



TOWN OF DURHAM, NEW HAMPSHIRE

Annual Financial Statements
For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Durham, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Durham, New Hampshire's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Town of Durham, New Hampshire's 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.

Auditors' 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 auditors' 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

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Greenfield, Massachusetts
Ellsworth, Maine

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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 (1) qualified audit opinion on the governmental activities; and (2) unmodified audit opinion on each major fund and the aggregate remaining fund information.

Basis for Qualified Opinion on Governmental Activities

Management has not included any of the Town of Durham, New Hampshire's capital assets acquired in years prior to 2004, nor the accumulated depreciation and depreciation expense related to those assets in the governmental activities. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on Governmental Activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Durham, New Hampshire, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, in 2020 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison for the General Fund and



Sewer Fund, and certain Pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 evidence sufficient 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's basic financial statements. The accompanying supplementary information appearing on pages 59 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Merrimack, New Hampshire
August 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Durham, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Durham, New Hampshire for the year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required/other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, and conservation.

Fund Financial Statements

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

Governmental 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 a government's near-term financing requirements.

Because the focus of governmental 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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town's fiduciary funds include custodial funds, which report resources that are held by the Town for parties outside of the Town's reporting entity. The custodial funds include resources held in trust by the Town for the benefit of the Oyster River School District.

Notes to 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/Other Supplementary Information (Other Than MD&A)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current year, net position in governmental activities was \$15,202,137, a change of \$900,715.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$11,845,947, a change of \$1,820,578 in comparison to the prior year.

- At the end of the current year, unassigned fund balance for the general fund was \$3,708,849, a change of \$(6,779) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior years.

NET POSITION

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 23,539,593	\$ 20,959,118
Capital assets	<u>44,341,537</u>	<u>42,109,484</u>
Total assets	67,881,130	63,068,602
Deferred outflows of resources	4,547,680	1,688,758
Long-term liabilities	44,464,958	13,958,127
Other liabilities	<u>11,511,904</u>	<u>36,188,434</u>
Total liabilities	55,976,862	50,146,561
Deferred inflows of resources	1,249,811	1,036,619
Net investment in capital assets	23,033,074	21,685,585
Restricted	6,201,308	4,072,686
Unrestricted	<u>(14,032,245)</u>	<u>(12,184,091)</u>
Total net position	<u>\$ 15,202,137</u>	<u>\$ 13,574,180</u>

As noted earlier, net position may serve over time as a useful indicator of a town's financial position. At the close of the most recent year, total net position was \$15,202,137, a change of \$900,715 in comparison to the prior year.

The largest portion of net position \$23,033,074 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$6,201,308, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(14,032,245) primarily resulting from the Town's unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,309,123	\$ 4,979,266
Capital grants and contributions	290,343	108,080
General revenues:		
Property taxes	8,860,687	9,113,312
Motor vehicle permit fees	1,180,592	1,194,466
Penalties and interest on taxes	508,186	351,845
Grants and contributions not restricted to specific programs	5,113,251	4,839,461
Investment income	186,638	229,480
Other	<u>1,369,615</u>	<u>990,308</u>
Total revenues	21,818,435	21,806,218
Expenses:		
General government	3,114,816	2,829,460
Public safety	9,280,401	9,384,034
Highways and streets	2,542,588	2,291,295
Sanitation	2,763,824	2,626,027
Water distribution and treatment	939,186	736,556
Health and human services	17,050	17,120
Welfare	27,204	15,276
Culture and recreation	1,340,736	1,249,274
Conservation	144,390	99,797
Interest on long-term debt	<u>747,525</u>	<u>783,245</u>
Total expenses	<u>20,917,720</u>	<u>20,032,084</u>
Change in net position	900,715	1,774,134
Net position - beginning of year, as restated	<u>14,301,422</u>	<u>11,800,046</u>
Net position - end of year	<u>\$ 15,202,137</u>	<u>\$ 13,574,180</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$900,715. Key elements of this change are as follows:

General fund operations	\$	429,073
Capital project fund revenues		768,087
Sewer fund results		230,902
Principal debt service in excess of depreciation expense		97,225
Change in long-term liabilities, net of deferred outflows and inflows		(1,149,986)
Other		<u>525,414</u>
Total	\$	<u><u>900,715</u></u>

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$3,708,849, while total fund balance was \$6,077,067. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Refer to the following table.

