

TOWN OF ATKINSON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson 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 from material misstatement.

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note I.B.5. to the financial statements, in the year ended December 31, 2020, the Town adopted new accounting guidance regarding the accounting and reporting for Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and OPEB schedules on pages 33 - 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic 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.

The Town of Atkinson has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Atkinson's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They 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 nonmajor and individual general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Roberts & Heene, PLLC

Concord, New Hampshire
May 17, 2021

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,572,163
Investments	2,105,092
Receivables, net of allowance for uncollectibles	430,493
Prepaid items	31,578
Tax deeded property held for resale	81,078
Capital assets, not being depreciated:	
Land	4,511,917
Capital assets, net of accumulated depreciation:	
Land improvements	148,598
Buildings and building improvements	3,376,074
Machinery, vehicles and equipment	1,830,109
Infrastructure	2,764,427
Total assets	<u>25,851,529</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,146,636
Deferred amounts related to OPEB	42,729
Total deferred outflows of resources	<u>1,189,365</u>
LIABILITIES	
Accounts payable	72,101
Accrued payroll and benefits	110,348
Accrued interest payable	14,214
Intergovernmental payable	7,337,080
Performance and escrow deposits	16,205
Noncurrent obligations:	
Due within one year:	
Bond payable	85,000
Unamortized bond premium	975
Capital leases payable	88,919
Compensated absences payable	2,241
Due in more than one year:	
Bond payable	510,000
Unamortized bond premium	5,850
Capital leases payable	43,956
Compensated absences payable	46,905
Net pension liability	3,249,375
OPEB liability	274,415
Total liabilities	<u>11,857,584</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	60,172
Deferred amounts related to pensions	61,279
Deferred amounts related to OPEB	4,244
Total deferred inflows of resources	<u>125,695</u>
NET POSITION	
Net investment in capital assets	11,896,425
Restricted for:	
Endowments:	
Nonexpendable	883,313
Expendable	101,656
Other purposes	217,144
Unrestricted	1,959,077
Total net position	<u>\$ 15,057,615</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2020

		Program Revenues			Net (Expense)
		Charges for	Operating Grants and	Capital Grants and	Revenue
	Expenses	Services	Contributions	Contributions	and Changes in Net Position
Governmental activities:					
General government	\$ 1,196,595	\$ 14,016	\$ 8,032	\$ -	\$ (1,174,547)
Public safety	2,649,005	172,769	371,519	-	(2,104,717)
Highways and streets	1,187,166	-	-	163,693	(1,023,473)
Sanitation	581,318	-	-	-	(581,318)
Health	36,447	-	-	-	(36,447)
Welfare	1,075	-	-	-	(1,075)
Culture and recreation	832,636	9,831	-	-	(822,805)
Conservation	44,386	-	-	-	(44,386)
Interest on long-term debt	21,970	-	-	-	(21,970)
Capital outlay	(5,629)	-	-	-	5,629
Total primary government	<u>\$ 6,544,969</u>	<u>\$ 196,616</u>	<u>\$ 379,551</u>	<u>\$ 163,693</u>	<u>(5,805,109)</u>
General revenues:					
Property taxes					2,940,288
Other taxes					273,927
Licenses and permits					2,100,223
Grants and contributions not restricted to specific programs					390,365
Miscellaneous					277,446
Total general revenues					<u>5,982,249</u>
Change in net position					177,140
Net position, beginning					14,880,475
Net position, ending					<u>\$ 15,057,615</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
TOWN OF ATKINSON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,728,441	\$ 843,722	\$ 10,572,163
Investments	115,482	1,989,610	2,105,092
Receivables, net of allowance for uncollectibles:			
Taxes	411,326	-	411,326
Accounts	8,817	10,350	19,167
Interfund receivable	7,840	2,624	10,464
Prepaid items	29,258	2,320	31,578
Tax deeded property held for resale	81,078	-	81,078
Total assets	<u>\$ 10,382,242</u>	<u>\$ 2,848,626</u>	<u>\$ 13,230,868</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 72,101	\$ -	\$ 72,101
Accrued salaries and benefits	109,811	537	110,348
Intergovernmental payable	7,337,080	-	7,337,080
Interfund payable	-	10,464	10,464
Escrow and performance deposits	16,205	-	16,205
Total liabilities	<u>7,535,197</u>	<u>11,001</u>	<u>7,546,198</u>
Deferred inflows of resources:			
Deferred revenue	<u>271,916</u>	<u>-</u>	<u>271,916</u>
Fund balances:			
Nonspendable	110,336	883,313	993,649
Restricted	-	318,800	318,800
Committed	136,537	1,635,512	1,772,049
Assigned	16,000	-	16,000
Unassigned	2,312,256	-	2,312,256
Total fund balances	<u>2,575,129</u>	<u>2,837,625</u>	<u>5,412,754</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,382,242</u>	<u>\$ 2,848,626</u>	<u>\$ 13,230,868</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
TOWN OF ATKINSON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2020

