

**TOWN OF MEREDITH,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

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

**TOWN OF MEREDITH, NEW HAMPSHIRE**  
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# PLODZIK & SANDERSON

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Meredith 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, each major fund, and aggregate remaining fund information of the Town of Meredith, as of December 31, 2020, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,

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

- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

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

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

January 28, 2022

*Plodzik & Sanderson  
Professional Association*

TOWN OF MEREDITH, NH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020

Presented here is the Management Discussion & Analysis Report for the Town of Meredith, NH, for the year ending December 31, 2020. Responsibility for both the accuracy of the data, completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure designed to ensure that physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Board of Selectmen also strives to put these assets to good and effective use. The Town's internal control structure is designed to provide reasonable assurances that these objectives are attained.

**Financial Highlights**

- The assets and deferred outflows of resources for the Town of Meredith exceeded its liabilities and deferred inflows of resources at the close of 2020 resulting in a net position of \$42,327,663. Of that amount, \$9,119,341 is unrestricted fund balance that may be utilized to meet Town government's ongoing obligations to citizens' and creditors.
- The Town's revenue for all Governmental Activities was \$16,061,748 while expenditures totaled \$12,654,770 resulting in a \$3,406,978 excess of revenues over expenditures, an increase to total net position.
- The net change in Total Government Fund Balances was \$11,450,916 resulting in fund balances at the end of 2020 for all Government Funds of \$26,475,239.
- The net change in the Fund Balance of the General Fund was \$1,590,809, resulting in a total Unassigned Fund Balance of \$6,272,148 as of December 31, 2020. (Non-GAAP Budgetary Basis)
- The long-term debt liability increased due to the bond purchase for the DPW and Library projects, with total outstanding bond debt (principal and unamortized bond premiums) of \$13,133,535, which is an \$11,422,780 increase from the prior year.
- The Town of Meredith's net pension liability of \$9,277,256 under GASB Statement 68 is an increase of \$2,050,768 from the prior year.
- The liability of the closing of the Town's landfill and post-closure care costs is \$60,000, a decrease of \$6,000 from the prior year.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the Town of Meredith, NH using the integrated approach prescribed by GASB Statement 34. The intention of this discussion and analysis serves as an introduction to the Town's financial statements. The financial statements are comprised of the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

*Government-Wide Financial Statements*

The government-wide financial statements provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All of the current year's revenues and expenses are taken into account regardless of the time of receipt of cash in or pay out.

#### *Fund Financial Statements*

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near term financing requirements.

The focus of government funds is narrower than that of the government-wide financial statements; it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The Town maintains numerous individual government funds. Information is presented separately in a governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Town's only major fund. Data from all other governmental funds are combined into a single, aggregate presentation.

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison is provided for the General Fund to demonstrate compliance with the approved budget.

Fiduciary funds are used to account for resources held for the benefit of parties other than the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources for those funds are not available to support the programs of the Town of Meredith. The Town's fiduciary funds consist of agency funds and private purpose trust funds.

#### *Notes to the Basic Financial Statements*

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

#### *Required Supplementary Information*

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes the Schedule of Funding Process for Other Postemployment Benefit Plan, the Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability, and the Schedule of Town Contributions.

#### *Other Supplementary Information*

Other supplementary information includes individual and combining financial statements for non-major governmental funds.

Government-Wide Financial Analysis

*Statement of Net Position*

Net position of the Town of Meredith as of December 31, 2020 and 2019 is as follows:

	2020	2019	Change	% of Change
Capital Assets, Net	\$ 39,407,067	\$ 35,413,370	\$ 3,993,697	11.28%
Other Assets	27,381,454	15,389,828	11,991,626	77.92%
Total Assets	66,788,521	50,803,198	15,985,323	31.47%
Total Deferred Outflows of Resources	2,024,493	674,857	1,349,636	199.99%
Long-term Liabilities	24,988,625	11,502,109	13,486,516	117.25%
Other Liabilities	836,573	263,299	573,274	217.73%
Total Liabilities	25,825,198	11,765,408	14,059,790	119.50%
Total Deferred Inflows of Resources	660,153	780,262	(120,109)	-15.39%
Net Position:				
Net Investment in Capital Assets	26,273,532	33,574,904	(7,301,372)	-21.75%
Restricted	6,934,790	6,521,513	413,277	6.34%
Unrestricted	9,119,341	(1,164,032)	10,283,373	-883.43%
Total Net Position	\$ 42,327,663	\$ 38,932,385	\$ 3,395,278	8.72%

Statement of Activities

Changes in net position for the years ending December 31, 2020 and 2019 are as follows:

	2020	2019	Change	% of Change
Revenues				
Program Revenues:				
Charges for Services	\$ 2,524,131	\$ 2,827,111	\$ (302,980)	-10.72%
Operating Grants and Contributions	375,760	330,413	45,347	13.72%
General Revenues:				
Property and Other Taxes	9,796,375	9,839,231	(42,856)	-0.44%
Licenses and Permits	1,952,667	1,863,835	88,832	4.77%
Grants and Contributions	487,157	317,455	169,702	53.46%
Miscellaneous	925,658	690,055	235,603	34.14%
Total Revenues	16,061,748	15,868,100	193,648	1.22%
Expenses				
General Government	5,356,221	5,993,576	(637,355)	-10.63%
Public Safety	2,500,042	2,473,978	26,064	1.05%
Highway and Streets	1,670,264	2,602,674	(932,410)	-35.83%
Sanitation	1,574,107	1,512,066	62,041	4.10%
Water Distribution and Treatment	700,927	583,948	116,979	20.03%
Health and Welfare	30,678	72,625	(41,947)	-57.76%
Culture and Recreation	591,017	1,605,059	(1,014,042)	-63.18%
Conservation	12,937	63,451	(50,514)	-79.61%
Interest - Long-term Debt	218,577	70,940	147,637	208.12%
Total Expenditures	12,654,770	14,978,317	(2,323,547)	-15.51%
Increase in Net Position	3,406,978	889,783	2,517,195	282.90%
Net Position, Beginning of Year, as restated	38,920,685	38,030,902	889,783	2.34%
Net Position, End of Year	\$ 42,327,663	\$ 38,920,685	\$ 3,406,978	8.75%



## Town of Meredith Activities

For the year ending December 31, 2020, there was an increase in the Town's total Net Position of \$3,406,978. This increase is due to several factors that include additional revenues and savings from unexpended appropriations.

The General Fund ended the year with an unassigned fund balance of \$6,272,148 under the Non-GAAP Budgetary Basis, or 49% of total general fund expenditures. The increase was due to revenue surplus over estimates and an unexpended balance of appropriations at the end of the year. \$825,000 was used to offset the 2020 tax rate.

## General Fund Budgetary Highlights

The approved appropriations for the Town for the 2020 budget year was \$14,240,593, with separate warrant articles for Expendable Trust Funds totaling \$1,245,000. The Town under-expended its total 2020 General Fund appropriations by \$1,294,048. Savings were realized in all functions with the exception of Solid Waste Disposal. Contributing to the savings were changes in personnel with attributable benefits and a reduction in projects and programs due to COVID-19. Actual revenues exceeded estimates, with an increase in licenses and permits, charges for services, and building permits.