<u>General Fund</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>Change</u>	% of Total General Fund Expenditures
Unassigned fund balance	\$ 3,708,849	\$ 3,715,628	\$ (6,779)	23.5%
Total fund balance	\$ 6,077,067	\$ 5,647,994	\$ 429,073	38.6%

The total fund balance of the general fund changed by \$429,073 during the current year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (93,000)
Revenues and other financing sources as compared with budgeted amounts	(328,367)
Expenditures and other financing uses as compared with budgeted amounts	555,955
Current year encumbrances less than prior year	(36,969)
Change in capital reserves	318,658
Change in library activities	19,601
Change in parking activities	(6,805)
Total	<u>\$ 429,073</u>

Included in the total general fund balance are the Town's capital reserve accounts with the following balances:

	<u>12/31/20</u>	<u>12/31/19</u>	<u>Change</u>
Capital reserves	\$ 1,485,267	\$ 1,166,609	\$ 318,658

Other Major Funds

The Town's capital project fund is used to account for activity related to various construction and/or renovation projects, as well as purchases of vehicles and equipment for the Town.

The Town's sewer fund is used to account for wastewater treatment services provided to Town residents.

Non-Major Governmental Funds

The non-major fund balance changed by \$227,094 primarily from the receipt of funds in the Downtown Tax Increment Financing Fund.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

Capital Asset and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$44,192,294 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current year included the following:

DPW rolloff truck	\$	156,669
Police cruiser	\$	44,922

New Additions to Construction in Progress:

Sewer force main replacement	\$	1,884,853
WWTP grit upgrades	\$	891,211
Dover Road 8' water main	\$	640,252
Road resurfacing	\$	313,170
Pedestrian bridge over Oyster River	\$	306,272

Reclassification of Construction in Progress:

Solid waste management facility	\$	208,984
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Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At the end of the current year, total bonded debt outstanding was \$16,800,005, all of which was backed by the full faith and credit of the Town.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Durham, New Hampshire's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Business Manager

Town of Durham

8 Newmarket Road

Durham, NH 03824

TOWN OF DURHAM, NEW HAMPSHIRE

Statement of Net Position
December 31, 2020

	Governmental <u>Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 17,718,163
Investments	3,086,346
Receivables, net of allowance for uncollectibles:	
Property taxes	799,618
User fees	293,192
Departmental and other	48,916
Intergovernmental	1,417,076
Other assets	<u>176,282</u>
Total Current Assets	23,539,593
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	149,243
Capital assets:	
Land and construction in progress	9,584,081
Other capital assets, net of accumulated depreciation	<u>34,608,213</u>
Total Noncurrent Assets	<u>44,341,537</u>
Total Assets	67,881,130
Deferred Outflows of Resources	
Related to pensions	4,353,744
Related to OPEB	<u>193,936</u>
Total Deferred Outflows of Resources	4,547,680
	(continued)

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Statement of Net Position
December 31, 2020

(continued)

