

TOWN OF ATKINSON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021

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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

Opinions

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Town of Atkinson as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the Town of Atkinson as of December 31, 2021, and the respective changes in financial position thereof and the budget to actual comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, any significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town'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 and individual general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

September 9, 2022

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,754,974
Investments	2,253,946
Intergovernmental receivable	7,103
Other receivables, net of allowance for uncollectibles	477,773
Prepaid items	38,932
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	139,443
Buildings and building improvements	3,215,419
Machinery, vehicles and equipment	1,741,045
Infrastructure	2,562,370
Total assets	<u>24,784,000</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	846,700
Deferred amounts related to OPEB	36,593
Total deferred outflows of resources	<u>883,293</u>
LIABILITIES	
Accounts payable	151,211
Accrued payroll and benefits	145,979
Accrued interest payable	10,214
Intergovernmental payable	5,465,871
Performance and escrow deposits	206,257
Noncurrent obligations:	
Due within one year:	
Bond payable	85,000
Unamortized bond premium	975
Capital lease payable	43,955
Due in more than one year:	
Bond payable	425,000
Unamortized bond premium	4,875
Compensated absences payable	37,429
Net pension liability	2,339,174
OPEB liability	262,907
Total liabilities	<u>9,178,847</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	419,087
Deferred amounts related to pensions	688,734
Deferred amounts related to OPEB	6,045
Total deferred inflows of resources	<u>1,113,866</u>
NET POSITION	
Net investment in capital assets	11,610,389
Restricted for:	
Endowments:	
Nonexpendable	882,685
Expendable	101,187
Other purposes	178,073
Unrestricted	2,602,246
Total net position	<u>\$ 15,374,580</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, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,172,010	\$ 2,209,538	\$ 8,366	\$ -	\$ 1,045,894
Public safety	2,446,159	227,646	5,876	-	(2,212,637)
Highways and streets	757,572	-	-	160,383	(597,189)
Sanitation	581,750	-	-	-	(581,750)
Health	51,400	-	-	-	(51,400)
Welfare	150	-	-	-	(150)
Culture and recreation	819,545	43,766	10,307	-	(765,472)
Conservation	62,429	-	1,287	-	(61,142)
Interest on long-term debt	17,788	-	-	-	(17,788)
Capital outlay	414,821	-	-	-	(414,821)
Total primary government	<u>\$ 6,323,624</u>	<u>\$ 2,480,950</u>	<u>\$ 25,836</u>	<u>\$ 160,383</u>	<u>(3,656,455)</u>
General revenues:					
Property taxes					3,172,543
Other taxes					27,044
Grants and contributions not restricted to specific programs					524,662
Miscellaneous					249,171
Total general revenues					<u>3,973,420</u>
Change in net position					316,965
Net position, beginning					15,057,615
Net position, ending					<u>\$ 15,374,580</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, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,055,004	\$ 699,970	\$ 9,754,974
Investments	135,846	2,118,100	2,253,946
Receivables, net of allowance for uncollectibles:			
Taxes	442,373	-	442,373
Accounts	7,905	27,495	35,400
Intergovernmental	7,103	-	7,103
Interfund receivable	8,078	872	8,950
Prepaid items	38,932	-	38,932
Tax deeded property held for resale	81,078	-	81,078
Total assets	<u>\$ 9,776,319</u>	<u>\$ 2,846,437</u>	<u>\$ 12,622,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 151,211	\$ -	\$ 151,211
Accrued salaries and benefits	137,565	8,414	145,979
Intergovernmental payable	5,465,871	-	5,465,871
Interfund payable	-	8,950	8,950
Escrow and performance deposits	206,257	-	206,257
Total liabilities	<u>5,960,904</u>	<u>17,364</u>	<u>5,978,268</u>
Deferred inflows of resources:			
Deferred revenue	<u>697,022</u>	<u>-</u>	<u>697,022</u>
Fund balances:			
Nonspendable	120,010	882,685	1,002,695
Restricted	-	279,260	279,260
Committed	220,989	1,667,128	1,888,117
Unassigned	2,777,394	-	2,777,394
Total fund balances	<u>3,118,393</u>	<u>2,829,073</u>	<u>5,947,466</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,776,319</u>	<u>\$ 2,846,437</u>	<u>\$ 12,622,756</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, 2021

