

**TOWN OF MEREDITH,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

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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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, and the respective changes in financial position and, the respective budgetary comparison for the general, water, and sewer funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

*Town of Meredith
Independent Auditor's Report*

Other Matters

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

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

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

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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.

October 22, 2020

*Plodzik & Sanderson
Professional Association*

TOWN OF MEREDITH, NH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2019

Presented here is the Management Discussion & Analysis Report for the Town of Meredith, NH, for the year ending December 31, 2019. 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 2019 resulting in a net position of \$38,792,974. Of that amount, \$1,303,443 is unrestricted fund balance deficit.
- The Town's revenue was \$15,868,100 as reported in the government-wide financial statements, while expenditures totaled \$14,996,617 resulting in a \$901,483 excess of revenues over expenditures.
- The net change in Total Government Fund Balances was \$1,195,414, resulting in fund balances at the end of 2019 for all Government Funds of \$15,024,323.
- The net change in the Fund Balance of the General Fund was a decrease of \$219,396, resulting in a total Unassigned Fund Balance of \$5,236,880 as of December 31, 2019. (Non-GAAP Budgetary Basis)
- The long-term debt liability continues to be reduced, with total outstanding bond debt (principal and unamortized bond premiums) of \$1,838,466, which is a \$449,950 reduction from the prior year.
- The Town of Meredith's net pension liability of \$7,226,488 under GASB Statement No. 68 is an increase of \$31,958 from the prior year.
- The Town of Meredith's net other postemployment benefits liability of \$2,008,026 under GASB Statement No. 75, is an increase of \$57,226 from the prior year.
- The liability of the closing of the Town's landfill and post-closure care costs is \$66,000, 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, Sewer and Water funds 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
As of December 31, 2019 and 2018 is as follows:

	2019	2018	Change	% of Change
Capital Assets, Net	\$ 35,413,370	\$ 35,639,962	\$ (226,592)	-0.64%
Other Assets	15,389,828	23,075,035	(7,685,207)	-33.31%
Total Assets	50,803,198	58,714,997	(7,911,799)	-13.47%
Total Deferred Outflows of Resources	674,857	1,019,724	(344,867)	-33.82%
Long-term Liabilities	11,641,520	11,948,841	(307,321)	-2.57%
Other Liabilities	263,299	8,648,915	(8,385,616)	-96.96%
Total Liabilities	11,904,819	20,597,756	(8,692,937)	-42.20%
Total Deferred Inflows of Resources	780,262	1,245,474	(465,212)	-37.35%
Net Position:				
Net Investment in Capital Assets	33,574,904	33,351,546	223,358	0.67%
Restricted	6,521,513	6,018,516	502,997	8.36%
Unrestricted	(1,303,443)	(1,478,571)	175,128	-11.84%
Total Net Position	\$ 38,792,974	\$ 37,891,491	\$ 901,483	2.38%

Statement of Activities
For the years ending December 31, 2019 and 2018 are as follows:

	2019	2018	Change	% of Change
Revenues				
Program Revenues:				
Charges for Services	\$ 2,827,111	\$ 2,963,317	\$ (136,206)	-4.60%
Operating Grants and Contributions	330,413	358,861	(28,448)	-7.93%
Capital Grants and Contributions	-	148,572	(148,572)	100.00%
General Revenues:				
Property and Other Taxes	9,839,231	9,952,554	(113,323)	-1.14%
Licenses and Permits	1,863,835	1,828,815	35,020	1.91%
Grants and Contributions	317,455	318,397	(942)	-0.30%
Miscellaneous	690,055	717,696	(27,641)	-3.85%
Total Revenues	15,868,100	16,288,212	(420,112)	-2.58%
Expenses				
General Government	5,993,576	5,919,324	74,252	1.25%
Public Safety	2,473,978	2,374,859	99,119	4.17%
Highway and Streets	2,602,674	2,549,101	53,573	2.10%
Sanitation	1,512,066	1,301,202	210,864	16.21%
Water Distribution and Treatment	583,948	614,240	(30,292)	-4.93%
Health and Welfare	72,625	259,053	(186,428)	-71.97%
Culture and Recreation	1,605,059	1,406,189	198,870	14.14%
Conservation	51,751	53,938	(2,187)	-4.05%
Interest - Long-term Debt	70,940	89,359	(18,419)	-20.61%
Total Expenditures	14,966,617	14,567,265	399,352	2.74%
Increase in Net Position	901,483	1,720,947	(819,464)	-47.62%
Net Position, Beginning of Year	37,891,491	36,170,544	1,720,947	4.76%
Net Position, End of Year	\$ 38,792,974	\$ 37,891,491	\$ 901,483	2.38%

Town of Meredith Activities

For the year ending December 31, 2019, there was an increase in the Town's total Net Position of \$901,483. 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 \$5,236,880 under the Non-GAAP Budgetary Basis, or 38.5% of total general fund expenditures. The increase was due to revenue surplus overestimates and an unexpended balance of appropriations at the end of the year. \$450,000 was used to offset the 2019 tax rate, \$400,000 was used to fund the library design, \$70,000 was used to complete the Laverack Nature Trail at Hawkins Brook and \$50,000 was set aside for the Hart Family Skateboard Park.

General Fund Budgetary Highlights

The approved appropriations for the Town for the 2019 budget year was \$15,053,958, with separate warrant articles for Expendable Trust Funds totaling \$725,000, as well as a warrant article for the department of public works improvement project totaling \$7,600,000. The Town under-expended its total 2019 General Fund appropriations by \$105,059. Savings were realized in all functions with the exception of Public Safety and Highways and Streets. Contributing to the savings were changes in personnel with attributable benefits and a decrease in welfare support. 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 \$35,413,370 after an annual depreciation of \$939,626. 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 2019 amounted to \$728,925. This amount includes the purchase of two (2) aluminum trailers for the transfer station, a Ford F550, a Ford Explorer for the Police Department, and a new police boat. There was \$331,009 of retired capital assets in 2019.