Total fund balances of governmental funds (Exhibit 3)		\$ 5,412,754
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 19,831,750	
Less accumulated depreciation	<u>(7,200,625)</u>	
		12,631,125
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (10,464)	
Payables	<u>10,464</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		211,744
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(14,214)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond outstanding	\$ 595,000	
Unamortized bond premium	6,825	
Capital leases outstanding	132,875	
Compensated absences payable	49,146	
Net pension liability	3,249,375	
OPEB liability	<u>274,415</u>	
		(4,307,636)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,146,636	
Deferred outflows of resources related to OPEB	42,729	
Deferred inflows of resources related to pensions	(61,279)	
Deferred inflows of resources related to OPEB	<u>(4,244)</u>	
		1,123,842
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 15,057,615</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 3,169,581	\$ 135,432	\$ 3,305,013
Licenses, permits and fees	2,100,223	-	2,100,223
Intergovernmental	789,209	136,368	925,577
Charges for services	16,903	179,713	196,616
Miscellaneous	230,591	54,888	285,479
Total revenues	<u>6,306,507</u>	<u>506,401</u>	<u>6,812,908</u>
Expenditures:			
Current:			
General government	1,112,496	11,837	1,124,333
Public safety	1,948,544	147,157	2,095,701
Highways and streets	923,391	-	923,391
Sanitation	621,576	-	621,576
Health	36,447	-	36,447
Welfare	1,075	-	1,075
Culture and recreation	675,175	21,451	696,626
Conservation	44,386	-	44,386
Debt service:			
Principal	85,000	-	85,000
Interest	26,800	-	26,800
Capital outlay	11,181	-	11,181
Total expenditures	<u>5,486,071</u>	<u>180,445</u>	<u>5,666,516</u>
Excess of revenues over expenditures	<u>820,436</u>	<u>325,956</u>	<u>1,146,392</u>
Other financing sources (uses):			
Transfers in	-	165,818	165,818
Transfers out	(165,000)	(818)	(165,818)
Total other financing sources and uses	<u>(165,000)</u>	<u>165,000</u>	<u>-</u>
Net change in fund balances	655,436	490,956	1,146,392
Fund balances, beginning	<u>1,919,693</u>	<u>2,346,669</u>	<u>4,266,362</u>
Fund balances, ending	<u><u>\$ 2,575,129</u></u>	<u><u>\$ 2,837,625</u></u>	<u><u>\$ 5,412,754</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
TOWN OF ATKINSON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances of governmental funds (Exhibit 5)		\$ 1,146,392
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 43,986	
Depreciation expense	<u>(636,945)</u>	
		(592,959)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (165,818)	
Transfers out	<u>165,818</u>	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue		(90,798)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 85,000	
Amortization of bond premium	975	
Repayment of capital lease principal	<u>84,243</u>	
		170,218
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	\$ 3,855	
Decrease in compensated absences payable	(21,067)	
Increase in OPEB related balances	<u>(13,575)</u>	
		(30,787)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 232,617	
Cost of benefits earned, net of employee contributions	<u>(657,543)</u>	
		(424,926)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 177,140</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 3,008,156	\$ 3,078,783	\$ 70,627
Licenses, permits and fees	1,917,629	2,100,223	182,594
Intergovernmental	554,093	789,209	235,116
Charges for services	13,898	16,903	3,005
Miscellaneous	197,076	212,326	15,250
Total revenues	<u>5,690,852</u>	<u>6,197,444</u>	<u>506,592</u>
EXPENDITURES			
Current:			
General government	1,199,763	1,097,582	102,181
Public safety	1,876,859	1,948,544	(71,685)
Highways and streets	1,001,781	895,102	106,679
Sanitation	642,381	621,576	20,805
Health	40,253	36,447	3,806
Welfare	10,000	1,075	8,925
Culture and recreation	788,629	672,175	116,454
Conservation	28,886	9,886	19,000
Debt service:			
Principal	85,000	85,000	-
Interest	26,800	26,800	-
Capital outlay	-	(46,110)	46,110
Total expenditures	<u>5,700,352</u>	<u>5,348,077</u>	<u>352,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,500)</u>	<u>849,367</u>	<u>858,867</u>
Other financing sources (uses):			
Transfers in	19,000	-	(19,000)
Transfers out	(249,500)	(249,500)	-
Total other financing sources and uses	<u>(230,500)</u>	<u>(249,500)</u>	<u>(19,000)</u>
Net change in fund balance	<u>\$ (240,000)</u>	599,867	<u>\$ 839,867</u>
Decrease in nonspendable fund balance		97,906	
Unassigned fund balance, beginning		1,826,227	
Unassigned fund balance, ending		<u>\$ 2,524,000</u>	

The notes to the financial statements are an integral part of this statement.