Total fund balances of governmental funds (Exhibit 3)		\$ 5,947,466
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	\$ 19,915,742	
Less accumulated depreciation	<u>(7,745,548)</u>	
		12,170,194
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (8,950)	
Payables	<u>8,950</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		277,935
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(10,214)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond outstanding	\$ 510,000	
Unamortized bond premium	5,850	
Capital lease outstanding	43,955	
Compensated absences payable	37,429	
Net pension liability	2,339,174	
OPEB liability	<u>262,907</u>	
		(3,199,315)
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	\$ 846,700	
Deferred outflows of resources related to OPEB	36,593	
Deferred inflows of resources related to pensions	(688,734)	
Deferred inflows of resources related to OPEB	<u>(6,045)</u>	
		188,514
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 15,374,580</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, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 3,132,525	\$ 871	\$ 3,133,396
Licenses, permits and fees	2,188,137	-	2,188,137
Intergovernmental	690,770	690	691,460
Charges for services	219,316	235,078	454,394
Miscellaneous	85,438	27,465	112,903
Total revenues	<u>6,316,186</u>	<u>264,104</u>	<u>6,580,290</u>
Expenditures:			
Current:			
General government	1,160,692	2,341	1,163,033
Public safety	2,021,597	227,499	2,249,096
Highways and streets	520,760	-	520,760
Sanitation	623,721	-	623,721
Health	51,400	-	51,400
Welfare	150	-	150
Culture and recreation	690,214	38,202	728,416
Conservation	9,883	52,546	62,429
Debt service:			
Principal	85,000	-	85,000
Interest	22,763	-	22,763
Capital outlay	538,810	-	538,810
Total expenditures	<u>5,724,990</u>	<u>320,588</u>	<u>6,045,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>591,196</u>	<u>(56,484)</u>	<u>534,712</u>
Other financing sources (uses):			
Transfers in	92,068	140,248	232,316
Transfers out	(140,000)	(92,316)	(232,316)
Total other financing sources and uses	<u>(47,932)</u>	<u>47,932</u>	<u>-</u>
Net change in fund balances	543,264	(8,552)	534,712
Fund balances, beginning	2,575,129	2,837,625	5,412,754
Fund balances, ending	<u>\$ 3,118,393</u>	<u>\$ 2,829,073</u>	<u>\$ 5,947,466</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, 2021

Net change in fund balances of governmental funds (Exhibit 5)		\$ 534,712
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	\$ 147,941	
Depreciation expense	<u>(602,980)</u>	
		(455,039)
The effect of the disposal of capital assets is to decrease net position.		(5,892)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (232,316)	
Transfers out	<u>232,316</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		66,191
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>88,920</u>	
		174,895
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	\$ 4,000	
Decrease in compensated absences payable	11,717	
Change in OPEB related balances	<u>3,571</u>	
		19,288
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	\$ 290,539	
Cost of benefits earned, net of employee contributions	<u>(307,729)</u>	
		(17,190)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 316,965</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, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 3,090,307	\$ 3,198,716	\$ 108,409
Licenses, permits and fees	2,002,667	2,188,137	185,470
Intergovernmental	693,729	690,770	(2,959)
Charges for services	257,846	219,316	(38,530)
Miscellaneous	21,747	53,602	31,855
Total revenues	<u>6,066,296</u>	<u>6,350,541</u>	<u>284,245</u>
EXPENDITURES			
Current:			
General government	1,229,763	1,133,911	95,852
Public safety	1,946,738	2,021,597	(74,859)
Highways and streets	590,898	598,192	(7,294)
Sanitation	642,381	623,721	18,660
Health	59,238	51,400	7,838
Welfare	10,000	150	9,850
Culture and recreation	788,629	690,214	98,415
Conservation	9,886	9,883	3
Debt service:			
Principal	85,000	85,000	-
Interest	22,763	22,763	-
Capital outlay	661,000	525,466	135,534
Total expenditures	<u>6,046,296</u>	<u>5,762,297</u>	<u>283,999</u>
Excess of revenues over expenditures	<u>20,000</u>	<u>588,244</u>	<u>568,244</u>
Other financing sources (uses):			
Transfers in	120,000	92,759	(27,241)
Transfers out	(140,000)	(140,000)	-
Total other financing sources and uses	<u>(20,000)</u>	<u>(47,241)</u>	<u>(27,241)</u>
Net change in fund balance	<u>\$ -</u>	541,003	<u>\$ 541,003</u>
Increase in nonspendable fund balance		(9,674)	
Unassigned fund balance, beginning		2,524,000	
Unassigned fund balance, ending		<u>\$ 3,055,329</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, 2021