Additional information on capital assets can be found in Note 1-F 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 2019, existing debt service payments will total \$441,730 representing 25% of the recommended municipal Capital Improvement Program. The recommended municipal Capital Improvement Program includes additional capital program spending in the amount of \$1,225,000, although the Board of Selectmen reduced the actual budgetary amount to \$1,125,000. The CIP Advisory Committee recommends a municipal Capital Improvement Program (debt service plus capital projects) of \$1,754,337. This represents an increase of 22% compared to the 2018 municipal CIP-related appropriations.

The municipal debt service schedule indicates that additional debt will be retired in 2019 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 2019, total general obligation debt outstanding (principal and unamortized bond premiums) was \$1,772,712. During 2019, outstanding general obligation debt decreased by \$441,730 as a result of 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 \$59,265. 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 11 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 2019 and 2018 tax rates:

	<u>2019</u>	<u>2018</u>
Municipal Rate	\$ 5.00	\$ 5.00
Local School Rate	\$ 7.36	\$ 7.02
State School Rate	\$ 2.15	\$ 2.21
County Rate	<u>\$ 1.38</u>	<u>\$ 1.39</u>
Total Rate	\$15.89	\$15.62

The tax rate increased by \$0.27 from 2018 to 2019, or by 1.7%.

Assessed value 2019 - \$1,959,399,890 2018 - \$1,936,858,689

The assessed value increased by \$22,973,235 from 2018 to 2019, or by 1.19%.

The total Municipal Tax Effort was \$31,065,395 with War Service Credits in the amount of \$230,750.

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, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,814,705
Investments	3,886,270
Taxes receivables (net)	1,397,922
Account receivables	181,172
Tax dedeed property, subject to resale	109,759
Capital assets:	
Land and construction in progress	11,997,089
Other capital assets, net of depreciation	23,416,281
Total assets	50,803,198
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	645,841
Amounts related to other postemployment benefits	29,016
Total deferred outflows of resources	674,857
LIABILITIES	
Accounts payable	95,906
Accrued interest payable	31,527
Intergovernmental payable	92,873
Escrow and performance deposits	42,993
Long-term liabilities:	
Due within one year	312,953
Due in more than one year	11,328,567
Total liabilities	11,904,819
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	79,909
Amounts related to pensions	698,827
Amounts related to other postemployment benefits	1,526
Total deferred inflows of resources	780,262
NET POSITION	
Net investment in capital assets	33,574,904
Restricted	6,521,513
Unrestricted	(1,303,443)
Total net position	\$ 38,792,974

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, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 5,993,576	\$ 114,264	\$ 98,297	\$ (5,781,015)
Public safety	2,473,978	157,225	8,973	(2,307,780)
Highways and streets	2,602,674	21,260	219,902	(2,361,512)
Sanitation	1,512,066	1,546,014	-	33,948
Water distribution and treatment	583,948	758,800	-	174,852
Welfare	72,625	-	-	(72,625)
Culture and recreation	1,605,059	219,548	1,241	(1,384,270)
Conservation	51,751	10,000	2,000	(39,751)
Interest on long-term debt	70,940	-	-	(70,940)
Total governmental activities	<u>\$ 14,966,617</u>	<u>\$ 2,827,111</u>	<u>\$ 330,413</u>	<u>(11,809,093)</u>
General revenues:				
Taxes:				
Property				9,739,499
Other				99,732
Motor vehicle permit fees				1,742,320
Licenses and other fees				121,515
Grants and contributions not restricted to specific programs				317,455
Unrestricted investment earnings				190,809
Miscellaneous				499,246
Total general revenues				<u>12,710,576</u>
Change in net position				901,483
Net position, beginning				37,891,491
Net position, ending				<u>\$ 38,792,974</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, 2019

	General	Water	Sewer	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,487,149	\$ 1,983,335	\$ 1,749,236	\$ 594,985	\$ 9,814,705
Investments	2,423,125	242,597	-	1,220,548	3,886,270
Taxes receivable	1,457,922	-	-	-	1,457,922
Accounts receivable	119,290	25,727	36,155	-	181,172
Interfund receivable	-	7,190	-	-	7,190
Tax deeded property, subject to resale	109,759	-	-	-	109,759
Total assets	<u>\$ 9,597,245</u>	<u>\$ 2,258,849</u>	<u>\$ 1,785,391</u>	<u>\$ 1,815,533</u>	<u>\$ 15,457,018</u>
LIABILITIES					
Accounts payable	\$ 31,501	\$ -	\$ 64,405	\$ -	\$ 95,906
Intergovernmental payable	92,873	-	-	-	92,873
Interfund payable	-	-	7,190	-	7,190
Escrow and performance deposits	42,993	-	-	-	42,993
Total liabilities	<u>167,367</u>	<u>-</u>	<u>71,595</u>	<u>-</u>	<u>238,962</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	193,733	-	-	-	193,733
FUND BALANCES (DEFICIT)					
Nonspendable	109,759	-	-	150,693	260,452
Restricted	894,930	2,258,849	1,713,796	1,503,245	6,370,820
Committed	2,347,399	-	-	163,148	2,510,547
Assigned	701,001	-	-	-	701,001
Unassigned (deficit)	5,183,056	-	-	(1,553)	5,181,503
Total fund balances	<u>9,236,145</u>	<u>2,258,849</u>	<u>1,713,796</u>	<u>1,815,533</u>	<u>15,024,323</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,597,245</u>	<u>\$ 2,258,849</u>	<u>\$ 1,785,391</u>	<u>\$ 1,815,533</u>	<u>\$ 15,457,018</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, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 15,024,323
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 48,565,937	
Less accumulated depreciation	<u>(13,152,567)</u>	
		35,413,370
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	\$ 645,841	
Deferred inflows of resources related to pensions	(698,827)	
Deferred outflows of resources related to OPEB	29,016	
Deferred inflows of resources related to OPEB	<u>(1,526)</u>	
		(25,496)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (7,190)	
Payables	<u>7,190</u>	
		-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		113,824
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		(31,527)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 1,772,711	
Unamortized bond premium	65,755	
Compensated absences	502,540	
Accrued landfill postclosure care costs	66,000	
Net pension liability	7,226,488	
Other postemployment benefits	<u>2,008,026</u>	
		<u>(11,641,520)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 38,792,974</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, 2019