EXHIBIT 8
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ -	\$ 196,518
Investments	4,292	-
Total assets	4,292	196,518
Liabilities:		
Accounts payable	1,000	-
Net position:		
Held for specific purposes	\$ 3,292	\$ 196,518

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Private Purpose Trust	Custodial
Additions:		
Investment earnings:		
Interest	\$ 27	\$ 784
Collection of impact fees	-	57,708
Total additions	<u>27</u>	<u>58,492</u>
Deductions:		
Trust distributions	1,000	-
Impact fees distributed to Timberlane School District	-	59,873
Total deductions	<u>1,000</u>	<u>59,873</u>
Change in net position	(973)	(1,381)
Net position, beginning, as restated, see Note III.D.	4,265	197,899
Net position, ending	<u>\$ 3,292</u>	<u>\$ 196,518</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Atkinson (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2020.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Atkinson is a municipal corporation governed by a board of selectmen consisting of five members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major governmental fund is reported in separate columns with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, and defers any not received by that date. When calculating fund balance used to set the tax rate, these taxes are not deferred in accordance with the requirements of the New Hampshire Department of Revenue Administration.

Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental fund:

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

The Town also reports seven nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Custodial Funds – Account for amounts collected by the Town and remitted to other individuals or governments. These assets are therefore not available to support the Town's own programs. The Town's custodial funds are used to account for performance bonds held in escrow; and amounts held for school impact fees belonging to the Timberlane Regional School District.

I.B.5. *Change in Accounting Principle*

During the year, the Town adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the agency fund, which is now reported as a custodial fund, and additions and deductions are now reported on the Statement of Changes in Fiduciary Net Position. The prior year's equity was restated as shown in Note III.D. to reflect this change.

I.C. *Assets, Liabilities, and Net Position or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or 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 of the State of New

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Hampshire in value at least equal to the amount of the deposit in each case. New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or 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 monies 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.

Investments are stated at fair value based on quoted market prices. Investments include amounts held by the New Hampshire Public Deposit Investment Pool, which is an external investment pool regulated by the New Hampshire Bank Commissioner and the Commissioner's Advisory Committee. Participation in the Pool is voluntary and the fair value of its investments is the same as the value of pool shares. The Town library also has an investment in a 24-month certificate of deposit held at Pentucket Bank, a mutually chartered bank of New Hampshire and Massachusetts.

I.C.2. Capital Assets and Depreciation

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at the acquisition cost on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Land improvements	25
Buildings and building improvements	15-40
Machinery, vehicles and equipment	3-20
Infrastructure	15-50

I.C.3. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

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I.C.4. *Compensated Absences*

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are only permitted to accrue an amount equal to ten days over their annual entitlement. Employees are entitled to their vacation leave upon termination.

Compensated absences are reported as accrued in the governmental activities' financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.5. *Equity*

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent funds whose principal balance is required to be retained in perpetuity and whose income balance is to be used for Town purposes in accordance with trust specifications.
- Restricted for other purposes, which consists of the balance of the library and drug forfeiture funds.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, and prepaid items and tax deeded property in the general fund.
- Restricted, which represents the expendable income from permanent funds; and the library fund and drug forfeiture fund, whose uses are limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.

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- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed, and assigned balances.

I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2020, \$240,000 of the General Fund's unassigned fund balance from 2019 was so used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 6,197,444
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	302,542
Tax revenue deferred in the current year	(211,744)
Perspective difference:	
Revenue from Expendable Trust Fund	18,265
Per Exhibit 5 (GAAP basis)	<u>\$ 6,306,507</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 5,597,577
Adjustments:	
Basis difference:	
Encumbrances, beginning	136,635
Encumbrances, ending	(37,055)
Perspective difference:	
Transfers to Expendable Trust Fund	(84,500)
Expenditures of Expendable Trust Fund	38,414
Per Exhibit 5 (GAAP basis)	<u>\$ 5,651,071</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 2,524,000
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(211,744)
Per Exhibit 3 (GAAP basis)	<u>\$ 2,312,256</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2019 property taxes on September 14th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Timberlane Regional School District, and Rockingham County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for

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potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2020, upon which the 2020 property tax levy was based was:

For the New Hampshire education tax	\$ 1,005,666,533
For all other taxes	\$ 1,018,252,133