	Private Purpose Trust
Assets:	
Investments	\$ 3,293
Liabilities:	
Accounts payable	500
Net position:	
Held for specific purposes	\$ 2,793

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, 2021

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 1
Deductions:	
Trust distributions	500
Change in net position	(499)
Net position, beginning,	3,292
Net position, ending	<u>\$ 2,793</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, 2021**

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, 2021.

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, 2021**

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, 2021**

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 – Accounts for financial resources of the Town used only for the benefit of other entities or individuals.

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 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.

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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	10-40
Buildings and building improvements	5-40
Machinery, equipment and vehicles	3-25
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.

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.

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

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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 2021, none of the General Fund's unassigned fund balance from 2020 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)	\$ 6,443,300
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	211,744
Tax revenue deferred in the current year	(277,935)
Perspective difference:	
Revenue from Expendable Trust Fund	31,836
Transfers to Expendable Trust Fund	(691)
Per Exhibit 5 (GAAP basis)	<u>\$ 6,408,254</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 5,902,297
Adjustments:	
Basis difference:	
Encumbrances, beginning	37,055
Encumbrances, ending	(85,143)
Perspective difference:	
Expenditures of Expendable Trust Fund	10,781
Per Exhibit 5 (GAAP basis)	<u>\$ 5,864,990</u>

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Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 3,055,329
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(277,935)
Per Exhibit 3 (GAAP basis)	<u>\$ 2,777,394</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2021, the Town's reporting entity had the following investments:

Certificates of Deposit	\$ 50,872
New Hampshire Public Deposit Investment Pool	2,206,367
	<u>\$ 2,257,239</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 2,253,946
Fiduciary funds - statement of fiduciary net position (Exhibit 7)	3,293
Total	<u>\$ 2,257,239</u>

Fair Value Measurement

The town categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2021:

	Level 2
Certificates of deposit	<u>\$ 50,872</u>
New Hampshire Public Deposit Investment Pool	2,206,367
	<u>\$ 2,257,239</u>

The Town classifies its investments into Level 2, which refers to the investments not traded on an active market but for which observable market inputs are readily available. The levels relate to valuation only and do not necessarily indicate a measure of risk.

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III.A.2. 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 2020 property taxes on September 27th.

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 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, 2021, upon which the 2021 property tax levy was based was:

For the New Hampshire education tax	\$1,529,165,143
For all other taxes	\$1,546,012,743

The tax rates and amounts assessed for the year ended December 31, 2021 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$2.17	\$ 3,370,694
School portion:		
State of New Hampshire	\$1.42	2,167,525
Local	\$8.11	12,533,505
County portion	\$0.66	1,013,070
Total property taxes assessed		<u>\$ 19,084,794</u>

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The following details the taxes receivable at year-end:

Property:	
Levy of 2021	\$ 495,695
Unredeemed (under tax lien):	
Levy of 2020	47,606
Levy of 2019	25,575
Levy of 2018	14,268
Levy of 2017	4,771
Levy of 2016	4,458
Less: allowance for estimated uncollectible taxes	(150,000)
Net taxes receivable	<u>\$ 442,373</u>

Other Receivables

Other significant receivables include amounts due for welfare liens, reimbursements from insurance companies, and police special details. An allowance exists for welfare liens that are not expected to be collected. The receivables are as follow:

Accounts	\$ 35,400
Intergovernmental	7,103
Liens	5,646
Less: allowance for uncollectible amounts	(5,646)
Net total receivables	<u>\$ 42,503</u>

Deferred Revenue

Deferred revenue of \$697,022 at December 31, 2021 represents \$277,935 of property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, \$45,083 in prepayments collected in advance of the 2021 property tax levy, and \$374,004 of unspent American Rescue Plan Act Funds. In the governmental activities, only the prepayments and unspent ARPA funds are recorded as unearned revenue.

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III.A.3. 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	229,295	-	-	229,295
Buildings and building improvements	6,253,172	-	-	6,253,172
Machinery, vehicles and equipment	3,670,899	147,941	(63,949)	3,754,891
Infrastructure	5,166,467	-	-	5,166,467
Total capital assets being depreciated	15,319,833	147,941	(63,949)	15,403,825
Total all capital assets	19,831,750	147,941	(63,949)	19,915,742
Less accumulated depreciation:				
Land improvements	(80,697)	(9,155)	-	(89,852)
Buildings and building improvements	(2,877,098)	(160,655)	-	(3,037,753)
Machinery, vehicles and equipment	(1,840,790)	(231,113)	58,057	(2,013,846)
Infrastructure	(2,402,040)	(202,057)	-	(2,604,097)
Total accumulated depreciation	(7,200,625)	(602,980)	58,057	(7,745,548)
Net book value, capital assets being depreciated	8,119,208	(455,039)	(5,892)	7,658,277
Net book value, all capital assets	\$ 12,631,125	\$ (455,039)	\$ (5,892)	\$ 12,170,194

Depreciation Expense

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

General government	\$ 43,439
Public safety	211,624
Highways and streets	257,357
Culture and recreation	90,560
Total depreciation expense	<u>\$ 602,980</u>

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III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2021 consists of \$5,454,020 due to the Timberlane Regional School District for the balance of the 2021-2022 school district assessment and \$11,851 due to the Town of Plaistow for dispatch services.

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 12/31/2021	Current Portion
General obligation bond payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 510,000	\$ 85,000
Unamortized bond premium					5,850	975
Capital lease payable:						
Carts	\$ 264,807	2018	2022	4.49	43,955	43,955
Compensated absences payable:						
Accrued vacation leave					37,429	-
Net pension liability					2,339,174	-
Other postemployment benefits liability					262,907	-
					<u>\$ 3,199,315</u>	<u>\$ 129,930</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	General Obligation Bond Payable	Unamortized Bond Premium	Capital Lease Payable	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 595,000	\$ 6,825	\$ 132,875	\$ 49,146	\$ 3,249,375	\$ 274,415	\$ 4,307,636
Reductions	(85,000)	(975)	(88,920)	(11,717)	(910,201)	(11,508)	(1,108,321)
Balance, ending	<u>\$ 510,000</u>	<u>\$ 5,850</u>	<u>\$ 43,955</u>	<u>\$ 37,429</u>	<u>\$ 2,339,174</u>	<u>\$ 262,907</u>	<u>\$ 3,199,315</u>

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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
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	85,000	7,675	92,675
2027	85,000	2,538	87,538
Totals	<u>\$ 510,000</u>	<u>\$ 51,039</u>	<u>\$ 561,039</u>

The final lease payment of \$43,955 of principal and \$1,974 of interest is due in 2022.