	General	Water	Sewer	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,073,920	\$ -	\$ -	\$ -	\$ 10,073,920
Licenses and permits	1,832,008	-	-	90,185	1,922,193
Intergovernmental receivable	738,412	-	-	2,000	740,412
Charges for services	1,059,224	758,800	999,087	10,000	2,827,111
Miscellaneous	350,057	28,809	-	175,420	554,286
Total revenues	<u>14,053,621</u>	<u>787,609</u>	<u>999,087</u>	<u>277,605</u>	<u>16,117,922</u>
EXPENDITURES					
Current:					
General government	5,371,410	999	-	54,374	5,426,783
Public safety	2,098,139	-	-	-	2,098,139
Highways and streets	2,288,145	-	-	-	2,288,145
Water distribution and treatment	-	491,760	-	-	491,760
Sanitation	708,557	-	670,723	12,157	1,391,437
Welfare	72,625	-	-	-	72,625
Culture and recreation	1,528,214	-	-	18,915	1,547,129
Conservation	-	-	-	51,751	51,751
Debt service:					
Principal	441,729	-	-	-	441,729
Interest	84,014	-	-	-	84,014
Capital outlay	1,028,996	-	-	-	1,028,996
Total expenditures	<u>13,621,829</u>	<u>492,759</u>	<u>670,723</u>	<u>137,197</u>	<u>14,922,508</u>
Excess of revenues over expenditures	<u>431,792</u>	<u>294,850</u>	<u>328,364</u>	<u>140,408</u>	<u>1,195,414</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	113,636	-	-	21,272	134,908
Transfers out	-	(45,454)	(68,182)	(21,272)	(134,908)
Total other financing sources (uses)	<u>113,636</u>	<u>(45,454)</u>	<u>(68,182)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	545,428	249,396	260,182	140,408	1,195,414
Fund balances, beginning	8,690,717	2,009,453	1,453,614	1,675,125	13,828,909
Fund balances, ending	<u>\$ 9,236,145</u>	<u>\$ 2,258,849</u>	<u>\$ 1,713,796</u>	<u>\$ 1,815,533</u>	<u>\$ 15,024,323</u>

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, 2019

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 1,195,414
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 728,925	
Depreciation expense	<u>(939,626)</u>	(210,701)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(15,891)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (134,908)	
Transfers out	<u>134,908</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Decrease in deferred tax revenue	\$ (277,948)	
Decrease in allowance for uncollectable taxes	28,126	
Change in intergovernmental receivable	<u>(13,786)</u>	(249,822)
Repayment of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		
Repayment of bond principal	\$ 441,730	
Amortization of bond premium	<u>8,220</u>	449,950
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 4,853	
Increase in compensated absences	(59,265)	
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	(131,999)	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>(87,056)</u>	(267,467)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 901,483</u>

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

EXHIBIT D-1
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, 2019

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,845,550	\$ 9,845,550	\$ 9,837,884	\$ (7,666)
Licenses and permits	1,730,000	1,730,000	1,832,008	102,008
Intergovernmental receivable	559,176	559,176	658,413	99,237
Charges for services	785,046	785,046	1,059,224	274,178
Miscellaneous	113,635	113,635	217,074	103,439
Total revenues	<u>13,033,407</u>	<u>13,033,407</u>	<u>13,604,603</u>	<u>571,196</u>
EXPENDITURES				
Current:				
General government	5,941,347	5,941,347	5,355,868	585,479
Public safety	1,956,390	1,956,390	2,223,967	(267,577)
Highways and streets	2,219,924	2,219,924	2,178,967	40,957
Sanitation	728,510	728,510	708,557	19,953
Welfare	50,000	50,000	72,625	(22,625)
Culture and recreation	1,204,736	1,204,736	1,100,697	104,039
Debt service:				
Principal	441,729	441,729	441,729	-
Interest	96,571	96,571	84,014	12,557
Capital outlay	519,200	1,194,968	1,440,192	(245,224)
Total expenditures	<u>13,158,407</u>	<u>13,834,175</u>	<u>13,606,616</u>	<u>227,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(125,000)</u>	<u>(800,768)</u>	<u>(2,013)</u>	<u>798,755</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	675,768	1,114,404	438,636
Transfers out	(845,000)	(845,000)	(967,500)	(122,500)
Total other financing sources (uses)	<u>(845,000)</u>	<u>(169,232)</u>	<u>146,904</u>	<u>316,136</u>
Net change in fund balances	<u>\$ (970,000)</u>	<u>\$ (970,000)</u>	144,891	<u>\$ 1,114,891</u>
Increase in nonspendable fund balance			(11,787)	
Increase in restricted fund balance			(7,500)	
Increase in committed fund balance			(375,000)	
Decrease in assigned fund balance (non-encumbrance)			30,000	
Unassigned fund balance, beginning			<u>5,456,276</u>	
Unassigned fund balance, ending			<u>\$ 5,236,880</u>	

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

EXHIBIT D-2
TOWN OF MEREDITH, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Water Fund
For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 675,483	\$ 758,800	\$ 83,317
EXPENDITURES			
Current:			
Water distribution and treatment	630,029	491,760	138,269
Excess of revenues over expenditures	45,454	267,040	138,269
OTHER FINANCING USES			
Transfers out	(45,454)	(45,454)	-
Net change in fund balances	\$ -	\$ 221,586	\$ 138,269
Restricted fund balance, beginning		1,772,135	
Restricted fund balance, ending		\$ 1,993,721	

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

EXHIBIT D-3
TOWN OF MEREDITH, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Sewer Fund
For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 1,050,068	\$ 999,087	\$ (50,981)
EXPENDITURES			
Current:			
Water distribution and treatment	981,886	670,723	311,163
Excess of revenues over expenditures	68,182	328,364	260,182
OTHER FINANCING USES			
Transfers out	(68,182)	(68,182)	-
Net change in fund balances	\$ -	\$ 260,182	\$ 260,182
Restricted fund balance, beginning		1,453,614	
Restricted fund balance, ending		\$ 1,713,796	

