Primex for property, liability, and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 19 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the government's 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.

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 number 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 20 – COVID-19

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$154,035. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 21 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

NOTE 22 – 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 September 21 2021, the date the December 31, 2020 financial statements were available to be issued, and the following occurred that requires recognition or disclosure:

At the March 9, 2021, Annual Town Meeting, voters approved 9 warrant articles (numbers 13 through 21) totaling \$244,900 to be funded through the use of available unassigned fund balance as of December 31, 2020.

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, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	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	\$ 4,021,290
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	\$ 1,608,316
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%	250.03%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

EXHIBIT H
TOWN OF 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, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 166,088	\$ 216,492	\$ 226,196	\$ 249,705	\$ 254,317	\$ 268,821	\$ 271,092	\$ 279,297
Contributions in relation to the contractually required contributions	(166,088)	(216,492)	(226,196)	(249,705)	(254,317)	(268,821)	(271,092)	(279,297)
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>	<u>\$ 1,608,316</u>
Contributions as a percentage of covered payroll	11.67%	14.68%	14.98%	15.20%	17.21%	16.29%	14.30%	17.37%

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION --
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

***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, 2020. 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 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% 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. Based on the 2010-215 experience study.
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 2010-2015 experience study.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
-------	---

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, 2020

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.05%	0.05%	0.07%	0.05%	0.06%
Town's proportionate share of the net OPEB liability (asset)	\$ 238,611	\$ 234,503	\$ 320,005	\$ 298,692	\$ 280,822
Town's covered payroll	\$ 1,642,728	\$ 1,477,631	\$ 1,649,788	\$ 1,895,847	\$ 1,608,316
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%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT J
TOWN OF 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, 2020

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 28,640	\$ 30,398	\$ 30,916	\$ 31,092	\$ 29,780
Contributions in relation to the contractually required contribution	(28,640)	(30,398)	(30,916)	(31,092)	(29,780)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,642,728	\$ 1,477,631	\$ 1,649,788	\$ 1,895,847	\$ 1,608,316
Contributions as a percentage of covered payroll	1.74%	2.06%	1.87%	1.64%	1.85%

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, 2020

	2018	2019	2020
OPEB liability, beginning of year	\$ 365,659	\$ 168,304	\$ 167,556
Changes for the year:			
Service cost	24,208	16,840	18,668
Interest	13,096	7,029	6,071
Assumption changes and difference between actual and expected experience	(216,175)	3,898	23,154
Benefit payments	(18,484)	(28,515)	-
OPEB liability, end of year	<u>\$ 168,304</u>	<u>\$ 167,556</u>	<u>\$ 215,449</u>
Covered payroll	<u>\$ 1,107,326</u>	<u>\$ 1,311,205</u>	<u>\$ 1,489,030</u>
Total OPEB liability as a percentage of covered payroll	15.20%	12.78%	14.47%