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

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$3.10	\$ 3,150,951
School portion:		
State of New Hampshire	\$2.10	2,111,762
Local	\$12.16	12,384,318
County portion	\$0.98	1,001,284
Total property taxes assessed		<u>\$ 18,648,315</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2020	\$ 464,610
Unredeemed (under tax lien):	
Levy of 2019	58,444
Levy of 2018	22,486
Levy of 2017	5,534
Levies of 2016 and prior	4,606
Elderly tax lien	5,646
Less: allowance for estimated uncollectible taxes	(150,000)
Net taxes receivable	<u>\$ 411,326</u>

Deferred Revenue

Deferred revenue of \$271,916 at December 31, 2020 represents \$211,744 of property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$60,172 in prepayments collected in advance of the 2021 property tax levy. In the governmental activities, only the prepayments are recorded as unearned revenue.

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III.A.2. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 4,511,917	\$ -	\$ -	\$ 4,511,917
Being depreciated:				
Land improvements	219,820	-	9,475	229,295
Buildings and building improvements	6,238,915	14,257	-	6,253,172
Machinery, vehicles and equipment	3,666,076	14,298	(9,475)	3,670,899
Infrastructure	5,151,036	15,431	-	5,166,467
Total capital assets being depreciated	15,275,847	43,986	-	15,319,833
Total all capital assets	19,787,764	43,986	-	19,831,750
Less accumulated depreciation:				
Land improvements	(67,712)	(9,313)	(3,672)	(80,697)
Buildings and building improvements	(2,714,906)	(162,192)	-	(2,877,098)
Machinery, vehicles and equipment	(1,583,970)	(260,492)	3,672	(1,840,790)
Infrastructure	(2,197,092)	(204,948)	-	(2,402,040)
Total accumulated depreciation	(6,563,680)	(636,945)	-	(7,200,625)
Net book value, capital assets being depreciated	8,712,167	(592,959)	-	8,119,208
Net book value, all capital assets	\$ 13,224,084	\$ (592,959)	\$ -	\$ 12,631,125

Depreciation Expense

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

General government	\$ 42,568
Public safety	243,410
Highways and streets	260,247
Culture and recreation	90,720
Total depreciation expense	<u>\$ 636,945</u>

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III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2020 consists of \$7,337,080 due to the Timberlane Regional School District for the balance of the 2020-2021 school district assessment.

III.B.2. Long-Term Liabilities

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the Town. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2020	Current Portion
General obligation bond payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 595,000	\$ 85,000
Unamortized bond premium					6,825	975
Capital leases payable:						
Ford F-550	\$ 83,476	2017	2021	4.5	17,413	17,413
Carts	\$ 264,807	2018	2022	4.49	86,022	42,066
Police cruisers	\$ 88,484	2019	2021	7.75	29,440	29,440
					132,875	88,919
Compensated absences payable:						
Accrued vacation leave					49,146	2,241
Net pension liability					3,249,375	-
Other postemployment benefits liability					274,415	-
					\$ 4,307,636	\$ 177,135

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	General Obligation Bond Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 680,000	\$ 7,800	\$ 217,118	\$ 28,079	\$ 2,182,806	\$ 240,538	\$ 3,356,341
Additions	-	-	-	21,067	1,066,569	33,877	1,121,513
Reductions	(85,000)	(975)	(84,243)	-	-	-	(170,218)
Balance, ending	\$ 595,000	\$ 6,825	\$ 132,875	\$ 49,146	\$ 3,249,375	\$ 274,415	\$ 4,307,636

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Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bond outstanding as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 85,000	\$ 22,763	\$ 107,763
2022	85,000	14,225	99,225
2023	85,000	11,339	96,339
2024	85,000	8,650	93,650
2025	85,000	6,612	91,612
2026-2027	170,000	10,213	180,213
Totals	<u>\$ 595,000</u>	<u>\$ 73,802</u>	<u>\$ 668,802</u>

The future minimum lease obligations for the capital leases are as follow:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 88,919	\$ 6,928	\$ 95,847
2022	43,956	1,973	45,929
Totals	<u>\$ 132,875</u>	<u>\$ 8,901</u>	<u>\$ 141,776</u>

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

The following schedule reports receivables and payables within the reporting entity at year-end:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 7,840
Nonmajor	Nonmajor	2,624
		<u>\$ 10,464</u>

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The amount due from the nonmajor Capital Reserves Fund represents repayment for expenditures made for cemetery expansion. The amount due from the nonmajor Permanent Fund to the nonmajor Kimball Library Fund represents interest due when the underlying investment matures.