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, 2019

	Private Purpose Trust Funds	Other Custodial Funds	Total
ASSETS			
Cash and cash equivalents	\$ 3,370	\$ 8,179,669	\$ 8,183,039
Investments	9,106	218,835	227,941
Accounts receivable	-	31,967	31,967
Total assets	<u>12,476</u>	<u>8,430,471</u>	<u>8,442,947</u>
LIABILITIES			
Due to school district	-	7,380,453	7,380,453
Escrow payable	-	107,204	107,204
Total liabilities	<u>-</u>	<u>7,487,657</u>	<u>7,487,657</u>
NET POSITION			
Restricted	12,476	821,342	833,818
Unrestricted	-	121,472	121,472
Total net position	<u>\$ 12,476</u>	<u>\$ 942,814</u>	<u>\$ 955,290</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, 2019

	Private Purpose Trust Funds	Other Custodial Funds	All Custodial Funds
ADDITIONS			
Contributions	\$ -	\$ 278,157	\$ 278,157
Investment earnings	270	15,018	15,288
Change in fair market value	437	10,293	10,730
Tax collections for other governments	-	21,283,175	21,283,175
Total additions	<u>707</u>	<u>21,586,643</u>	<u>21,587,350</u>
DEDUCTIONS			
Administrative expenses	-	720	720
Payments of taxes to other governments	-	21,283,175	21,283,175
Payments for escrow purposes	-	19,200	19,200
Total deductions	<u>-</u>	<u>21,303,095</u>	<u>21,303,095</u>
Change in net position	707	283,548	284,255
Net position, beginning, as restated (see Note 17)	11,769	659,266	671,035
Net position, ending	<u>\$ 12,476</u>	<u>\$ 942,814</u>	<u>\$ 955,290</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, 2019

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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, 2019

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.

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

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

1-A Reporting Entity

The Town of 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.

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

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

The Town reports the following major governmental funds:

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

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

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

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.

Capital Projects Funds – are used to account for the financial resources and activities relating to specific construction projects.

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 nine 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 also 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.

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

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,
- 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.

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

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.

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:

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

1-G Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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 20, 2019 and November 12, 2019, and due on July 1, 2019 and December 18, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on May 1, 2019.

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

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

For the New Hampshire education tax	\$	1,946,257,490
For all other taxes	\$	1,956,399,890

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 5.00	\$ 9,788,215
School portion:		
State of New Hampshire	2.15	4,183,963
Local	7.36	14,396,490
County portion	1.38	2,696,720
Total	\$ 15.89	\$ 31,065,388

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, 2019.

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.

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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 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.

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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. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

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.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, \$450,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$520,000 was voted from unassigned fund balance.

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2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis of accounting for the major water and sewer funds. 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-1 (budgetary basis)	\$ 14,719,007
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	212,982
To eliminate transfers between general and blended funds	(1,000,768)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>236,036</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 14,167,257</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 14,574,116
Adjustment:	
Basis differences:	
Encumbrances, beginning	263,777
Encumbrances, ending	(688,993)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	440,429
To eliminate transfers between general and blended funds	<u>(967,500)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 13,621,829</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 17.

2-D Deficit Fund Balance

The Capital Project Fund – Landfill Closure had a fund balance deficit of \$1,553 at December 31, 2019. This deficit is a result of expenditures in excess of available resources. The Town plans to transfer funds from the general fund to cover this deficit.

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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 \$17,996,811 and the bank balances totaled \$20,092,271. Petty cash totaled \$933.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 9,814,705
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	8,183,039
Total cash and cash equivalents	\$ 17,997,744

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. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2019:

Investments type:	Valuation Measurement Method	Fair Value	1-5 Years
Certificates of deposit	Level 1	\$ -	\$ 2,887,904
Common stock	Level 1	338,671	-
Corporate bonds	Level 2	269,957	-
Equity exchange traded funds	Level 1	170,970	-
Fixed income exchange traded funds	Level 2	51,469	-
Fixed income mutual funds	Level 2	115,394	-
International equity	Level 1	79,421	-
American depository	Level 2	9,280	-
U.S. Government agency bonds	Level 2	115,138	-
U.S. Treasury bonds	Level 2	76,007	-
Total fair value		\$ 1,226,307	\$ 2,887,904

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)	\$ 3,886,270
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	227,941
Total investments	\$ 4,114,211

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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$60,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 1,108,048	\$ 1,108,048
Unredeemed (under tax lien):		
Levy of 2018	190,685	190,685
Levy of 2017	95,562	95,562
Levies of 2016 and prior	21,495	21,495
Yield	987	987
Payment in lieu of taxes	41,145	41,145
Less: allowance for estimated uncollectible taxes	(60,000) *	-
Net taxes receivable	<u>\$ 1,397,922</u>	<u>\$ 1,457,922</u>

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

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2019, consisted of accounts (billings for police details, 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, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 10,853,991	\$ -	\$ -	\$ 10,853,991
Intangible assets	1,143,098	-	-	1,143,098
Total capital assets not being depreciated	<u>11,997,089</u>	<u>-</u>	<u>-</u>	<u>11,997,089</u>
Being depreciated:				
Land improvements	205,245	-	-	205,245
Monument	52,000	40,000	-	92,000
Buildings and building improvements	22,124,724	50,000	(16,989)	22,157,735
Equipment	3,424,383	176,632	(183,098)	3,417,917
Vehicles	5,411,797	462,293	(130,922)	5,743,168
Infrastructure	4,952,783	-	-	4,952,783
Total capital assets being depreciated	<u>36,170,932</u>	<u>728,925</u>	<u>(331,009)</u>	<u>36,568,848</u>
Total all capital assets	<u>48,168,021</u>	<u>728,925</u>	<u>(331,009)</u>	<u>48,565,937</u>