## Capital Assets

The Town of Meredith considers a capital asset to be an asset costing a minimum of \$10,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their estimated useful life beginning the month and year of acquisition.

The book value of all capital assets for the Town of Meredith is \$39,407,067 after an annual depreciation of \$957,759. The investment in capital assets include land, land improvements, conservation easements, infrastructure additions and improvements, buildings and building improvements, equipment and vehicles.

The investment in capital assets for 2020 amounted to \$5,106,680. This amount includes the Hawkins Brook Trail, improvements in progress for the library renovation and expansion, the skate park improvements, a Ford F250 and two (2) Ford Explorers. There was \$155,224 of retired capital assets in 2020.

Additional information on capital assets can be found in Note 1F and Note 7 of the Basic Financial Statements.

## Capital Improvement Planning

Annually, the Capital Improvement Program (CIP) Advisory Committee reviews, updates, and recommends a program of capital improvements for the following year. The primary purpose of the CIP is to assist the Board of Selectmen in their consideration of their annual budget (RSA 674:5). In addition, the CIP identifies future capital needs for a period of ten (10) years. The recommended CIP is a non-binding planning tool. As a preface to the specific recommendations that follow, it is important to note:

The Capital Improvement Program incorporates existing debt service as part of the overall capital program. For 2020, existing debt service payments will total \$307,605 representing 3% of the recommended municipal Capital Improvement Program. The recommended municipal Capital Improvement Program includes additional capital program spending in the amount of \$1,245,000. The CIP Advisory Committee recommends a municipal Capital Improvement Program (debt service plus capital projects) of \$1,552,605. This represents a decrease of 6% compared to the 2019 municipal CIP-related appropriations.

The municipal debt service schedule indicates that additional debt will be acquired in 2020 but more will be retired in 2020 through 2027. The Committee understands that as debt is retired, program capacity associated with the retired debt will be available to support future capital needs.

In addition to what has been identified and programmed, there are significant capital projects that are likely to come before the Committee in the future, including:

- Repair or replacement of waterfront infrastructure

The Committee has not programmed these potential projects at this time. It is anticipated, however, that as these projects become more defined, requests will be submitted for consideration in future CIP amendment cycles.

Meredith is one of three communities that compromise the Inter-Lakes School District. Meredith taxpayers are responsible for approximately 75% of the District's costs including capital projects. The District has developed a six-year capital improvements program. The District's program includes three projects that, when prorated to reflect Meredith's share of the district's cost, meet the Meredith CIP threshold of \$90,000. Meredith's pro-rated share is reflected in the Meredith Capital Improvements program for informational purposes.

Long-term Liabilities

At the end of 2020, total general obligation debt outstanding (principal and unamortized bond premiums) was \$13,133,535. During 2020, outstanding general obligation debt increased by \$11,422,780 as a result of acquiring the DPW and Library bonds and payments made on existing obligations and amortization of related bond premiums.

The Town's other long-term debt obligations consist of compensated absences payable, which had an increase of \$19,036. Compensated absences are liabilities for wages, taxes, and retirement amounts owed to Town employees based upon accrued leave at the end of each year.

See Note 1-L of the Basic Financial Statements for additional information on outstanding long-term liabilities.

Economic Factors, Rate and 2018 Budget

The NH Department of Revenue Administration (DRA) sets the annual Tax Rate for the Town of Meredith. Based upon the Appropriations as approved at the annual Town Meeting, held annually in March each year, the amounts are adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund Town operations and the School Administrative Unit (SAU #2). The property taxes also pay the levy placed on the Town by Belknap County and the State of New Hampshire for the Statewide Property Tax for Education. The levy for Belknap County is apportioned to all towns within the County. The Town of Meredith invoices property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first invoice is an estimate based on half of the prior year's collection. The second billing utilizes the set tax for the year as established by the NH DRA applied to the current year's assessment.

Following is a comparison of the 2020 and 2019 tax rates:

	<u>2020</u>	<u>2019</u>
Municipal Rate	\$ 4.29	\$ 5.00
Local School Rate	\$ 6.70	\$ 7.36
State School Rate	\$ 1.88	\$ 2.15
County Rate	<u>\$ 1.15</u>	<u>\$ 1.38</u>
Total Rate	\$14.02	\$15.89

The tax rate decreased by \$1.87 from 2019 to 2020, or by -11.8%.

Assessed value            2020 - \$2,302,685,480            2019 - \$1,959,831,924

The assessed value increased by \$342,853,556 from 2019 to 2020, or by 17.5%.

The total Municipal Tax Effort was \$31,065,395 with War Service Credits in the amount of \$305,875.

Requests for Information

The financial report provides our citizens and creditors with a general overview of the Town of Meredith's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Meredith, Administrative Services, or the Board of Selectmen at 41 Main Street, Meredith, NH 03253.

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2020*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,742,985
Investments	3,913,931
Taxes receivable (net)	5,501,039
Accounts receivable	180,634
Tax dedeed property, subject to resale	42,865
Capital assets:	
Land and construction in progress	16,023,153
Other capital assets, net of depreciation	23,383,914
Total assets	66,788,521
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	1,993,591
Amounts related to other postemployment benefits	30,902
Total deferred outflows of resources	2,024,493
<b>LIABILITIES</b>	
Accounts payable	399,105
Retainage payable	95,262
Accrued interest payable	189,719
Intergovernmental payable	109,494
Escrow and performance deposits	42,993
Long-term liabilities:	
Due within one year	1,034,325
Due in more than one year	23,954,300
Total liabilities	25,825,198
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	65,436
Amounts related to pensions	585,719
Amounts related to other postemployment benefits	8,998
Total deferred inflows of resources	660,153
<b>NET POSITION</b>	
Net investment in capital assets	26,273,532
Restricted	16,216,652
Unrestricted	(162,521)
Total net position	\$ 42,327,663

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

**EXHIBIT B**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 5,356,221	\$ 86,884	\$ 156,127	\$ (5,113,210)
Public safety	2,500,042	99,168	1,134	(2,399,740)
Highways and streets	1,670,264	4,671	214,368	(1,451,225)
Sanitation	1,574,107	1,505,342	-	(68,765)
Water distribution and treatment	700,927	777,800	-	76,873
Welfare	30,678	-	-	(30,678)
Culture and recreation	591,017	50,266	-	(540,751)
Conservation	12,937	-	4,131	(8,806)
Interest on long-term debt	218,577	-	-	(218,577)
Total governmental activities	<u>\$ 12,654,770</u>	<u>\$ 2,524,131</u>	<u>\$ 375,760</u>	<u>(9,754,879)</u>
General revenues:				
Taxes:				
Property				9,697,194
Other				99,181
Motor vehicle permit fees				1,830,251
Licenses and other fees				122,416
Grants and contributions not restricted to specific programs				487,157
Unrestricted investment earnings				175,387
Miscellaneous				750,271
Total general revenues				<u>13,161,857</u>
Change in net position				3,406,978
Net position, beginning, as restated (see Note 17)				<u>38,920,685</u>
Net position, ending				<u>\$ 42,327,663</u>