III.C.2. Transfers

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	Transfers In: Nonmajor Funds
Transfers out:	
General fund	\$ 165,000
Nonmajor funds	818
	<u>\$ 165,818</u>

The amount transferred to the nonmajor Capital Reserves Fund of \$165,000 from the General Fund represents voted appropriations. The \$818 transferred from the nonmajor Permanent Fund to the nonmajor Kimball Library Fund represents interest earned on endowments.

III.D. Restatement of Beginning Equity

The equity balance of the fiduciary activities at January 1, 2020 was restated as follows:

	Custodial Funds
Implementation of GASB Statement No. 84	\$ 197,899
Net position, as previously reported	-
Net position, as restated	<u>\$ 197,899</u>

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III.E. Components of Fund Balance

The components of fund balance, as described in note I.C.5., are classified for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 883,313
Prepaid items	29,258	-
Tax deeded property	81,078	-
Total nonspendable	<u>110,336</u>	<u>883,313</u>
Restricted:		
General government	-	101,656
Public safety	-	189,122
Culture and recreation	-	28,022
Total restricted	<u>-</u>	<u>318,800</u>
Committed:		
Public safety	-	94,411
Highways and streets	7,711	-
Culture and recreation	-	48,316
Conservation	-	738,637
Capital outlay	128,826	754,148
Total committed	<u>136,537</u>	<u>1,635,512</u>
Assigned for general government	<u>16,000</u>	<u>-</u>
Unassigned	<u>2,312,256</u>	<u>-</u>
Total fund balance	<u><u>\$ 2,575,129</u></u>	<u><u>\$ 2,837,625</u></u>

III.F. Restricted Net Position

The government-wide statement of net position includes restricted net position totaling \$1,202,113, which represents \$984,969 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures; and \$28,022 for library funds and \$189,122 for drug forfeiture funds whose use is restricted by law.

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities. Primex's Workers' Compensation and Property and Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. The membership and coverage run from January 1 to December 31.

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Contributions paid in 2020 to be recorded as an insurance expenditure/expense totaled \$57,521 for property/liability and \$42,428 for workers' compensation. The Town also paid \$2,437 for unemployment compensation. There were no unpaid contributions for the year ended December 31, 2020. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters and other employees are 11.55%, 11.8% and 7% of gross earnings, respectively. The rates of contribution from the Town were 28.43% for police, 30.09% for firefighters, and 11.17% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2018, 2019, and 2020 were \$199,299, \$233,868, and \$232,617, respectively. The amounts were paid on a monthly basis as due.

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

At December 31, 2020, the Town reported a liability of \$3,249,375 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward. 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 municipalities and school districts, actuarially determined. As of June 30, 2020, the Town's proportion was 0.0508%, which was an increase of 0.0054% from its proportion measured as of June 30, 2019.

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For 2020, the Town recognized pension expense of \$657,543. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 417,787	\$ 26,390
Net differences between projected and actual earnings on pension plan investments	200,977	-
Changes in assumptions	321,428	-
Differences between expected and actual experience	87,749	34,889
Town contributions subsequent to the measurement date	118,695	-
	<u>\$ 1,146,636</u>	<u>\$ 61,279</u>

The Town reported \$118,695 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ending December 31,	
2021	\$ 225,050
2022	267,581
2023	274,544
2024	199,487
	<u>\$ 966,662</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	19 years beginning July 1, 2020

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Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
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 Health Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 to June 30, 2015.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 4,206,618	\$ 3,249,375	\$ 2,467,181

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

IV.C. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this valuation. Retirees under the age of 65 have a medical insurance plan with either Anthem Access Blue

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or CIGNA. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees, hired prior to 7/1/11, may retire at age 60, or once their age plus years of service equals 70. Group I employees hired after 7/1/11 may retire at age 65. Group II employees vested prior to 1/1/12 may retire at age 60, or at age 45 with 20 years of service. Group II employees not vested prior to 1/1/12, but hired prior to 7/1/11, may retire at age 60, or upon attainment of minimum age and service requirements as follow:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>
At least 8 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
Less than 4 years	49	24

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town's medical coverage after the death of the retired employee as long as they pay the required premium. As of June 30, 2019, the actuarial valuation date, there is only one participant of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

Implicit Rate Subsidy

Same benefit options are available to retirees as active employees. Health insurance is purchased through HealthTrust and Allegiant. The Town is a member of the under-100 employees' pool and their rates are determined based on the experience of the entire under-100 employees' pool. The claims experience for active employees and retirees are combined to determine the final premium rate. This single premium rate is called a blended premium because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims cost.

Medical Insurance Subsidy

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 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 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.