(Continued)

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Capital assets continued:

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Land improvements	(43,189)	(5,131)	-	(48,320)
Monument	(52,000)	(4,000)	-	(56,000)
Buildings and building improvements	(6,493,401)	(335,873)	1,098	(6,828,176)
Equipment	(2,435,609)	(185,295)	183,098	(2,437,806)
Vehicles	(3,123,044)	(376,309)	130,922	(3,368,431)
Infrastructure	(380,816)	(33,018)	-	(413,834)
Total accumulated depreciation	<u>(12,528,059)</u>	<u>(939,626)</u>	<u>315,118</u>	<u>(13,152,567)</u>
Net book value, capital assets being depreciated	<u>23,642,873</u>	<u>(210,701)</u>	<u>(15,891)</u>	<u>23,416,281</u>
Net book value, all capital assets	<u><u>\$35,639,962</u></u>	<u><u>\$ (210,701)</u></u>	<u><u>\$(15,891)</u></u>	<u><u>\$35,413,370</u></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	\$ 46,460
Public safety	346,259
Highways and streets	205,215
Sanitation	126,230
Culture and recreation	130,224
Water distribution and treatment	85,238
Total depreciation expense	<u><u>\$ 939,626</u></u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
Water	Sewer	<u><u>\$ 7,190</u></u>

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2019 is as follows:

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
Sewer fund	\$ 68,182	\$ -	\$ 68,182
Water fund	45,454	-	45,454
Nonmajor funds	-	21,272	21,272
Total	<u><u>\$ 113,636</u></u>	<u><u>\$ 21,272</u></u>	<u><u>\$ 134,908</u></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 \$7,473,326 at December 31, 2019 consist of the following:

General fund:	
Balance of the New Hampshire Retirement System	\$ 83,602
Other	9,271
Total general fund	<u>92,873</u>
Custodial fund:	
Balance of the 2019-20 school district assessment due to the Inter-Lakes School District	7,380,453
Total intergovernmental payables due	<u><u>\$7,473,326</u></u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2019 consist of amounts related to pensions totaling \$645,841 and amounts related to OPEB totaling \$29,016. For further discussion on these amounts, see Note 12 and 13 respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Prepaid property taxes	\$ 79,909	\$ 79,909
Deferred property taxes not collected within 60 days of fiscal year-end	-	113,824
Amounts related to pensions (see Note 12)	698,827	-
Amounts related to other postemployment benefits (see Note 13)	1,526	-
Total deferred inflows of resources	<u><u>\$ 780,262</u></u>	<u><u>\$ 193,733</u></u>

NOTE 11 – LONG-TERM LIABILITIES

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

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Bonds payable	\$ 2,214,441	\$ -	\$ (441,730)	\$ 1,772,711	\$ 280,022
Premium	73,975	-	(8,220)	65,755	8,220
Total bonds payable	<u>2,288,416</u>	<u>-</u>	<u>(449,950)</u>	<u>1,838,466</u>	<u>288,242</u>
Compensated absences	443,275	59,265	-	502,540	19,211
Accrued landfill postclosure care costs	72,000	-	(6,000)	66,000	5,500
Net pension liability	7,194,350	32,138	-	7,226,488	-
Net other postemployment benefits	1,950,800	57,226	-	2,008,026	-
Total long-term liabilities	<u><u>\$ 11,948,841</u></u>	<u><u>\$ 148,629</u></u>	<u><u>\$ (455,950)</u></u>	<u><u>\$ 11,641,520</u></u>	<u><u>\$ 312,953</u></u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019	Current Portion
General obligation bonds payable:						
Plymouth S./Rte. 3 N. Bond No. 3	\$ 637,467	2002	2022	1.40-2.73	\$ 127,711	\$ 41,022
Community center	\$ 3,500,000	2005	2025	3.75-4.20	1,050,000	175,000
Refinancing bond	\$ 1,007,150	2012	2027	2.49	595,000	64,000
					<u>1,772,711</u>	<u>280,022</u>
Bond premium					65,755	8,220
Total					<u><u>\$ 1,838,466</u></u>	<u><u>\$ 288,242</u></u>

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Premium	Interest	Total
2020	\$ 280,022	\$ 8,220	\$ 73,831	\$ 362,073
2021	283,551	8,220	62,742	354,513
2022	288,138	8,220	51,515	347,873
2023	247,000	8,220	39,935	295,155
2024	250,000	8,220	29,160	287,380
2025-2027	424,000	24,655	27,429	476,084
Totals	<u>\$ 1,772,711</u>	<u>\$ 65,755</u>	<u>\$ 284,612</u>	<u>\$ 2,123,078</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 \$66,000 as of December 31, 2019. The estimated total current cost of the landfill postclosure care (\$66,000) 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, 2019. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Per District Meeting Vote of	Purpose	Unissued Amount
March 13, 2019	DPW Project	<u>\$ 7,600,000</u>

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

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$653,587, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2019 the Town reported a liability of \$7,226,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.15% from which there was no change from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$787,172. At December 31, 2019 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	\$ 204,437	\$ 484,407
Changes in assumptions	259,284	-
Net difference between projected and actual investment earnings on pension plan investments	-	59,030
Differences between expected and actual experience	39,956	155,390
Contributions subsequent to the measurement date	142,164	-
Total	<u>\$ 645,841</u>	<u>\$ 698,827</u>

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The \$142,164 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2020	\$ 126,192
2021	(206,937)
2022	(136,589)
2023	22,184
Totals	<u>\$ (195,150)</u>

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

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

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

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

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

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

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 9,676,566	\$ 7,226,488	\$ 5,201,519

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.

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 2019 were as follows:

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

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

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Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$55,452, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2019, the Town reported a liability of \$532,711 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.12% from which there was no change from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$72,752. At December 31, 2019, 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	\$ 1,133	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	599
Differences between expected and actual experience	-	927
Contributions subsequent to the measurement date	27,883	-
Total	\$ 29,016	\$ 1,526

The \$27,883 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	\$(191)
2021	(397)
2022	41
2023	154
Totals	\$(393)

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

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

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

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

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

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

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 577,806	\$ 532,711	\$ 493,526

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.