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

**EXHIBIT C-1**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2020**

	General	Capital Project Funds		Other Governmental Funds	Total Governmental Funds
		DPW Project	Library Project		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,275,009	\$ 6,908,455	\$ 2,718,051	\$ 4,841,470	\$ 17,742,985
Investments	2,435,973	-	-	1,477,958	3,913,931
Taxes receivable	5,561,039	-	-	-	5,561,039
Accounts receivable	133,639	-	-	46,995	180,634
Tax dedeed property, subject to resale	42,865	-	-	-	42,865
Total assets	<u>\$ 11,448,525</u>	<u>\$ 6,908,455</u>	<u>\$ 2,718,051</u>	<u>\$ 6,366,423</u>	<u>\$ 27,441,454</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 149,723	\$ -	\$ 249,382	\$ -	\$ 399,105
Retainage payable	-	-	95,262	-	95,262
Intergovernmental payable	109,494	-	-	-	109,494
Escrow and performance deposits	42,993	-	-	-	42,993
Total liabilities	<u>302,210</u>	<u>-</u>	<u>344,644</u>	<u>-</u>	<u>646,854</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>319,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,361</u>
<b>FUND BALANCES</b>					
Nonspendable	42,865	-	-	177,413	220,278
Restricted	744,687	6,908,455	2,373,407	6,012,690	16,039,239
Committed	3,282,428	-	-	176,320	3,458,748
Assigned	484,826	-	-	-	484,826
Unassigned	6,272,148	-	-	-	6,272,148
Total fund balances	<u>10,826,954</u>	<u>6,908,455</u>	<u>2,373,407</u>	<u>6,366,423</u>	<u>26,475,239</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,448,525</u>	<u>\$ 6,908,455</u>	<u>\$ 2,718,051</u>	<u>\$ 6,366,423</u>	<u>\$ 27,441,454</u>

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

*EXHIBIT C-2*  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*December 31, 2020*

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 26,475,239
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 53,432,617	
Less accumulated depreciation	<u>(14,025,550)</u>	
		39,407,067
Pension and other postemployment benefit (OPEB) related deferred outflows of current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 1,993,591	
Deferred inflows of resources related to pensions	(585,719)	
Deferred outflows of resources related to OPEB	30,902	
Deferred inflows of resources related to OPEB	<u>(8,998)</u>	
		1,429,776
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		
		253,925
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		
		(60,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(189,719)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 11,291,325	
Unamortized bond premium	1,842,210	
Compensated absences	521,576	
Accrued landfill postclosure care costs	60,000	
Net pension liability	9,277,256	
Other postemployment benefits	<u>1,996,258</u>	
		<u>(24,988,625)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 42,327,663</u></u>

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

**EXHIBIT C-3**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2020**

	General	Capital Project Funds		Other Governmental Funds	Total Governmental Funds
		DPW Project	Library Project		
<b>REVENUES</b>					
Taxes	\$ 9,639,298	\$ -	\$ -	\$ 16,500	\$ 9,655,798
Licenses and permits	1,922,734	-	-	87,646	2,010,380
Intergovernmental receivable	860,917	-	-	2,000	862,917
Charges for services	752,155	-	-	1,771,976	2,524,131
Miscellaneous	488,996	-	250,000	129,425	868,421
Total revenues	13,664,100	-	250,000	2,007,547	15,921,647
<b>EXPENDITURES</b>					
Current:					
General government	5,262,654	-	-	29,524	5,292,178
Public safety	2,245,629	-	-	-	2,245,629
Highways and streets	1,445,113	-	-	-	1,445,113
Water distribution and treatment	-	-	-	653,376	653,376
Sanitation	774,842	-	-	669,740	1,444,582
Welfare	30,678	-	-	-	30,678
Culture and recreation	1,127,774	-	-	16,312	1,144,086
Conservation	-	-	-	12,886	12,886
Debt service:					
Principal	239,000	-	-	-	239,000
Interest	68,605	-	-	-	68,605
Capital outlay	924,460	691,545	1,946,593	2,000	3,564,598
Total expenditures	12,118,755	691,545	1,946,593	1,383,838	16,140,731
Excess (deficiency) of revenues over (under) expenditures	1,545,345	(691,545)	(1,696,593)	623,709	(219,084)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	70,550	-	-	34,086	104,636
Transfers out	(25,086)	-	-	(79,550)	(104,636)
Bond proceeds	-	7,600,000	4,070,000	-	11,670,000
Total other financing sources (uses)	45,464	7,600,000	4,070,000	(45,464)	11,670,000
Net change in fund balances	1,590,809	6,908,455	2,373,407	578,245	11,450,916
Fund balances, beginning	9,236,145	-	-	5,788,178	15,024,323
Fund balances, ending	\$ 10,826,954	\$ 6,908,455	\$ 2,373,407	\$ 6,366,423	\$ 26,475,239

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



*EXHIBIT C-4*  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2020*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 11,450,916
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 5,106,680	
Depreciation expense	<u>(957,759)</u>	4,148,921
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		(155,224)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (104,636)	
Transfers out	<u>104,636</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Increase in deferred tax revenue	\$ 146,463	
Increase in allowance for uncollectable taxes	<u>(6,362)</u>	140,101
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds of debt	\$ (9,885,325)	
Bond premium on new issuance	(1,784,675)	
Repayment of bond principal	239,000	
Amortization of bond premium	<u>8,220</u>	(11,422,780)
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.		
Increase in accrued interest expense	\$ (158,192)	
Increase in compensated absences	(19,036)	
Decrease in accrued landfill postclosure care costs	6,000	
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	(589,910)	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>6,182</u>	(754,956)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 3,406,978</u>

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

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 9,783,455	\$ 9,783,455	\$ 9,779,399	\$ (4,056)
Licenses and permits	1,700,000	1,700,000	1,922,734	222,734
Intergovernmental receivable	656,802	865,311	860,917	(4,394)
Charges for services	780,000	780,000	752,155	(27,845)
Miscellaneous	286,827	286,827	290,125	3,298
Total revenues	<u>13,207,084</u>	<u>13,415,593</u>	<u>13,605,330</u>	<u>189,737</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,931,861	5,931,861	5,246,453	685,408
Public safety	2,065,697	2,274,206	2,130,415	143,791
Highways and streets	1,959,780	1,959,780	1,514,689	445,091
Sanitation	666,381	666,381	774,842	(108,461)
Welfare	60,000	60,000	30,678	29,322
Culture and recreation	1,238,112	1,238,112	929,964	308,148
Debt service:				
Principal	280,022	280,022	239,000	41,022
Interest	83,831	83,831	68,605	15,226
Capital outlay	501,400	501,400	741,813	(240,413)
Total expenditures	<u>12,787,084</u>	<u>12,995,593</u>	<u>11,676,459</u>	<u>1,319,134</u>
Excess of revenues over expenditures	<u>420,000</u>	<u>420,000</u>	<u>1,928,871</u>	<u>1,508,871</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	132,707	132,707
Transfers out	(1,245,000)	(1,245,000)	(1,270,086)	(25,086)
Total other financing sources (uses)	<u>(1,245,000)</u>	<u>(1,245,000)</u>	<u>(1,137,379)</u>	<u>107,621</u>
Net change in fund balances	<u>\$ (825,000)</u>	<u>\$ (825,000)</u>	791,492	<u>\$ 1,616,492</u>
Decrease in nonspendable fund balance			66,894	
Decrease in restricted fund balance			504	
Decrease in committed fund balance			375,000	
Unassigned fund balance, beginning			5,236,880	
Unassigned fund balance, ending			<u>\$ 6,470,770</u>	