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

Total OPEB Liability

The Town's total OPEB liability of \$274,415 consists of \$34,236 for the implicit rate subsidy determined by an actuarial valuation as of January 1, 2020 and \$240,179 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020. The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

Methods and Assumptions

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

Implicit Rate Subsidy		
Payroll Growth		2.50%
Participant Salary Increases		3.50%
Discount Rate		2.12%
Inflation		0.00%
Mortality		RPH-2014 Total Dataset headcount-weighted fully generational mortality table with projection scale MP-2019
Healthcare Cost Trend Rates	2021	6.50%
	2022	6.00%
	2023+	5.50%
Medical Insurance Subsidy		
Payroll Growth		3.25%
Discount Rate		6.75%
Inflation		2.50%
Investment Rate of Return		7.25% per year, net of OPEB plan investment expense, including inflation
Mortality		RP-2014 Health Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study
Healthcare Cost Trend Rates		N/A, given that the benefits are fixed stipends

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

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Town's total OPEB liability	\$ 35,873	\$ 34,236	\$ 32,688

Medical Insurance Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	\$ 260,810	\$ 240,179	\$ 222,268

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower of 1-percentage point higher:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Town's total OPEB liability	\$ 31,586	\$ 34,236	\$ 37,275

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

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

For the year ended December 31, 2020, the Town recognized OPEB expense of \$290,148. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,862	\$ -
Net differences between projected and actual earnings on pension plan investments	899	-
Changes in assumptions	2,273	3,548
Differences between expected and actual experience	24,551	696
Town contributions subsequent to the measurement date	13,144	-
	<u>\$ 42,729</u>	<u>\$ 4,244</u>

The Town reported \$13,144 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in the following year.

Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

Year Ending December 31,	
2021	\$ 4,793
2022	2,281
2023	2,332
2024	2,263
2025	2,015
Thereafter	11,657
	<u>\$ 25,341</u>

IV.D. Contingent Liabilities

The Town has received state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF ATKINSON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0508%	0.0454%	0.0376%	0.0389%	0.0394%	0.0333%	0.0289%
Town's proportionate share of the net pension liability	\$ 3,249,375	\$ 2,182,806	\$ 1,810,900	\$ 1,917,052	\$ 2,093,021	\$ 1,317,983	\$ 1,086,285
Town's covered-employee payroll	\$ 1,274,047	\$ 1,153,258	\$ 1,017,627	\$ 937,348	\$ 1,274,718	\$ 806,891	\$ 634,599
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	255.04%	189.27%	177.95%	204.52%	164.19%	163.34%	171.18%
Plan fiduciary position as a percentage of the total pension liability	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 11
TOWN OF ATKINSON, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 232,617	\$ 233,868	\$ 199,299	\$ 169,321	\$ 140,941	\$ 111,615	\$ 93,888
Contribution in relation to the contractually required contribution	<u>(232,617)</u>	<u>(233,868)</u>	<u>(199,299)</u>	<u>(169,321)</u>	<u>(140,941)</u>	<u>(111,615)</u>	<u>(93,888)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,274,047	\$ 1,153,258	\$ 1,017,627	\$ 937,348	\$ 1,274,718	\$ 806,891	\$ 634,599
Contributions as a percentage of covered-employee payroll	18.26%	20.28%	19.58%	18.06%	11.06%	13.83%	14.79%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 12
TOWN OF ATKINSON
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 6,361	\$ 2,178	\$ 3,190
Interest	19,024	18,188	48,751
Projected earnings on plan investments	(218)	(1,019)	(3,741)
Changes in assumptions and other inputs	(3,586)	921	(400)
OPEB plan administrative expense and other non-contribution items	71	146	107
Difference between expected and actual experience	21,211	(3,683)	(638)
Differences from changes in proportion	27,622	60,784	14,022
Benefit payments	(36,608)	(31,315)	(12,863)
Net change in total OPEB liability	33,877	46,200	48,428
Total OPEB liability, beginning	240,538	194,338	145,910
Total OPEB liability, ending	<u>\$ 274,415</u>	<u>\$ 240,538</u>	<u>\$ 194,338</u>
Covered-employee payroll	\$ 1,274,047	\$ 1,153,258	\$ 1,017,627
Total OPEB liability as a percentage of covered-employee payroll	21.54%	20.86%	19.10%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 13
TOWN OF ATKINSON
Schedule of the Town's OPEB Contributions

	2020	2019	2018
Actuarially determined contribution	\$ 34,693	\$ 25,862	\$ 19,856
Contributions in relation to the actuarially determined contribution	(36,068)	(23,484)	(19,856)
Contribution deficiency	<u>\$ (1,375)</u>	<u>\$ 2,378</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,274,047	\$ 1,153,285	\$ 1,017,627
Contributions as a percentage of covered-employee payroll	2.72%	2.24%	1.95%

The note to the required supplementary information is an integral part of this schedule.