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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.

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

Employees Covered by Benefit Terms – At December 31, 2019, the Town had 62 active employees were covered by the benefit terms.

Total OPEB Liability – The Town’s total OPEB liability of \$1,475,315 was measured as of December 31, 2019 and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,474,315 in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.26%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	7.00%
Decrement	0.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2026
Salary Increases:	3.25%

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 July 1, 2019.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

	December 31,	
	2018	2019
OPEB liability beginning of year	\$ 855,002	\$ 1,405,138
Changes for the year:		
Service cost	47,678	58,059
Interest	30,663	60,137
Assumption changes and difference between actual and expected experience	494,623	(48,019)
Benefit payments	(22,828)	-
OPEB liability end of year	<u>\$ 1,405,138</u>	<u>\$ 1,475,315</u>

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Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The December 31, 2019 actuarial valuation was prepared using a discount rate of 3.26%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$1,374,195 or by 6.85%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,585,285 or by 7.45%.

	Discount Rate		
	1% Decrease	Baseline 3.26%	1% Increase
Total OPEB Liability	\$ 1,585,285	\$ 1,475,315	\$ 1,374,195

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The December 31, 2019 actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,630,192 or by 10.50%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,340,868 or by 9.11%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	\$ 1,340,868	\$ 1,475,315	\$ 1,630,192

OPEB Expense – For the year ended December 31, 2019, the Town recognized OPEB expense of \$70,177. The Town elected to have an Alternative Minimum Valuation. Under the Alternative Minimum Valuation, all deferred outflows and inflows of resources items are recognized in OPEB expense immediately.

NOTE 14 – ENCUMBRANCES

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

General fund:	
General government	\$ 7,565
Public safety	173,307
Culture and recreation	9,893
Capital outlay	498,228
Total encumbrances	<u>\$ 688,993</u>

NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Net investment in capital assets:	
Net book value, all capital assets	\$ 35,413,370
Less:	
General obligation bonds payable	(1,772,711)
Unamortized bond premiums	(65,755)
Total net investment in capital assets	<u>33,574,904</u>
Restricted net position:	
Perpetual care - nonexpendable	150,693
Perpetual care - income balance	1,009,452
Library	27,775
Water	2,258,849
Sewer	1,713,796
DARE	532
Community Center	199,920
Cable Improvements	265,566
Hawkins Nature Trail	149,739
Grants and donations	745,191
Total restricted net position	<u>6,521,513</u>
Unrestricted	(1,303,443)
Total net position	<u>\$ 38,792,974</u>

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NOTE 16 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Water Fund	Sewer Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Tax deeded property	\$ 109,759	\$ -	\$ -	\$ -	\$ 109,759
Permanent fund - principal balance	-	-	-	150,693	150,693
Total nonspendable fund balance	<u>109,759</u>	<u>-</u>	<u>-</u>	<u>150,693</u>	<u>260,452</u>
Restricted:					
Permanent - income balance	-	-	-	1,009,452	1,009,452
Special revenue:					
Library	-	-	-	27,775	27,775
Water	-	2,258,849	-	-	2,258,849
Sewer	-	-	1,713,796	-	1,713,796
DARE	-	-	-	532	532
Community center	-	-	-	199,920	199,920
Cable improvements	-	-	-	265,566	265,566
Grants and donations	745,191	-	-	-	745,191
Hawkins Nature Trail	149,739	-	-	-	149,739
Total restricted fund balance	<u>894,930</u>	<u>2,258,849</u>	<u>1,713,796</u>	<u>1,503,245</u>	<u>6,370,820</u>
Committed:					
Expendable trust	1,972,399	-	-	-	1,972,399
Skate park	50,000	-	-	-	50,000
Land purchase	325,000	-	-	-	325,000
Special revenue:					
Conservation	-	-	-	88,788	88,788
Shep Brown Boat Basic	-	-	-	74,360	74,360
Total committed fund balance	<u>2,347,399</u>	<u>-</u>	<u>-</u>	<u>163,148</u>	<u>2,510,547</u>
Assigned:					
Encumbrances	688,993	-	-	-	688,993
Non-encumbrance	12,008	-	-	-	12,008
Total assigned fund balance	<u>701,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,001</u>
Unassigned (deficit)	<u>5,183,056</u>	<u>-</u>	<u>-</u>	<u>(1,553)</u>	<u>5,181,503</u>
Total governmental fund balances	<u>\$ 9,236,145</u>	<u>\$ 2,258,849</u>	<u>\$ 1,713,796</u>	<u>\$ 1,815,533</u>	<u>\$ 15,024,323</u>

NOTE 17 – PRIOR PERIOD ADJUSTMENT

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

	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ 659,266
Net position, as previously reported	-
Net position, as restated	<u>\$ 659,266</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 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

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The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex³, 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 Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$127,507 and \$169,156 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 19 – DONATIONS

The Town received donations totaling \$80,003 during 2019 in support of the Hawkins Nature Trail project. These funds are restricted for project expenditures, see Note 16 for detail of restricted fund balances.

NOTE 20 – 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 October 22, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following event occurred that requires recognition or disclosure:

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

At the March 11, 2020 Annual Meeting, the Town approved a warrant article for the purpose of constructing and equipping the Meredith Public Library Building Renovation and Expansion Project and authorized the issuance of not more than \$4,120,000 in bonds and notes, with \$880,000 to come from private donations.