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	\$ 8,078
Nonmajor	Nonmajor	872
		<u>\$ 8,950</u>

The amount due to the General Fund represents reimbursement of cemetery expansion expenditures from the Nonmajor Capital Reserves Fund. The amount due from the Nonmajor Funds to other Nonmajor Funds represents interest due from the Permanent Fund to the Kimball Library Fund 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

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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:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 140,000	\$ 140,000
Nonmajor funds	92,068	248	92,316
	<u>\$ 92,068</u>	<u>\$ 140,248</u>	<u>\$ 232,316</u>

The amount transferred to the Nonmajor Funds from the General Fund represents appropriations to the Capital Reserves Fund. The amount transferred from the Nonmajor Funds to other Nonmajor Funds represents interest earned on endowments transferred from the Permanent Fund to the Kimball Library Fund. The amount transferred to the General Fund from the Nonmajor Funds represents reimbursement of expenditures from the Capital Reserve Fund.

III.D. 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	\$ -	\$ 882,685
Prepaid items	38,932	-
Tax deeded property	81,078	-
Total nonspendable	<u>120,010</u>	<u>882,685</u>
Restricted:		
General government	-	101,187
Public safety	-	146,179
Culture and recreation	-	31,894
Total restricted	<u>-</u>	<u>279,260</u>
Committed:		
Public safety	-	53,729
Highways and streets	85,143	-
Culture and recreation	-	37,951
Conservation	-	690,249
Capital outlay	135,846	885,199
Total committed	<u>220,989</u>	<u>1,667,128</u>
Assigned for general government	-	-
Unassigned	2,777,394	-
Total fund balance	<u>\$ 3,118,393</u>	<u>\$ 2,829,073</u>

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III.E. Restricted Net Position

The government-wide statement of net position includes restricted net position totaling \$1,161,945 which represents \$940,929 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures; and \$31,894 for library 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.

Contributions paid in 2021 to be recorded as an insurance expenditure/expense totaled \$63,683 for property/liability and \$42,922 for workers' compensation. The Town also paid \$2,437 for unemployment compensation. There were no unpaid contributions for the year ended December 31, 2021. 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 were 11.55%, 11.8% and 7% of gross earnings, respectively. The rates of contribution from the Town for the period

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January 1st to June 30th were 28.43% for police, 30.09% for firefighters, and 11.17% for other employees, increasing on July 1st to 33.88% for police, 32.99% for firefighters, and 14.06% 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 2019, 2020, and 2021 were \$233,868, \$232,617, and \$290,539 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, 2021, the Town reported a liability of \$2,339,174 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, 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, 2021, the Town's proportion was 0.0528%, which was an increase of 0.002% from its proportion measured as of June 30, 2020.

For 2021, the Town recognized pension expense of \$307,729. 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	\$ 370,140	\$ 10,031
Net differences between projected and actual earnings on pension plan investments	-	654,213
Changes in assumptions	244,314	-
Differences between expected and actual experience	65,500	24,490
Town contributions subsequent to the measurement date	166,746	-
	<u>\$ 846,700</u>	<u>\$ 688,734</u>

The Town reported \$166,746 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.

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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,	
2022	\$ 82,052
2023	89,469
2024	13,941
2025	(194,242)
	<u>\$ (8,780)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, 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	18 years beginning July 1, 2021
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 Healthy 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, 2020 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.

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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	\$ 3,345,287	\$ 2,339,174	\$ 1,499,912

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 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:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service
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, 2020, the actuarial

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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.

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 \$262,907 consists of \$38,908 for the implicit rate subsidy determined by an actuarial valuation as of January 1, 2020 and \$223,999 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2020 with roll-forward procedures used to determine the liability as of June 30, 2021. The roll-forward of the total OPEB liability from June 30, 2020 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

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	2.03%	
Inflation	0.00%	
Mortality	RPH-2014 Total Dataset headcount-weighted fully generational mortality table with projection scale MP-2019	
Healthcare Cost Trend Rates	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	

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 (1.03%)	Current Discount Rate (2.03%)	1% Increase (3.03%)
Town's total OPEB liability	\$ 40,740	\$ 38,908	\$ 37,185

TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021

Medical Insurance Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	\$ 243,504	\$ 223,999	\$ 207,028

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 (5.50%)	Current Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Town's total OPEB liability	\$ 35,635	\$ 38,908	\$ 42,704

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

For the year ended December 31, 2021, the Town recognized OPEB expense of \$26,393. 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	\$ 39	\$ -
Net differences between projected and actual earnings on pension plan investments	22,284	2,798
Changes in assumptions	781	3,200
Differences between expected and actual experience	-	47
Town contributions subsequent to the measurement date	13,489	-
	<u>\$ 36,593</u>	<u>\$ 6,045</u>

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

The Town reported \$13,489 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,	
2022	\$ 1,380
2023	1,440
2024	1,369
2025	1,117
2026	2,033
Thereafter	9,720
	<u>\$ 17,059</u>

IV.D. Contingent Liabilities

The Town has received state and federal 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

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0528%	0.0508%	0.0454%	0.0376%	0.0389%	0.0394%	0.0333%	0.0289%
Town's proportionate share of the net pension liability	\$ 2,339,174	\$ 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	\$ 1,397,412	\$ 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	167.39%	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	72.22%	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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 290,539	\$ 232,617	\$ 233,868	\$ 199,299	\$ 169,321	\$ 140,941	\$ 111,615	\$ 93,888
Contribution in relation to the contractually required contribution	(290,539)	(232,617)	(233,868)	(199,299)	(169,321)	(140,941)	(111,615)	(93,888)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 1,397,412	\$ 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	20.79%	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

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 6,827	\$ 6,361	\$ 2,178	\$ 3,190
Interest	17,889	19,024	18,188	48,751
Projected earnings on plan investments	(5,983)	(218)	(1,019)	(3,741)
Changes in assumptions and other inputs	(781)	(3,586)	921	(400)
OPEB plan administrative expense and other non-contribution items	98	71	146	107
Difference between expected and actual experience	(5,541)	21,211	(3,683)	(638)
Difference from changes in proportion	4,893	27,622	60,784	14,022
Benefit payments	(28,910)	(36,608)	(31,315)	(12,863)
Net change in total OPEB liability	(11,508)	33,877	46,200	48,428
Total OPEB liability, beginning	274,415	240,538	194,338	145,910
Total OPEB liability, ending	<u>\$ 262,907</u>	<u>\$ 274,415</u>	<u>\$ 240,538</u>	<u>\$ 194,338</u>
Covered-employee payroll	\$ 1,397,412	\$ 1,274,047	\$ 1,153,258	\$ 1,017,627
Total OPEB liability as a percentage of covered-employee payroll	18.81%	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

	2021	2020	2019	2018
Actuarially determined contribution	\$ 26,393	\$ 34,693	\$ 25,862	\$ 19,856
Contributions in relation to the actuarially determined contribution	(27,223)	(36,068)	(23,484)	(19,856)
Contribution surplus (deficiency)	<u>\$ (830)</u>	<u>\$ (1,375)</u>	<u>\$ 2,378</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,397,412	\$ 1,274,047	\$ 1,153,285	\$ 1,017,627
Contributions as a percentage of covered-employee payroll	1.89%	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, 2021

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the seventh year that the Town has reported pension schedules, and the fourth year for the OPEB information under the current measurement standard, only eight and four 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, 2021