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

**EXHIBIT E-1**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2020**

	Private Purpose Trust Funds	Other Custodial Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,060	\$ 10,732,353	\$ 10,736,413
Investments	10,195	166,020	176,215
Accounts receivable	-	31,920	31,920
Total assets	<u>14,255</u>	<u>10,930,293</u>	<u>10,944,548</u>
<b>LIABILITIES</b>			
Due to school district	-	9,794,814	9,794,814
Escrow payable	-	197,367	197,367
Total liabilities	<u>-</u>	<u>9,992,181</u>	<u>9,992,181</u>
<b>NET POSITION</b>			
Restricted	<u>14,255</u>	<u>938,112</u>	<u>952,367</u>

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

**EXHIBIT E-2**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Private Purpose Trust Funds	Other Custodial Funds	All Custodial Funds
<b>ADDITIONS</b>			
Contributions	\$ -	\$ 11,378	\$ 11,378
Investment earnings	234	9,357	9,591
Change in fair market value	1,595	(22,110)	(20,515)
Tax collections for other governments	-	22,372,144	22,372,144
Total additions	<u>1,829</u>	<u>22,370,769</u>	<u>22,372,598</u>
<b>DEDUCTIONS</b>			
Administrative expenses	50	1,309	1,359
Payments of taxes to other governments	-	22,372,144	22,372,144
Payments for escrow purposes	-	2,018	2,018
Total deductions	<u>50</u>	<u>22,375,471</u>	<u>22,375,521</u>
Change in net position	1,779	(4,702)	(2,923)
Net position, beginning	12,476	942,814	955,290
Net position, ending	<u>\$ 14,255</u>	<u>\$ 938,112</u>	<u>\$ 952,367</u>

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

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

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

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

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

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

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

***1-A Reporting Entity***

The Town of Meredith is a municipal corporation governed by an elected 5-member Board of Selectmen and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

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

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses, and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

The Town reports the following major governmental funds:

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

**DPW Capital Project Fund** – the library capital project fund accounts for the activity pertaining to the construction/renovation of the Town of Meredith library.

**Library Capital Project Fund** – the DPW capital project fund accounts for the activity pertaining to the construction/renovation of the public works building.

Additionally, the Town reports the following fund types:

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

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

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports 11 nonmajor governmental funds.

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

The Town reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

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

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

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

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

***1-D Investments***

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

- New Hampshire law authorizes the Town to invest in the following type of obligations:
- Obligations of the United States government,
  - The public deposit investment pool established pursuant to RSA 383:22,



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

- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

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

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

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

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

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

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

### ***1-E Receivables***

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

### ***1-F Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value.

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

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

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

<b>Capital Asset Classes:</b>	<u>Years</u>
Land improvements	40
Monument	10
Building and building improvements	10-40
Machinery, equipment, and vehicles	5-15
Infrastructure	50

***1-G Interfund Transfers***

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

***1-H Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 28, 2020, and November 30, 2020, and due on July 1, 2020, and January 6, 2021. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on August 28, 2020.

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

The Town net assessed valuation as of April 1, 2020, utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 2,289,105,880
For all other taxes	\$ 2,302,685,480

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

	<u>Per \$1,000 of Assessed Valuation</u>	<u>Property Taxes Assessed</u>
Municipal portion	\$ 4.29	\$ 9,885,977
School portion:		
State of New Hampshire	1.88	4,304,986
Local	6.70	15,425,828
County portion	1.15	2,641,330
Precinct portions:		
Maple Ridge Road	2.88	8,524
Total	<u>\$ 16.90</u>	<u>\$32,266,645</u>

***1-I Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2020.

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

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

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

***1-K Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount.

***1-L Compensated Absences***

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

***Sick Leave*** - Accumulated sick leave lapses when employees leave the employ of the Town and when, upon separation from service, no monetary obligation exists. The liability for compensated absences includes salary-related benefits, where applicable.

***1-M Defined Benefit Pension Plan***

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

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

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

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

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire

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Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5% to 15% of the regular general fund operating revenues or 8% to 17% of regular general fund operating expenditures, in addition to the School and County appropriations in accordance with the recommendations of the NH Department of Revenue Administration.

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**1-P Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of taxes receivable and the useful lives and impairment of tangible and intangible capital assets, net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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

**2-A Budgetary Information**

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, \$825,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 13,738,037
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	198,871
To eliminate transfers between general and blended funds	(62,157)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(140,101)
Per Exhibit C-3 (GAAP basis)	<u>\$ 13,734,650</u>
	<i>(Continued)</i>

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*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 12,946,545
Adjustment:	
Basis differences:	
Encumbrances, beginning	688,993
Encumbrances, ending	(472,818)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	226,121
To recognize transfer between blended expendable trust and general fund	(1,245,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 12,143,841</u>

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$28,479,398 and the bank balances totaled \$28,102,579. Petty cash totaled \$900.00

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 17,742,985
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	10,736,413
Total cash and cash equivalents	<u>\$ 28,479,398</u>

**NOTE 4 – INVESTMENTS**

Note 1-D describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2020:

Investments type:	Valuation Measurement		1-5 Years
	Method	Fair Value	
Certificates of deposit	Level 1	\$ -	\$ 2,793,552
Common stock	Level 1	347,052	-
Corporate bonds	Level 2	382,650	-
Equity exchange traded funds	Level 1	217,037	-
Equity mutual funds - international	Level 1	79,434	-
Fixed income exchange traded funds	Level 2	61,445	-
Fixed income mutual funds	Level 2	81,697	-
International equity	Level 1	12,051	-
American depository	Level 2	17,177	-
U.S. Government agency bonds	Level 2	20,901	-
U.S. Treasury bonds	Level 2	77,150	-
Total fair value		<u>\$ 1,296,594</u>	<u>\$ 2,793,552</u>

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

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 3,913,931
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	176,215
Total investments	<u>\$ 4,090,146</u>

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$60,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$5,186,129	\$5,186,129
Unredeemed (under tax lien):		
Levy of 2019	175,092	175,092
Levy of 2018	113,551	113,551
Levies of 2017 and prior	43,762	43,762
Betterments	1,360	1,360
Payment in lieu of taxes	41,145	41,145
Less: allowance for estimated uncollectible taxes	(60,000) *	-
Net taxes receivable	<u>\$5,501,039</u>	<u>\$5,561,039</u>

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

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2020, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges). Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

**NOTE 7 – CAPITAL ASSETS**

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$10,853,991	\$ 324,986	\$ -	\$ 11,178,977
Intangible assets	1,143,098	-	-	1,143,098
Construction in progress	-	3,701,078	-	3,701,078
Total capital assets not being depreciated	<u>11,997,089</u>	<u>4,026,064</u>	<u>-</u>	<u>16,023,153</u>