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, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.16%	0.16%	0.16%	0.16%	0.17%	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
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
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%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

EXHIBIT 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, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 402,331	\$ 523,421	\$ 534,784	\$ 560,457	\$ 610,343	\$ 631,489	\$ 653,587
Contributions in relation to the contractually required contributions	(402,331)	(523,421)	(534,784)	(560,457)	(610,343)	(631,489)	(653,587)
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>
Contributions as a percentage of covered payroll	10.53%	13.50%	13.52%	13.69%	14.03%	14.64%	14.68%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

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

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

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

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

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

Other Information:

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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EXHIBIT 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, 2019

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.09%	0.09%	0.12%	0.12%
Town's proportionate share of the net OPEB liability	\$ 414,429	\$ 411,541	\$ 545,662	\$ 532,711
Town's covered payroll	\$4,093,348	\$4,349,014	\$4,313,061	\$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%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

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

EXHIBIT 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, 2019

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

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, 2019

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

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, 2019

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

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

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

Methods and Assumptions:

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

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

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 9,499,624	\$ 9,494,981	\$ (4,643)
Land use change	-	11,700	11,700
Yield	11,000	25,486	14,486
Timber	-	53,609	53,609
Payment in lieu of taxes	137,801	137,800	(1)
Interest and penalties on taxes	197,125	114,308	(82,817)
Total from taxes	<u>9,845,550</u>	<u>9,837,884</u>	<u>(7,666)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	1,600,000	1,705,758	105,758
Building permits	38,000	52,289	14,289
Other	92,000	73,961	(18,039)
Total from licenses, permits, and fees	<u>1,730,000</u>	<u>1,832,008</u>	<u>102,008</u>
Intergovernmental:			
State:			
Meals and rooms distribution	326,409	326,409	-
Highway block grant	220,232	219,902	(330)
State and federal forest land reimbursement	160	160	-
Other	12,375	111,942	99,567
Total from intergovernmental	<u>559,176</u>	<u>658,413</u>	<u>99,237</u>
Charges for services:			
Income from departments	<u>785,046</u>	<u>1,059,224</u>	<u>274,178</u>
Miscellaneous:			
Interest on investments	30,000	102,538	72,538
Other	83,635	114,536	30,901
Total from miscellaneous	<u>113,635</u>	<u>217,074</u>	<u>103,439</u>
Other financing sources:			
Transfers in	<u>675,768</u>	<u>1,114,404</u>	<u>438,636</u>
Total revenues and other financing sources	13,709,175	<u>\$ 14,719,007</u>	<u>\$ 1,009,832</u>
Unassigned fund balance used to reduce tax rate	450,000		
Amounts voted from fund balance	520,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 14,679,175</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, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 1,177	\$ 202,202	\$ 190,276	\$ -	\$ 13,103
Election and registration	-	136,751	121,980	-	14,771
Financial administration	-	398,303	380,913	-	17,390
Revaluation of property	-	208,138	195,578	3,540	9,020
Legal	-	30,000	18,213	-	11,787
Personnel administration	-	2,762,381	2,468,188	-	294,193
Planning and zoning	2,198	361,247	322,980	-	40,465
General government buildings	3,513	268,065	279,620	4,025	(12,067)
Cemeteries	-	55,245	46,120	-	9,125
Insurance, not otherwise allocated	-	283,806	229,312	-	54,494
Advertising and regional associations	-	237,544	237,544	-	-
Other	6,200	997,665	870,667	-	133,198
Total general government	<u>13,088</u>	<u>5,941,347</u>	<u>5,361,391</u>	<u>7,565</u>	<u>585,479</u>
Public safety:					
Police	13,229	1,293,690	1,394,711	12,506	(100,298)
Ambulance	-	298,427	349,293	-	(50,866)
Fire	34,250	364,273	354,135	160,801	(116,413)
Total public safety	<u>47,479</u>	<u>1,956,390</u>	<u>2,098,139</u>	<u>173,307</u>	<u>(267,577)</u>
Highways and streets:					
Administration	-	938,929	922,219	-	16,710
Highways and streets	109,178	1,280,995	1,365,926	-	24,247
Total highways and streets	<u>109,178</u>	<u>2,219,924</u>	<u>2,288,145</u>	<u>-</u>	<u>40,957</u>
Sanitation:					
Administration	-	253,579	242,461	-	11,118
Solid waste collection	-	132,681	123,883	-	8,798
Solid waste disposal	-	342,250	342,213	-	37
Total sanitation	<u>-</u>	<u>728,510</u>	<u>708,557</u>	<u>-</u>	<u>19,953</u>
Welfare:					
Administration and direct assistance	-	50,000	72,625	-	(22,625)
Culture and recreation:					
Parks and recreation	7,000	741,824	652,267	4,805	91,752
Library	-	462,912	445,537	5,088	12,287
Total culture and recreation	<u>7,000</u>	<u>1,204,736</u>	<u>1,097,804</u>	<u>9,893</u>	<u>104,039</u>
Debt service:					
Principal of long-term debt	-	441,729	441,729	-	-
Interest on long-term debt	-	86,571	84,014	-	2,557
Interest on tax anticipation notes	-	10,000	-	-	10,000
Total debt service	<u>-</u>	<u>538,300</u>	<u>525,743</u>	<u>-</u>	<u>12,557</u>
Capital outlay	87,032	1,194,968	1,028,996	498,228	(245,224)
Other financing uses:					
Transfers out	-	845,000	967,500	-	(122,500)
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 263,777</u>	<u>\$ 14,679,175</u>	<u>\$ 14,148,900</u>	<u>\$ 688,993</u>	<u>\$ 105,059</u>

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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 5,456,276
Changes:		
Unassigned fund balance used to reduce 2019 tax rate		(450,000)
Amounts voted from fund balance		(520,000)
2019 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,009,832	
Unexpended balance of appropriations (Schedule 2)	105,059	
2019 Budget surplus		1,114,891
Increase in nonspendable fund balance		(11,787)
Increase in restricted fund balance		(7,500)
Increase in committed fund balance		(375,000)
Decrease in assigned fund balance (non-encumbrance)		30,000
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		5,236,880
 Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(113,824)
Elimination of the allowance for uncollectible taxes		60,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 5,183,056</u>