	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	\$ 31,022	\$ 450,170	\$ 34,648	\$ 37,951	\$ 146,179	\$ -	\$ -	\$ 699,970
Investments	-	240,079	-	-	-	893,277	984,744	2,118,100
Accounts receivable	-	-	27,495	-	-	-	-	27,495
Interfund receivable	872	-	-	-	-	-	-	872
Total assets	<u>\$ 31,894</u>	<u>\$ 690,249</u>	<u>\$ 62,143</u>	<u>\$ 37,951</u>	<u>\$ 146,179</u>	<u>\$ 893,277</u>	<u>\$ 984,744</u>	<u>\$ 2,846,437</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accrued salaries and benefits	\$ -	\$ -	\$ 8,414	\$ -	\$ -	\$ -	\$ -	\$ 8,414
Interfund payable	-	-	-	-	-	8,078	872	8,950
Total liabilities	<u>-</u>	<u>-</u>	<u>8,414</u>	<u>-</u>	<u>-</u>	<u>8,078</u>	<u>872</u>	<u>17,364</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	882,685	882,685
Restricted	31,894	-	-	-	146,179	-	101,187	279,260
Committed	-	690,249	53,729	37,951	-	885,199	-	1,667,128
Total fund balances	<u>31,894</u>	<u>690,249</u>	<u>53,729</u>	<u>37,951</u>	<u>146,179</u>	<u>885,199</u>	<u>983,872</u>	<u>2,829,073</u>
Total liabilities and fund balances	<u>\$ 31,894</u>	<u>\$ 690,249</u>	<u>\$ 62,143</u>	<u>\$ 37,951</u>	<u>\$ 146,179</u>	<u>\$ 893,277</u>	<u>\$ 984,744</u>	<u>\$ 2,846,437</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, 2021

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Conservation Commission	Police Special Detail	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
REVENUES								
Taxes	\$ -	\$ 871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 871
Intergovernmental	-	690	-	-	-	-	-	690
Charges for services	-	-	227,646	7,432	-	-	-	235,078
Miscellaneous	13,989	2,597	-	10,040	218	179	442	27,465
Total revenues	13,989	4,158	227,646	17,472	218	179	442	264,104
EXPENDITURES								
Current:								
General government	-	-	-	-	-	1,050	1,291	2,341
Public safety	-	-	184,338	-	43,161	-	-	227,499
Culture and recreation	10,365	-	-	27,837	-	-	-	38,202
Conservation	-	52,546	-	-	-	-	-	52,546
Total expenditures	10,365	52,546	184,338	27,837	43,161	1,050	1,291	320,588
Excess (deficiency) of revenues over (under) expenditures	3,624	(48,388)	43,308	(10,365)	(42,943)	(871)	(849)	(56,484)
Other financing sources (uses):								
Transfers in	248	-	-	-	-	140,000	-	140,248
Transfers out	-	-	(83,990)	-	-	(8,078)	(248)	(92,316)
Total other financing sources and uses	248	-	(83,990)	-	-	131,922	(248)	47,932
Net change in fund balances	3,872	(48,388)	(40,682)	(10,365)	(42,943)	131,051	(1,097)	(8,552)
Fund balances, beginning	28,022	738,637	94,411	48,316	189,122	754,148	984,969	2,837,625
Fund balances, ending	\$ 31,894	\$ 690,249	\$ 53,729	\$ 37,951	\$ 146,179	\$ 885,199	\$ 983,872	\$ 2,829,073

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, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,064,727	\$ 3,172,543	\$ 107,816
Land use change	9	9	-
Interest and penalties on delinquent taxes	25,571	26,164	593
Total taxes	<u>3,090,307</u>	<u>3,198,716</u>	<u>108,409</u>
Licenses, permits and fees:			
Business licenses and permits	-	9,514	9,514
Motor vehicle permits	1,789,165	1,975,785	186,620
Building permits	167,757	167,649	(108)
Other	45,745	35,189	(10,556)
Total licenses, permits and fees	<u>2,002,667</u>	<u>2,188,137</u>	<u>185,470</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	524,662	524,662	-
Highway block grant	160,424	160,383	(41)
Other	2,985	67	(2,918)
Federal sources:			
FEMA	5,658	5,658	-
Total intergovernmental	<u>693,729</u>	<u>690,770</u>	<u>(2,959)</u>
Charges for services:			
Income from departments	255,031	182,982	(72,049)
Recreational	2,815	36,334	33,519
Total charges for services	<u>257,846</u>	<u>219,316</u>	<u>(38,530)</u>
Miscellaneous:			
Sale of property	14,137	13,650	(487)
Interest on investments	7,610	7,901	291
Other	-	32,051	32,051
Total miscellaneous	<u>21,747</u>	<u>53,602</u>	<u>31,855</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	35,000	8,769	(26,231)
Nonmajor funds	85,000	83,990	(1,010)
Total other financing sources	<u>120,000</u>	<u>92,759</u>	<u>(27,241)</u>
Total revenues and other financing sources	<u><u>6,186,296</u></u>	<u><u>\$ 6,443,300</u></u>	<u><u>\$ 257,004</u></u>