TOWN OF ATKINSON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the sixth year that the Town has reported pension schedules, and the third year for the OPEB information under the current measurement standard, only seven and three years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 14
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Conservation Commission	Police Special Detail	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
ASSETS								
Cash and cash equivalents	\$ 25,398	\$ 498,608	\$ 84,598	\$ 45,996	\$ 189,122	\$ -	\$ -	\$ 843,722
Investments	-	240,029	-	-	-	761,988	987,593	1,989,610
Accounts receivable	-	-	10,350	-	-	-	-	10,350
Interfund receivable	2,624	-	-	-	-	-	-	2,624
Prepaid items	-	-	-	2,320	-	-	-	2,320
Total assets	<u>\$ 28,022</u>	<u>\$ 738,637</u>	<u>\$ 94,948</u>	<u>\$ 48,316</u>	<u>\$ 189,122</u>	<u>\$ 761,988</u>	<u>\$ 987,593</u>	<u>\$ 2,848,626</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accrued salaries and benefits	\$ -	\$ -	\$ 537	\$ -	\$ -	\$ -	\$ -	\$ 537
Interfund payable	-	-	-	-	-	7,840	2,624	10,464
Total liabilities	<u>-</u>	<u>-</u>	<u>537</u>	<u>-</u>	<u>-</u>	<u>7,840</u>	<u>2,624</u>	<u>11,001</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	883,313	883,313
Restricted	28,022	-	-	-	189,122	-	101,656	318,800
Committed	-	738,637	94,411	48,316	-	754,148	-	1,635,512
Total fund balances	<u>28,022</u>	<u>738,637</u>	<u>94,411</u>	<u>48,316</u>	<u>189,122</u>	<u>754,148</u>	<u>984,969</u>	<u>2,837,625</u>
Total liabilities and fund balances	<u>\$ 28,022</u>	<u>\$ 738,637</u>	<u>\$ 94,948</u>	<u>\$ 48,316</u>	<u>\$ 189,122</u>	<u>\$ 761,988</u>	<u>\$ 987,593</u>	<u>\$ 2,848,626</u>

EXHIBIT 15
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Conservation Commission	Police Special Detail	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
REVENUES								
Taxes	\$ -	\$ 135,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,432
Intergovernmental	-	-	-	-	136,368	-	-	136,368
Charges for services	-	-	172,769	6,944	-	-	-	179,713
Miscellaneous	18,753	2,961	-	14,483	6,540	4,120	8,031	54,888
Total revenues	18,753	138,393	172,769	21,427	142,908	4,120	8,031	506,401
EXPENDITURES								
Current:								
General government	-	-	-	-	-	9,566	2,271	11,837
Public safety	-	-	130,649	-	16,508	-	-	147,157
Culture and recreation	18,609	-	-	2,784	-	58	-	21,451
Total expenditures	18,609	-	130,649	2,784	16,508	9,624	2,271	180,445
Excess (deficiency) of revenues over (under) expenditures	144	138,393	42,120	18,643	126,400	(5,504)	5,760	325,956
Other financing sources (uses):								
Transfers in	818	-	-	-	-	165,000	-	165,818
Transfers out	-	-	-	-	-	-	(818)	(818)
Total other financing sources and uses	818	-	-	-	-	165,000	(818)	165,000
Net change in fund balances	962	138,393	42,120	18,643	126,400	159,496	4,942	490,956
Fund balances, beginning	27,060	600,244	52,291	29,673	62,722	594,652	980,027	2,346,669
Fund balances, ending	\$ 28,022	\$ 738,637	\$ 94,411	\$ 48,316	\$ 189,122	\$ 754,148	\$ 984,969	\$ 2,837,625

EXHIBIT 16
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,926,788	\$ 2,940,288	\$ 13,500
Land use change	1,368	1,368	-
Interest and penalties on delinquent taxes	80,000	137,127	57,127
Total taxes	3,008,156	3,078,783	70,627
Licenses, permits and fees:			
Business licenses and permits	8,000	9,308	1,308
Motor vehicle permits	1,719,416	1,891,528	172,112
Building permits	142,029	170,779	28,750
Other	48,184	28,608	(19,576)
Total licenses, permits and fees	1,917,629	2,100,223	182,594
Intergovernmental:			
State sources:			
Municipal aid	30,327	30,327	-
Meals and rooms distributions	360,038	360,038	-
Highway block grant	163,711	163,693	(18)
Other	17	-	(17)
Federal sources:			
GOFERR	-	164,664	164,664
COVID First Responders	-	51,371	51,371
CARES	-	19,116	19,116
Total intergovernmental	554,093	789,209	235,116
Charges for services:			
Income from departments	13,898	16,903	3,005
Miscellaneous:			
Sale of property	5,100	5,100	-
Interest on investments	26,000	26,460	460
Other	165,976	180,766	14,790
Total miscellaneous	197,076	212,326	15,250
Other financing sources:			
Transfers in:			
Nonmajor funds	19,000	-	(19,000)
Total revenues and other financing sources	5,709,852	\$ 6,197,444	\$ 487,592
Use of fund balance to reduce taxes	240,000		
Total revenues, other financing sources and use of fund balance	\$ 5,949,852		