	Governmental <u>Activities</u>
Liabilities	
Current:	
Accounts payable	\$ 945,385
Retainage payable	70,252
Accrued liabilities	581,589
Tax refunds payable	720,179
Notes payable	25,828
Taxes paid in advance	35,517
Due to external party	9,030,966
Other current liabilities	102,188
Current portion of long-term liabilities:	
Bonds payable	2,761,745
Compensated absences	90,485
Landfill liability	<u>14,000</u>
Total Current Liabilities	14,378,134
Noncurrent:	
Bonds payable, net of current portion	19,968,107
Compensated absences, net of current portion	814,366
Landfill liability, net of current portion	114,000
Net pension liability	18,642,700
Net OPEB liability	<u>2,059,555</u>
Total Noncurrent Liabilities	<u>41,598,728</u>
Total Liabilities	55,976,862
Deferred Inflows of Resources	
Related to pensions	950,844
Related to OPEB	166,440
Other	<u>132,527</u>
Total Deferred Inflows of Resources	1,249,811
Net Position	
Net investment in capital assets	23,033,074
Restricted for:	
Grants and other statutory restrictions	5,705,117
Permanent funds:	
Nonexpendable	395,550
Expendable	100,641
Unrestricted	<u>(14,032,245)</u>
Total Net Position	<u>\$ 15,202,137</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Statement of Activities
For the Year Ended December 31, 2020

					Net (Expenses) Revenues and Changes in Net Position
		Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General government	\$ 3,114,816	\$ 422,356	\$ -	\$ -	\$ (2,692,460)
Public safety	9,280,401	621,226	-	-	(8,659,175)
Highways and streets	2,542,588	4,130	-	169,501	(2,368,957)
Sanitation	2,763,824	1,963,826	-	88,813	(711,185)
Water distribution and treatment	939,186	1,009,286	-	-	70,100
Health and human services	17,050	-	-	-	(17,050)
Welfare	27,204	-	-	-	(27,204)
Culture and recreation	1,340,736	288,299	-	32,029	(1,020,408)
Conservation	144,390	-	-	-	(144,390)
Interest on long-term debt	<u>747,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(747,525)</u>
Total Governmental Activities	\$ 20,917,720	\$ 4,309,123	-	\$ 290,343	\$ (16,318,254)
General Revenues					
Property taxes					8,860,687
Motor vehicle permit fees					1,180,592
Penalties, interest and other taxes					508,186
Grants and contributions not restricted to specific programs					5,113,251
Investment income					186,638
Miscellaneous					<u>1,369,615</u>
Total general revenues					<u>17,218,969</u>
Change in Net Position					900,715
Net Position					
Beginning of year, as restated					<u>14,301,422</u>
End of year					<u>\$ 15,202,137</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
December 31, 2020

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and short-term investments	\$ 14,676,473	\$ -	\$ 1,575,488	\$ 1,466,202	\$ 17,718,163
Investments	1,697,405	-	791,935	597,006	3,086,346
Receivables:					
Property taxes	1,167,734	-	-	-	1,167,734
User fees	-	-	143,166	181,396	324,562
Departmental and other	48,916	-	-	-	48,916
Due from other governments	59,435	1,332,033	-	25,608	1,417,076
Due from other funds	560,845	-	36,125	813,842	1,410,812
Other assets	97,793	16,715	-	61,774	176,282
Total Assets	\$ <u>18,308,601</u>	\$ <u>1,348,748</u>	\$ <u>2,546,714</u>	\$ <u>3,145,828</u>	\$ <u>25,349,891</u>
Liabilities					
Accounts payable	\$ 451,456	\$ 272,546	\$ 161,388	\$ 59,995	\$ 945,385
Retainage payable	-	70,252	-	-	70,252
Accrued liabilities	276,544	-	15,942	9,973	302,459
Tax refunds payable	720,179	-	-	-	720,179
Taxes paid in advance	35,517	-	-	-	35,517
Due to other funds	9,868,882	572,896	-	-	10,441,778
Notes payable	-	25,828	-	-	25,828
Other liabilities	101,125	-	-	1,063	102,188
Total Liabilities	11,453,703	941,522	177,330	71,031	12,643,586
Deferred Inflows of Resources					
Unavailable revenues	727,831	-	50,561	31,966	810,358
Other	50,000	-	-	-	50,000
Fund Balances					
Nonspendable	97,793	-	-	457,324	555,117
Restricted	488,635	1,539,690	1,467,519	2,309,914	5,805,758
Committed	801,259	-	851,304	236,243	1,888,806
Assigned	980,531	-	-	39,350	1,019,881
Unassigned	3,708,849	(1,132,464)	-	-	2,576,385
Total Fund Balances	6,077,067	407,226	2,318,823	3,042,831	11,845,947
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>18,308,601</u>	\$ <u>1,348,748</u>	\$ <u>2,546,714</u>	\$ <u>3,145,828</u>	\$ <u>25,349,891</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
December 31, 2020