*(Continued)*

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Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Being depreciated:				
Land improvements	205,245	657,399	-	862,644
Monument	92,000	-	-	92,000
Buildings and building improvements	22,157,735	276,786	(240,000)	22,194,521
Equipment	3,417,917	35,340	-	3,453,257
Vehicles	5,743,168	111,091	-	5,854,259
Infrastructure	4,952,783	-	-	4,952,783
Total capital assets being depreciated	<u>36,568,848</u>	<u>1,080,616</u>	<u>(240,000)</u>	<u>37,409,464</u>
Total all capital assets	<u>48,565,937</u>	<u>5,106,680</u>	<u>(240,000)</u>	<u>53,432,617</u>
Less accumulated depreciation:				
Land improvements	(48,320)	(5,182)	-	(53,502)
Monument	(56,000)	(4,000)	-	(60,000)
Buildings and building improvements	(6,828,176)	(327,020)	84,776	(7,070,420)
Equipment	(2,437,806)	(185,224)	-	(2,623,030)
Vehicles	(3,368,431)	(403,314)	-	(3,771,745)
Infrastructure	(413,834)	(33,019)	-	(446,853)
Total accumulated depreciation	<u>(13,152,567)</u>	<u>(957,759)</u>	<u>84,776</u>	<u>(14,025,550)</u>
Net book value, capital assets being depreciated	<u>23,416,281</u>	<u>122,857</u>	<u>(155,224)</u>	<u>23,383,914</u>
Net book value, all capital assets	<u>\$35,413,370</u>	<u>\$4,148,921</u>	<u>\$(155,224)</u>	<u>\$39,407,067</u>

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

General government	\$ 53,642
Public safety	346,450
Highways and streets	222,403
Sanitation	126,230
Culture and recreation	125,646
Water distribution and treatment	83,388
Total depreciation expense	<u>\$ 957,759</u>

**NOTE 8 – INTERFUND TRANSFERS**

The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 25,086	\$ 25,086
Nonmajor funds	70,550	9,000	79,550
Total	<u>\$ 70,550</u>	<u>\$ 34,086</u>	<u>\$ 104,636</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.



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**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$9,904,308 at December 31, 2020, consist of the following:

General fund:	
Balance of the New Hampshire Retirement System	\$ 100,678
Other	8,816
Total general fund	<u>109,494</u>
Fiduciary fund:	
Balance of the 2020-21 school district assessment due to the Inter-Lakes School District	9,794,814
Total intergovernmental payables due	<u><u>\$9,904,308</u></u>

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

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$1,993,591 and amounts related to OPEB totaling \$30,902. For further discussion on these amounts, see Note 12 and 13 respectively.

Deferred inflows of resources are as follows:

	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Prepaid property taxes	\$ 65,436	\$ 65,436
Deferred property taxes not collected within 60 days of fiscal year-end	-	253,925
Amounts related to pensions (see Note 12)	585,719	-
Amounts related to other postemployment benefits (see Note 13)	8,998	-
Total deferred inflows of resources	<u>\$ 660,153</u>	<u>\$ 319,361</u>

**NOTE 11 – LONG-TERM LIABILITIES**

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

	Balance January 1, 2020 (as restated)	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Bonds payable	\$ 1,645,000	\$ 9,885,325	\$ (239,000)	\$ 11,291,325	\$ 896,825
Premium	65,755	1,784,675	(8,220)	1,842,210	127,198
Total bonds payable	<u>1,710,755</u>	<u>11,670,000</u>	<u>(247,220)</u>	<u>13,133,535</u>	<u>1,024,023</u>
Compensated absences	502,540	19,036	-	521,576	4,302
Accrued landfill postclosure care costs	66,000	-	(6,000)	60,000	6,000
Net pension liability	7,226,488	2,050,768	-	9,277,256	-
Net other postemployment benefits	2,008,026	-	(11,768)	1,996,258	-
Total long-term liabilities	<u>\$ 11,513,809</u>	<u>\$ 13,739,804</u>	<u>\$ (264,988)</u>	<u>\$ 24,988,625</u>	<u>\$ 1,034,325</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding December 31, 2020	Current Portion
General obligation bonds payable:						
Community center	\$ 3,500,000	2005	2025	3.75-4.20	\$ 875,000	\$ 175,000
Refinancing bond	\$ 1,007,150	2012	2027	2.49	531,000	66,000
DPW project bond	6,437,275	2020	2035	1.36	6,437,275	427,575
Library project bond	3,448,050	2020	2035	1.37	3,448,050	228,250
					<u>11,291,325</u>	<u>896,825</u>
Bond premium					1,842,210	127,198
Total					<u>\$ 13,133,535</u>	<u>\$ 1,024,023</u>

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Premium	Interest	Total
2021	\$ 896,825	\$ 127,198	\$ 488,306	\$ 1,512,329
2022	904,000	127,198	441,674	1,472,872
2023	906,500	127,198	398,079	1,431,777
2024	910,000	127,198	353,670	1,390,868
2025	914,000	127,198	308,909	1,350,107
2026-2030	3,470,000	611,327	958,720	5,040,047
2031-2035	3,290,000	594,893	233,356	4,118,249
Totals	<u>\$ 11,291,325</u>	<u>\$ 1,842,210</u>	<u>\$ 3,182,714</u>	<u>\$ 16,316,249</u>

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

**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in 1983. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$60,000 as of December 31, 2020. The estimated total current cost of the landfill postclosure care (\$6,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

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

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

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service.

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For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

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

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

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$143,200, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2020 the Town reported a liability of \$9,277,256 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.15% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$1,235,294. At December 31, 2020 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	\$ 108,347	\$ 486,108
Changes in assumptions	917,705	-
Net difference between projected and actual investment earnings on pension plan investments	573,808	-
Differences between expected and actual experience	250,531	99,611
Contributions subsequent to the measurement date	143,200	-
Total	<u>\$ 1,993,591</u>	<u>\$ 585,719</u>

The \$143,200 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2021	\$ 196,978
2022	263,282
2023	420,870
2024	383,542
Totals	<u>\$ 1,264,672</u>

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

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

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

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

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

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

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 12,010,271	\$ 9,277,256	\$ 7,044,021

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

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

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

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

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

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

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

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$26,115, which was paid in full.

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**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2020, the Town reported a liability of \$470,627 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.11% which was a decrease of 0.01% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$8,358. At December 31, 2020, 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	\$ -	\$ 7,634
Net difference between projected and actual investment earnings on OPEB plan investments	1,761	-
Changes in assumptions	3,026	-
Differences between expected and actual experience	-	1,364
Contributions subsequent to the measurement date	26,115	-
Total	\$ 30,902	\$ 8,998

The \$26,115 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2021	\$(5,838)
2022	521
2023	621
2024	485
Totals	\$(4,211)

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

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

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

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

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

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Following is a table presenting target allocations and geometric real rates of return for each asset class:

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

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 511,052	\$ 470,627	\$ 435,530

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

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

**13-B Town of Meredith Retiree Health Benefit Program**

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

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**Benefits Provided** – The Town provides postemployment healthcare benefits for certain eligible retirees.

**Employees Covered by Benefit Terms** – At December 31, 2020, there were 66 active employees covered by the benefit terms.