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, 2020

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, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2/0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
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 2010-2015 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, 2020. 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, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,674,050	\$ 2,756,978	\$ 82,928
Land use change	-	1,600	1,600
Yield	1,500	2,259	759
Excavation	-	2,619	2,619
Payment in lieu of taxes	5,300	5,300	-
Interest and penalties on taxes	97,000	117,197	20,197
Total from taxes	<u>2,777,850</u>	<u>2,885,953</u>	<u>108,103</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	500	1,181	681
Motor vehicle permit fees	710,000	810,357	100,357
Building permits	18,000	103,034	85,034
Other	8,430	22,781	14,351
Total from licenses, permits, and fees	<u>736,930</u>	<u>937,353</u>	<u>200,423</u>
Intergovernmental:			
State:			
Shared revenues	92,720	92,720	-
Meals and rooms distribution	221,033	221,033	-
Highway block grant	90,359	90,349	(10)
State and federal forest land reimbursement	5,328	5,328	-
Other	56,852	174,492	117,640
Federal:			
Other	189,900	189,490	(410)
Total from intergovernmental	<u>656,192</u>	<u>773,412</u>	<u>117,220</u>
Charges for services:			
Income from departments	55,850	81,694	25,844
Miscellaneous:			
Sale of municipal property	-	19,575	19,575
Interest on investments	10,000	6,312	(3,688)
Other	2,300	2,694	394
Total from miscellaneous	<u>12,300</u>	<u>28,581</u>	<u>16,281</u>
Other financing sources:			
Note proceeds	-	21,794	21,794
Total revenues and other financing sources	4,239,122	<u>\$ 4,728,787</u>	<u>\$ 489,665</u>
Unassigned fund balance used to reduce tax rate	92,000		
Amounts voted from fund balance	233,294		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,564,416</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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 192,250	\$ 172,970	\$ -	\$ 19,280
Election and registration	-	78,400	76,362	-	2,038
Financial administration	-	203,602	182,236	-	21,366
Revaluation of property	-	42,600	46,851	-	(4,251)
Legal	-	60,000	29,758	-	30,242
Personnel administration	-	714,700	638,858	-	75,842
Planning and zoning	-	17,660	18,528	-	(868)
General government buildings	-	26,000	19,696	-	6,304
Cemeteries	-	10	-	-	10
Insurance, not otherwise allocated	-	66,960	54,519	-	12,441
Advertising and regional associations	-	5,100	5,022	-	78
Total general government	-	1,407,282	1,244,800	-	162,482
Public safety:					
Police	3,141	945,210	977,590	-	(29,239)
Ambulance	-	174,410	174,409	-	1
Fire	-	522,430	518,671	-	3,759
Building inspection	-	42,500	33,320	-	9,180
Emergency management	-	13,000	12,622	-	378
Total public safety	3,141	1,697,550	1,716,612	-	(15,921)
Highways and streets:					
Administration	-	344,340	301,925	-	42,415
Highways and streets	60,758	254,310	214,423	106,320	(5,675)
Street lighting	-	15,500	15,459	-	41
Total highways and streets	60,758	614,150	531,807	106,320	36,781
Sanitation:					
Administration	-	11,400	19,589	-	(8,189)
Solid waste collection	-	118,500	119,673	-	(1,173)
Solid waste disposal	-	72,000	83,447	-	(11,447)
Total sanitation	-	201,900	222,709	-	(20,809)
Health:					
Administration	-	6,500	5,348	-	1,152
Pest control	-	150	5	-	145
Total health	-	6,650	5,353	-	1,297
Welfare:					
Administration and direct assistance	-	38,600	16,023	-	22,577
Vendor payments and other	-	23,000	23,000	-	-
Total welfare	-	61,600	39,023	-	22,577
Culture and recreation:					
Parks and recreation	2,539	63,780	75,460	-	(9,141)
Library	-	58,020	56,514	-	1,506
Patriotic purposes	-	2,350	-	-	2,350
Total culture and recreation	2,539	124,150	131,974	-	(5,285)
Conservation	-	1,410	1,254	-	156

(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, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Economic development	-	3,000	4,420	-	(1,420)
Debt service:					
Interest on tax anticipation notes	-	15,000	-	-	15,000
Capital outlay	-	198,430	204,901	-	(6,471)
Other financing uses:					
Transfers out	-	233,294	233,294	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 66,438	\$ 4,564,416	\$ 4,336,147	\$ 106,320	\$ 188,387

SCHEDULE 3
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,489,229
Changes:		
Unassigned fund balance used to reduce 2020 tax rate		(92,000)
Amounts voted from fund balance		(233,294)
2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 489,665	
Unexpended balance of appropriations (Schedule 2)	<u>188,387</u>	
2020 Budget surplus		678,052
Decrease in nonspendable fund balance		3,618
Decrease in committed fund balance		<u>8,525</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		<u>2,854,130</u>
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(264,245)
Elimination of the allowance for uncollectible taxes		<u>170,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,759,885</u></u>

SCHEDULE 4
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Conservation Commission</u>	<u>DARE</u>	<u>Permanent Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 1,365	\$ 6,263	\$ -	\$ 7,628
Investments	-	-	6,150	6,150
Total assets	<u>\$ 1,365</u>	<u>\$ 6,263</u>	<u>\$ 6,150</u>	<u>\$ 13,778</u>
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ 5,761	\$ 5,761
Restricted	-	6,263	389	6,652
Committed	1,365	-	-	1,365
Total fund balances	<u>\$ 1,365</u>	<u>\$ 6,263</u>	<u>\$ 6,150</u>	<u>\$ 13,778</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, 2020

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Conservation</u>		<u>Permanent</u>	
	<u>Commission</u>	<u>DARE</u>	<u>Fund</u>	
REVENUES				
Miscellaneous	\$ 3	\$ 26	\$ 138	\$ 167
EXPENDITURES				
Current:				
General government	-	-	29	29
Public safety	-	1,000	-	1,000
Total expenditures	-	1,000	29	1,029
Net change in fund balances	3	(974)	109	(862)
Fund balances, beginning	1,362	7,237	6,041	14,640
Fund balances, ending	<u>\$ 1,365</u>	<u>\$ 6,263</u>	<u>\$ 6,150</u>	<u>\$ 13,778</u>