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, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 264,811	\$ 244,781	\$ -	\$ 20,030
Election and registration	-	208,004	172,923	-	35,081
Financial administration	16,000	347,120	351,587	-	11,533
Legal	-	36,701	66,998	-	(30,297)
Personnel administration	-	47,531	38,250	-	9,281
Planning and zoning	-	23,221	14,913	-	8,308
General government buildings	-	165,283	124,504	-	40,779
Cemeteries	-	70,187	63,747	-	6,440
Insurance, not otherwise allocated	-	59,973	65,229	-	(5,256)
Advertising and regional associations	-	6,932	6,979	-	(47)
Total general government	16,000	1,229,763	1,149,911	-	95,852
Public safety:					
Police	-	1,148,691	1,250,058	-	(101,367)
Ambulance	-	100,272	86,273	-	13,999
Fire	-	563,951	549,151	-	14,800
Building inspection	-	87,438	88,712	-	(1,274)
Emergency management	-	200	-	-	200
Other	-	46,186	47,403	-	(1,217)
Total public safety	-	1,946,738	2,021,597	-	(74,859)
Highways and streets:					
Administration	-	204,415	165,778	-	38,637
Highways and streets	7,711	342,483	307,957	28,615	13,622
Street lighting	-	44,000	47,025	56,528	(59,553)
Total highways and streets	7,711	590,898	520,760	85,143	(7,294)
Sanitation:					
Solid waste disposal	-	37,825	44,112	-	(6,287)
Solid waste clean-up	-	604,556	579,609	-	24,947
Total sanitation	-	642,381	623,721	-	18,660
Health:					
Administration	-	7,836	6,805	-	1,031
Pest control	-	39,039	33,934	-	5,105
Health agencies and hospitals	-	12,363	10,661	-	1,702
Total health	-	59,238	51,400	-	7,838
Welfare:					
Administration and direct assistance	-	10,000	150	-	9,850

(continued)

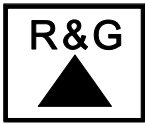
EXHIBIT 17 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	227,126	174,983	-	52,143
Public library	-	507,514	489,922	-	17,592
Patriotic purposes	-	3,975	1,383	-	2,592
Other	-	50,014	23,926	-	26,088
Total culture and recreation	-	788,629	690,214	-	98,415
Conservation:					
Administration	-	9,886	9,883	-	3
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	22,763	22,763	-	-
Total debt service	-	107,763	107,763	-	-
Capital outlay:					
Land	12,645	-	-	-	12,645
Machinery, vehicles and equipment	-	160,000	132,068	-	27,932
Buildings	699	-	-	-	699
Improvements other than buildings	-	501,000	406,742	-	94,258
Total capital outlay	13,344	661,000	538,810	-	135,534
Other financing uses:					
Transfers out:					
Nonmajor funds	-	140,000	140,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 37,055	\$ 6,186,296	\$ 5,854,209	\$ 85,143	\$ 283,999

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, 2021

Unassigned fund balance, beginning		\$ 2,524,000
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 257,004	
Unexpended balance of appropriations (Exhibit 17)	<u>283,999</u>	
Budget surplus		541,003
Increase in nonspendable fund balance		<u>(9,674)</u>
Unassigned fund balance, ending		<u><u>\$ 3,055,329</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, 2021, 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

September 9, 2022