**Total OPEB Liability** – The Town’s total OPEB liability of \$1,525,631 was measured as of December 31, 2020, and was determined by an actuarial valuation of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$1,525,631 in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.12%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2028
Salary Increases:	2.75%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2020.

Mortality rates were based on the SOA Pub-2010 mortality tables fully generational using Scale MP-2020.

**Changes in the Total OPEB Liability**

	December 31,	
	2019	2020
OPEB liability, beginning of year	\$ 1,405,138	\$ 1,475,315
Changes for the year:		
Service cost	58,059	64,107
Interest	60,137	50,185
Assumption changes and difference between actual and expected experience	(48,019)	(63,976)
OPEB liability, end of year	<u>\$ 1,475,315</u>	<u>\$ 1,525,631</u>

**Sensitivity of the Town’s OPEB Liability to Changes in the Discount Rate** – The December 31, 2020, actuarial valuation was prepared using a discount rate of 2.12%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$1,415,272. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,645,402.

	Discount Rate		
	1% Decrease	Baseline 2.12%	1% Increase
Total OPEB Liability	<u>\$ 1,645,402</u>	<u>\$ 1,525,631</u>	<u>\$ 1,415,272</u>

**Sensitivity of the Town’s OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The December 31, 2020, actuarial valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,686,368. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,387,601.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	<u>\$ 1,387,601</u>	<u>\$ 1,525,631</u>	<u>\$ 1,686,368</u>

**OPEB Expense** – For the year ended December 31, 2020, the Town recognized OPEB expense of \$50,316.



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**NOTE 14 – COMMITMENTS/ENCUMBRANCES**

The Town has active construction projects as of December 31, 2020. At year-end the Town's commitments with contractors for specific projects are as follows:

Capital Project Program	Spent to Date	Remaining Commitment
Library project	\$ 1,830,975	\$ 2,892,566

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

General fund:	
General government	\$ 5,508
Public safety	58,093
Highways and streets	69,576
Culture and recreation	24,060
Capital outlay	315,581
Total encumbrances	\$ 472,818

**NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

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

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 39,407,067	\$ -
Less:		
General obligation bonds payable	(11,291,325)	-
Unamortized bond premiums	(1,842,210)	-
Total net investment in capital assets	26,273,532	-
Restricted net position:		
Perpetual care - nonexpendable	177,413	-
Perpetual care - income balance	1,074,281	-
Library	31,194	-
Water	2,355,053	-
Sewer	2,017,435	-
DARE	532	-
Community Center	209,614	-
Capital Project	-	-
Cable Improvements	324,581	-
Grants and donations	744,687	-
Escrows	-	130,832
School trust funds	-	821,535
Total restricted net position	6,934,790	952,367
Unrestricted	9,119,341	-
Total net position	\$ 42,327,663	\$ 952,367

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**NOTE 16 – GOVERNMENTAL FUND BALANCES**

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

	General Fund	DPW Project Fund	Library Project Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Tax deeded property	\$ 42,865	\$ -	\$ -	\$ -	\$ 42,865
Permanent fund - principal balance	-	-	-	177,413	177,413
Total nonspendable fund balance	<u>42,865</u>	<u>-</u>	<u>-</u>	<u>177,413</u>	<u>220,278</u>
<b>Restricted:</b>					
Permanent - income balance	-	-	-	1,074,281	1,074,281
Special revenue:					
Library	-	-	-	31,194	31,194
Water	-	-	-	2,355,053	2,355,053
Sewer	-	-	-	2,017,435	2,017,435
DARE	-	-	-	532	532
Community center	-	-	-	209,614	209,614
Cable improvements	-	-	-	324,581	324,581
Grants and donations	744,687	-	-	-	744,687
Capital projects	-	6,908,455	2,373,407	-	9,281,862
Total restricted fund balance	<u>744,687</u>	<u>6,908,455</u>	<u>2,373,407</u>	<u>6,012,690</u>	<u>16,039,239</u>
<b>Committed:</b>					
Expendable trust	3,282,428	-	-	-	3,282,428
Special revenue:					
Conservation	-	-	-	98,250	98,250
Shep Brown Boat Basic	-	-	-	78,070	78,070
Total committed fund balance	<u>3,282,428</u>	<u>-</u>	<u>-</u>	<u>176,320</u>	<u>3,458,748</u>
<b>Assigned:</b>					
Encumbrances	472,818	-	-	-	472,818
Non-encumbrance	12,008	-	-	-	12,008
Total assigned fund balance	<u>484,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,826</u>
<b>Unassigned</b>	<u>6,272,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,272,148</u>
Total governmental fund balances	<u>\$ 10,826,954</u>	<u>\$ 6,908,455</u>	<u>\$ 2,373,407</u>	<u>\$ 6,366,423</u>	<u>\$ 26,475,239</u>

**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

Net position at January 1, 2020, was restated to give retroactive effect to the following prior period adjustment:

	Government-wide Statements
To restate for overstated debt liability due to additional principal payments in 2015	\$ 127,711
Net position, as previously reported	38,792,974
Net position, as restated	<u>\$ 38,920,685</u>

**NOTE 18 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

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The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020, to December 31, 2020, by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid \$123,554 and \$186,072, respectively, to Primex for property, liability, and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 19 – DONATION**

The Town received a \$250,000 donation during 2020 in support of the library expansion project.

**NOTE 20 – COVID-19**

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$214,008. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

**NOTE 21 – TAX ABATEMENTS**

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

The Town had no such agreements for the year ended December 31, 2020.

**NOTE 22 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through January 28, 2022, the date the December 31, 2020 financial statements were available to be issued, and no events were identified that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.16%	0.16%	0.16%	0.16%	0.17%	0.15%	0.15%	0.15%
Town's proportionate share of the net pension liability	\$ 6,963,683	\$ 6,055,994	\$ 6,314,857	\$ 8,322,979	\$ 8,193,577	\$ 7,194,350	\$ 7,226,488	\$ 9,277,256
Town's covered payroll	\$ 3,819,212	\$ 3,877,355	\$ 3,955,335	\$ 4,093,348	\$ 4,349,014	\$ 4,313,061	\$ 4,452,757	\$ 4,452,757
Town's proportionate share of the net pension liability as a percentage of its covered payroll	182.33%	156.19%	159.65%	203.33%	188.40%	166.80%	162.29%	208.35%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

**EXHIBIT G**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 402,331	\$ 523,421	\$ 534,784	\$ 560,457	\$ 610,343	\$ 631,489	\$ 653,587	\$ 644,348
Contributions in relation to the contractually required contributions	(402,331)	(523,421)	(534,784)	(560,457)	(610,343)	(631,489)	(653,587)	(644,348)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	<u>\$3,819,212</u>	<u>\$ 3,877,355</u>	<u>\$ 3,955,335</u>	<u>\$4,093,348</u>	<u>\$ 4,349,014</u>	<u>\$ 4,313,061</u>	<u>\$ 4,452,757</u>	<u>\$ 4,512,315</u>
Contributions as a percentage of covered payroll	10.53%	13.50%	13.52%	13.69%	14.03%	14.64%	14.68%	14.28%