EXHIBIT 17
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 264,811	\$ 242,881	\$ -	\$ 21,930
Election and registration	-	208,004	198,908	-	9,096
Financial administration	4,200	347,120	308,679	16,000	26,641
Legal	-	36,701	28,500	-	8,201
Personnel administration	-	47,531	47,962	-	(431)
Planning and zoning	-	23,221	19,949	-	3,272
General government buildings	22,800	135,283	130,091	-	27,992
Cemeteries	-	70,187	62,026	-	8,161
Insurance, not otherwise allocated	-	59,973	62,607	-	(2,634)
Advertising and regional associations	-	6,932	6,979	-	(47)
Total general government	27,000	1,199,763	1,108,582	16,000	102,181
Public safety:					
Police	-	1,160,073	1,051,884	-	108,189
Ambulance	-	100,272	62,085	-	38,187
Fire	-	482,690	488,319	-	(5,629)
Building inspection	-	87,438	110,549	-	(23,111)
Emergency management	-	200	189,521	-	(189,321)
Other	-	46,186	46,186	-	-
Total public safety	-	1,876,859	1,948,544	-	(71,685)
Highways and streets:					
Administration	-	204,415	184,983	-	19,432
Highways and streets	36,000	753,366	690,970	7,711	90,685
Street lighting	-	44,000	47,438	-	(3,438)
Total highways and streets	36,000	1,001,781	923,391	7,711	106,679
Sanitation:					
Solid waste disposal	-	37,825	30,003	-	7,822
Solid waste clean-up	-	604,556	591,573	-	12,983
Total sanitation	-	642,381	621,576	-	20,805
Health:					
Administration	-	7,836	9,871	-	(2,035)
Health agencies and hospitals	-	19,378	19,376	-	2
Other	-	13,039	7,200	-	5,839
Total health	-	40,253	36,447	-	3,806
Welfare:					
Administration and direct assistance	-	10,000	1,075	-	8,925

(continued)

EXHIBIT 17 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	3,000	227,126	151,680	-	78,446
Public library	-	507,514	482,285	-	25,229
Patriotic purposes	-	3,975	2,251	-	1,724
Other	-	50,014	38,959	-	11,055
Total culture and recreation	<u>3,000</u>	<u>788,629</u>	<u>675,175</u>	<u>-</u>	<u>116,454</u>
Conservation:					
Administration	-	9,886	9,886	-	-
Other	-	19,000	-	-	19,000
Total conservation	<u>-</u>	<u>28,886</u>	<u>9,886</u>	<u>-</u>	<u>19,000</u>
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	26,800	26,800	-	-
Total debt service	<u>-</u>	<u>111,800</u>	<u>111,800</u>	<u>-</u>	<u>-</u>
Capital outlay:					
Land	21,345	-	8,700	12,645	-
Machinery, vehicles and equipment	35,932	-	-	-	35,932
Buildings	13,358	-	2,481	699	10,178
Total capital outlay	<u>70,635</u>	<u>-</u>	<u>11,181</u>	<u>13,344</u>	<u>46,110</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	84,500	84,500	-	-
Nonmajor funds	-	165,000	165,000	-	-
Total other financing uses	<u>-</u>	<u>249,500</u>	<u>249,500</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 136,635</u>	<u>\$ 5,949,852</u>	<u>\$ 5,697,157</u>	<u>\$ 37,055</u>	<u>\$ 352,275</u>

EXHIBIT 18
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

Unassigned fund balance, beginning			\$ 1,826,227
Changes:			
Unassigned fund balance used to reduce tax rate			(240,000)
Budget summary:			
Revenue surplus (Exhibit 16)	\$ 487,592		
Unexpended balance of appropriations (Exhibit 17)	<u>352,275</u>		
Budget surplus			839,867
Decrease in nonspendable fund balance			<u>97,906</u>
Unassigned fund balance, ending			<u><u>\$ 2,524,000</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

This communication is intended solely for the information and use of the Board of Selectmen and others within the Town of Atkinson, and is not intended to be, and should not be, used by anyone other than these specified parties.

Roberts & Greene, PLLC

Concord, New Hampshire
May 17, 2021