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

	Special Revenue Funds						Capital Project Fund	Permanent Funds		Total
	Public Library	DARE	Conservation	Cable Improvements	Community Center	Shep Brown Boat Basin	Landfill Closure	Town	Library	
	ASSETS									
Cash and cash equivalents	\$ 27,775	\$ 532	\$ 88,788	\$ 265,566	\$ 60,550	\$ 74,360	\$ (1,553)	\$ 59,770	\$ 19,197	\$ 594,985
Investments	-	-	-	-	139,370	-	-	161,489	919,689	1,220,548
Total assets	<u>\$ 27,775</u>	<u>\$ 532</u>	<u>\$ 88,788</u>	<u>\$ 265,566</u>	<u>\$ 199,920</u>	<u>\$ 74,360</u>	<u>\$ (1,553)</u>	<u>\$ 221,259</u>	<u>\$ 938,886</u>	<u>\$ 1,815,533</u>
FUND BALANCES (DEFICIT)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,693	\$ -	\$ 150,693
Restricted	27,775	532	-	265,566	199,920	-	-	70,566	938,886	1,503,245
Committed	-	-	88,788	-	-	74,360	-	-	-	163,148
Unassigned (deficit)	-	-	-	-	-	-	(1,553)	-	-	(1,553)
Total fund balances (deficit)	<u>\$ 27,775</u>	<u>\$ 532</u>	<u>\$ 88,788</u>	<u>\$ 265,566</u>	<u>\$ 199,920</u>	<u>\$ 74,360</u>	<u>\$ (1,553)</u>	<u>\$ 221,259</u>	<u>\$ 938,886</u>	<u>\$ 1,815,533</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, 2019

	Special Revenue Funds						Capital Project Fund	Permanent Funds		Total
	Public Library	DARE	Conservation	Cable Improvements	Community Center	Shep Brown Boat Basin	Landfill Closure	Town	Library	
	REVENUES									
Licenses and permits	\$ -	\$ -	\$ -	\$ 90,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,185
Intergovernmental receivable	-	-	2,000	-	-	-	-	-	-	2,000
Charges for services	-	-	10,000	-	-	-	-	-	-	10,000
Miscellaneous	16,650	-	3,845	-	29,980	2,920	-	13,064	108,961	175,420
Total revenues	<u>16,650</u>	<u>-</u>	<u>15,845</u>	<u>90,185</u>	<u>29,980</u>	<u>2,920</u>	<u>-</u>	<u>13,064</u>	<u>108,961</u>	<u>277,605</u>
EXPENDITURES										
Current:										
General government	-	-	-	53,534	-	-	-	840	-	54,374
Sanitation	-	-	-	-	-	-	12,157	-	-	12,157
Culture and recreation	13,808	-	-	-	-	-	-	-	5,107	18,915
Conservation	-	-	51,751	-	-	-	-	-	-	51,751
Total expenditures	<u>13,808</u>	<u>-</u>	<u>51,751</u>	<u>53,534</u>	<u>-</u>	<u>-</u>	<u>12,157</u>	<u>840</u>	<u>5,107</u>	<u>137,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,842</u>	<u>-</u>	<u>(35,906)</u>	<u>36,651</u>	<u>29,980</u>	<u>2,920</u>	<u>(12,157)</u>	<u>12,224</u>	<u>103,854</u>	<u>140,408</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	21,272	-	-	-	-	-	-	-	-	21,272
Transfers out	-	-	-	-	-	-	-	(3,272)	(18,000)	(21,272)
Total other financing sources (uses)	<u>21,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,272)</u>	<u>(18,000)</u>	<u>-</u>
Net change in fund balances	24,114	-	(35,906)	36,651	29,980	2,920	(12,157)	8,952	85,854	140,408
Fund balances, beginning	3,661	532	124,694	228,915	169,940	71,440	10,604	212,307	853,032	1,675,125
Fund balances, ending	<u>\$ 27,775</u>	<u>\$ 532</u>	<u>\$ 88,788</u>	<u>\$ 265,566</u>	<u>\$ 199,920</u>	<u>\$ 74,360</u>	<u>\$ (1,553)</u>	<u>\$ 221,259</u>	<u>\$ 938,886</u>	<u>\$ 1,815,533</u>

SCHEDULE 6
TOWN OF MEREDITH, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2019

	Custodial Funds			Total
	Taxes	Trust Funds	Engineering Escrows	
ASSETS				
Cash and cash equivalents	\$ 7,380,453	\$ 602,507	\$ 196,709	\$ 8,179,669
Investments	-	218,835	-	218,835
Accounts receivable	-	-	31,967	31,967
Total assets	<u>7,380,453</u>	<u>821,342</u>	<u>228,676</u>	<u>8,430,471</u>
LIABILITIES				
Due to school district	7,380,453	-	-	7,380,453
Escrow payable	-	-	107,204	107,204
Total liabilities	<u>7,380,453</u>	<u>-</u>	<u>107,204</u>	<u>7,487,657</u>
NET POSITION				
Restricted	-	821,342	-	821,342
Unrestricted	-	-	121,472	121,472
Total liabilities and net position	<u>\$ -</u>	<u>\$ 821,342</u>	<u>\$ 121,472</u>	<u>\$ 942,814</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, 2019

	Custodial Funds			Total
	Taxes	Trust Funds	Engineering Escrows	
Additions:				
Contributions	\$ -	\$ 270,000	\$ 8,157	\$ 278,157
Investment earnings	-	15,018	-	15,018
Change in fair market value	-	10,293	-	10,293
Tax collections for other governments	21,283,175	-	-	21,283,175
Total additions	<u>21,283,175</u>	<u>295,311</u>	<u>8,157</u>	<u>21,586,643</u>
Deductions:				
Administrative expenses	-	720	-	720
Payments of taxes to other governments	21,283,175	-	-	21,283,175
Payments for escrow purposes	-	-	19,200	19,200
Total deductions	<u>21,283,175</u>	<u>720</u>	<u>19,200</u>	<u>21,303,095</u>
Change in net position	-	294,591	(11,043)	283,548
Net position, beginning, as restated (see Note 17)	-	526,751	132,515	659,266
Net position, ending	<u>\$ -</u>	<u>\$ 821,342</u>	<u>\$ 121,472</u>	<u>\$ 942,814</u>