**EXHIBIT H**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31.				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.09%	0.09%	0.12%	0.12%	0.11%
Town's proportionate share of the net OPEB liability	\$ 414,429	\$ 411,541	\$ 545,662	\$ 532,711	\$ 470,627
Town's covered payroll	\$4,093,348	\$4,349,014	\$4,313,061	\$4,452,757	\$4,452,757
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	10.12%	9.46%	12.65%	11.96%	10.57%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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



**EXHIBIT I**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 49,743	\$ 53,347	\$ 52,717	\$ 55,452	\$ 49,908
Contributions in relation to the contractually required contribution	(49,743)	(53,347)	(52,717)	(55,452)	(49,908)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	<u>\$ 4,093,348</u>	<u>\$ 4,349,014</u>	<u>\$ 4,313,061</u>	<u>\$ 4,452,757</u>	<u>\$ 4,512,315</u>
Contributions as a percentage of covered payroll	1.22%	1.23%	1.22%	1.25%	1.11%

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

**EXHIBIT J**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
*Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios*  
*Retiree Health Benefit Program*  
*For the Fiscal Year Ended December 31, 2020*

	December 31,		
	2018	2019	2020
OPEB liability, beginning of year	\$ 855,002	\$ 1,405,138	\$ 1,475,315
Changes for the year:			
Service cost	47,678	58,059	64,107
Interest	30,663	60,137	50,185
Assumption changes and difference between actual and expected experience	494,623	(48,019)	(63,976)
Benefit payments	(22,828)	-	-
OPEB liability, end of year	<u>\$ 1,405,138</u>	<u>\$ 1,475,315</u>	<u>\$ 1,525,631</u>
Covered payroll	<u>\$ 4,208,311</u>	<u>\$ 4,582,605</u>	<u>\$ 4,113,940</u>
Total OPEB liability as a percentage of covered payroll	33.39%	32.19%	37.08%

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

**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2020. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2020*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 9,530,137	\$ 9,487,977	\$ (42,160)
Yield	11,000	9,025	(1,975)
Timber	-	62,556	62,556
Payment in lieu of taxes	147,318	122,500	(24,818)
Interest and penalties on taxes	95,000	97,341	2,341
Total from taxes	<u>9,783,455</u>	<u>9,779,399</u>	<u>(4,056)</u>
<b>Licenses, permits, and fees:</b>			
Motor vehicle permit fees	1,600,000	1,793,059	193,059
Building permits	38,000	48,830	10,830
Other	62,000	80,845	18,845
Total from licenses, permits, and fees	<u>1,700,000</u>	<u>1,922,734</u>	<u>222,734</u>
<b>Intergovernmental:</b>			
<b>State:</b>			
Shared revenues	105,385	105,385	-
Meals and rooms distribution	324,869	324,869	-
Highway block grant	214,392	214,368	(24)
State and federal forest land reimbursement	156	156	-
<b>Federal:</b>			
Other	220,509	216,139	(4,370)
Total from intergovernmental	<u>865,311</u>	<u>860,917</u>	<u>(4,394)</u>
<b>Charges for services:</b>			
Income from departments	780,000	752,155	(27,845)
<b>Miscellaneous:</b>			
Sale of municipal property	244,827	177,933	(66,894)
Interest on investments	42,000	83,140	41,140
Other	-	29,052	29,052
Total from miscellaneous	<u>286,827</u>	<u>290,125</u>	<u>3,298</u>
<b>Other financing sources:</b>			
Transfers in	-	132,707	132,707
Total revenues and other financing sources	13,415,593	<u>\$ 13,738,037</u>	<u>\$ 322,444</u>
Unassigned fund balance used to reduce tax rate	825,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 14,240,593</u>		

**SCHEDULE 2**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2020**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 203,789	\$ 207,716	\$ -	\$ (3,927)
Election and registration	-	144,460	141,536	-	2,924
Financial administration	-	399,252	331,129	-	68,123
Revaluation of property	3,540	231,459	185,218	-	49,781
Legal	-	30,000	38,044	-	(8,044)
Personnel administration	-	2,791,032	2,400,688	-	390,344
Planning and zoning	-	356,920	334,958	-	21,962
General government buildings	4,025	288,512	266,171	-	26,366
Cemeteries	-	57,903	49,756	-	8,147
Insurance, not otherwise allocated	-	283,806	309,626	-	(25,820)
Advertising and regional associations	-	235,603	235,244	-	359
Other	-	909,125	748,424	5,508	155,193
<b>Total general government</b>	<b>7,565</b>	<b>5,931,861</b>	<b>5,248,510</b>	<b>5,508</b>	<b>685,408</b>
<b>Public safety:</b>					
Police	12,506	1,589,509	1,430,200	18,244	153,571
Ambulance	-	298,427	306,238	-	(7,811)
Fire	160,801	294,844	417,766	39,849	(1,970)
Other	-	91,426	91,425	-	1
<b>Total public safety</b>	<b>173,307</b>	<b>2,274,206</b>	<b>2,245,629</b>	<b>58,093</b>	<b>143,791</b>
<b>Highways and streets:</b>					
Administration	-	948,784	925,741	-	23,043
Highways and streets	-	1,010,996	519,372	69,576	422,048
<b>Total highways and streets</b>	<b>-</b>	<b>1,959,780</b>	<b>1,445,113</b>	<b>69,576</b>	<b>445,091</b>
<b>Sanitation:</b>					
Administration	-	274,350	252,947	-	21,403
Solid waste collection	-	138,781	135,405	-	3,376
Solid waste disposal	-	253,250	386,490	-	(133,240)
<b>Total sanitation</b>	<b>-</b>	<b>666,381</b>	<b>774,842</b>	<b>-</b>	<b>(108,461)</b>
<b>Welfare:</b>					
Administration and direct assistance	-	60,000	30,678	-	29,322
<b>Culture and recreation:</b>					
Parks and recreation	4,805	764,663	463,738	6,060	299,670
Library	5,088	473,449	452,059	18,000	8,478
<b>Total culture and recreation</b>	<b>9,893</b>	<b>1,238,112</b>	<b>915,797</b>	<b>24,060</b>	<b>308,148</b>
<b>Debt service:</b>					
Principal of long-term debt	-	280,022	239,000	-	41,022
Interest on long-term debt	-	73,831	68,605	-	5,226
Interest on tax anticipation notes	-	10,000	-	-	10,000
<b>Total debt service</b>	<b>-</b>	<b>363,853</b>	<b>307,605</b>	<b>-</b>	<b>56,248</b>
Capital outlay	498,228	501,400	924,460	315,581	(240,413)
<b>Other financing uses:</b>					
Transfers out	-	1,245,000	1,270,086	-	(25,086)
<b>Total appropriations, expenditures, other financing uses, and encumbrances</b>	<b>\$ 688,993</b>	<b>\$ 14,240,593</b>	<b>\$ 13,162,720</b>	<b>\$ 472,818</b>	<b>\$ 1,294,048</b>

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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)	\$ 5,236,880
Changes:	
Unassigned fund balance used to reduce 2020 tax rate	(825,000)
2020 Budget summary:	
Revenue surplus (Schedule 1)	\$ 322,444
Unexpended balance of appropriations (Schedule 2)	<u>1,294,048</u>
2020 Budget surplus	1,616,492
Decrease in nonspendable fund balance	66,894
Decrease in restricted fund balance	504
Decrease in committed fund balance	<u>375,000</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	6,470,770
<b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>	
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis	(253,925)
Deficit balance of the blended funds	(4,697)
Elimination of the allowance for uncollectible taxes	<u>60,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)	<u><u>\$ 6,272,148</u></u>

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

	Special Revenue Funds				
	Sewer	Water	Public Library	DARE	Conservation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,991,001	\$ 2,151,139	\$ 31,194	\$ 532	\$ 98,250
Investments	-	183,353	-	-	-
Accounts receivable	26,434	20,561	-	-	-
Total assets	<u>\$ 2,017,435</u>	<u>\$ 2,355,053</u>	<u>\$ 31,194</u>	<u>\$ 532</u>	<u>\$ 98,250</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,017,435	2,355,053	31,194	532	-
Committed	-	-	-	-	98,250
Total fund balances	<u>\$ 2,017,435</u>	<u>\$ 2,355,053</u>	<u>\$ 31,194</u>	<u>\$ 532</u>	<u>\$ 98,250</u>



Special Revenue Funds			Capital Project Fund	Permanent Funds		Total
Cable Improvements	Community Center	Shep Brown Boat Basin	Landfill Closure	Town	Library	
\$ 324,581	\$ 64,614	\$ 78,070	\$ -	\$ 69,825	\$ 32,264	\$ 4,841,470
-	145,000	-	-	175,361	974,244	1,477,958
-	-	-	-	-	-	46,995
<u>\$ 324,581</u>	<u>\$ 209,614</u>	<u>\$ 78,070</u>	<u>\$ -</u>	<u>\$ 245,186</u>	<u>\$ 1,006,508</u>	<u>\$ 6,366,423</u>
\$ -	\$ -	\$ -	\$ -	\$ 177,413	\$ -	\$ 177,413
324,581	209,614	-	-	67,773	1,006,508	6,012,690
-	-	78,070	-	-	-	176,320
<u>\$ 324,581</u>	<u>\$ 209,614</u>	<u>\$ 78,070</u>	<u>\$ -</u>	<u>\$ 245,186</u>	<u>\$ 1,006,508</u>	<u>\$ 6,366,423</u>

**SCHEDULE 5**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2020**

	Special Revenue Funds				
	Sewer	Water	Public Library	DARE	Conservation
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 16,500
Licenses and permits	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	2,000
Charges for services	994,176	777,800	-	-	-
Miscellaneous	-	-	10,731	-	3,848
Total revenues	<u>994,176</u>	<u>777,800</u>	<u>10,731</u>	<u>-</u>	<u>22,348</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Water distribution and treatment	-	653,376	-	-	-
Sanitation	648,207	-	-	-	-
Culture and recreation	-	-	16,312	-	-
Conservation	-	-	-	-	12,886
Capital outlay	-	-	-	-	-
Total expenditures	<u>648,207</u>	<u>653,376</u>	<u>16,312</u>	<u>-</u>	<u>12,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>345,969</u>	<u>124,424</u>	<u>(5,581)</u>	<u>-</u>	<u>9,462</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	9,000	-	-
Transfers out	(42,330)	(28,220)	-	-	-
Total other financing sources (uses)	<u>(42,330)</u>	<u>(28,220)</u>	<u>9,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	303,639	96,204	3,419	-	9,462
Fund balances, beginning	1,713,796	2,258,849	27,775	532	88,788
Fund balances, ending	<u>\$ 2,017,435</u>	<u>\$ 2,355,053</u>	<u>\$ 31,194</u>	<u>\$ 532</u>	<u>\$ 98,250</u>

Special Revenue Funds			Capital Project Fund	Permanent Funds		Total
Cable Improvements	Community Center	Shep Brown Boat Basin	Landfill Closure	Town	Library	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,500
87,646	-	-	-	-	-	87,646
-	-	-	-	-	-	2,000
-	-	-	-	-	-	1,771,976
-	9,694	3,710	-	24,820	76,622	129,425
<u>87,646</u>	<u>9,694</u>	<u>3,710</u>	<u>-</u>	<u>24,820</u>	<u>76,622</u>	<u>2,007,547</u>
28,631	-	-	-	893	-	29,524
-	-	-	-	-	-	653,376
-	-	-	21,533	-	-	669,740
-	-	-	-	-	-	16,312
-	-	-	-	-	-	12,886
-	-	-	2,000	-	-	2,000
<u>28,631</u>	<u>-</u>	<u>-</u>	<u>23,533</u>	<u>893</u>	<u>-</u>	<u>1,383,838</u>
59,015	9,694	3,710	(23,533)	23,927	76,622	623,709
-	-	-	25,086	-	-	34,086
-	-	-	-	-	(9,000)	(79,550)
-	-	-	25,086	-	(9,000)	(45,464)
59,015	9,694	3,710	1,553	23,927	67,622	578,245
265,566	199,920	74,360	(1,553)	221,259	938,886	5,788,178
<u>\$ 324,581</u>	<u>\$ 209,614</u>	<u>\$ 78,070</u>	<u>\$ -</u>	<u>\$ 245,186</u>	<u>\$ 1,006,508</u>	<u>\$ 6,366,423</u>

**SCHEDULE 6**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2020**

	Custodial Funds			Total
	Taxes	Trust Funds	Engineering Escrows	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,794,814	\$ 641,260	\$ 296,279	\$ 10,732,353
Investments	-	166,020	-	166,020
Accounts receivable	-	-	31,920	31,920
Total assets	<u>9,794,814</u>	<u>807,280</u>	<u>328,199</u>	<u>10,930,293</u>
<b>LIABILITIES</b>				
Due to school district	9,794,814	-	-	9,794,814
Escrow payable	-	-	197,367	197,367
Total liabilities	<u>9,794,814</u>	<u>-</u>	<u>197,367</u>	<u>9,992,181</u>
<b>NET POSITION</b>				
Restricted	<u>\$ -</u>	<u>\$ 807,280</u>	<u>\$ 130,832</u>	<u>\$ 938,112</u>

**SCHEDULE 7**  
**TOWN OF MEREDITH, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Custodial Funds			Total
	Taxes	Trust Funds	Engineering Escrows	
<b>Additions:</b>				
Contributions	\$ -	\$ -	\$ 11,378	\$ 11,378
Investment earnings	-	9,357	-	9,357
Change in fair market value	-	(22,110)	-	(22,110)
Tax collections for other governments	22,372,144	-	-	22,372,144
Total additions	<u>22,372,144</u>	<u>(12,753)</u>	<u>11,378</u>	<u>22,370,769</u>
<b>Deductions:</b>				
Administrative expenses	-	1,309	-	1,309
Payments of taxes to other governments	22,372,144	-	-	22,372,144
Payments for escrow purposes	-	-	2,018	2,018
Total deductions	<u>22,372,144</u>	<u>1,309</u>	<u>2,018</u>	<u>22,375,471</u>
Change in net position	-	(14,062)	9,360	(4,702)
Net position, beginning	-	821,342	121,472	942,814
Net position, ending	<u>\$ -</u>	<u>\$ 807,280</u>	<u>\$ 130,832</u>	<u>\$ 938,112</u>