Total governmental fund balances	\$ 11,845,947
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	44,192,294
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	477,588
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(21,566,446)
Bond premiums	(1,163,406)
Pension liability, net of related deferred outflows and inflows of resources	(15,239,800)
OPEB liability, net of related deferred outflows and inflows of resources	(2,032,059)
Landfill	(128,000)
Compensated absences	(904,851)
Accrued interest	<u>(279,130)</u>
Net position of governmental activities	<u><u>\$ 15,202,137</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2020

	General <u>Fund</u>	Capital Project <u>Fund</u>	Sewer <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues					
Property taxes	\$ 8,678,077	\$ -	\$ -	\$ 170,610	\$ 8,848,687
Motor vehicle permit fees	1,180,592	-	-	-	1,180,592
Penalties, interest and other taxes	500,734	-	3,697	3,755	508,186
Charges for services	604,144	-	1,927,389	1,255,912	3,787,445
Intergovernmental	4,136,836	515,468	613,423	17,025	5,282,752
Licenses and permits	449,408	-	-	89,300	538,708
Investment income	97,968	-	51,304	37,366	186,638
Contributions	264,884	-	88,813	33,783	387,480
Miscellaneous	<u>707,798</u>	<u>252,619</u>	<u>1,153</u>	<u>30,403</u>	<u>991,973</u>
Total Revenues	16,620,441	768,087	2,685,779	1,638,154	21,712,461
Expenditures					
Current:					
General government	2,837,191	94,845	-	27,730	2,959,766
Public safety	7,869,066	138,982	-	-	8,008,048
Highways and streets	1,472,645	862,738	-	-	2,335,383
Sanitation	734,162	3,038,822	1,142,953	-	4,915,937
Water distribution and treatment	-	884,078	-	614,493	1,498,571
Health and human services	17,050	-	-	-	17,050
Welfare	27,204	-	-	-	27,204
Culture and recreation	907,400	-	-	243,663	1,151,063
Conservation	104,733	-	-	39,657	144,390
Debt service					
Principal	1,402,966	-	821,715	199,771	2,424,452
Interest	<u>391,434</u>	<u>-</u>	<u>274,287</u>	<u>61,404</u>	<u>727,125</u>
Total Expenditures	<u>15,763,851</u>	<u>5,019,465</u>	<u>2,238,955</u>	<u>1,186,718</u>	<u>24,208,989</u>
Excess (Deficiency) of Revenues over Expenditures	856,590	(4,251,378)	446,824	451,436	(2,496,528)
Other Financing Sources (Uses)					
Issuance of bonds	-	1,461,175	-	-	1,461,175
Issuance of loans (direct borrowings)	-	2,632,106	-	-	2,632,106
Bond premiums	-	223,825	-	-	223,825
Transfers in	224,783	867,781	-	-	1,092,564
Transfers out	<u>(652,300)</u>	<u>-</u>	<u>(215,922)</u>	<u>(224,342)</u>	<u>(1,092,564)</u>
Total Other Financing Sources (Uses)	<u>(427,517)</u>	<u>5,184,887</u>	<u>(215,922)</u>	<u>(224,342)</u>	<u>4,317,106</u>
Change in fund balance	429,073	933,509	230,902	227,094	1,820,578
Fund Balance, at Beginning of Year, as restated	<u>5,647,994</u>	<u>(526,283)</u>	<u>2,087,921</u>	<u>2,815,737</u>	<u>10,025,369</u>
Fund Balance, at End of Year	\$ <u><u>6,077,067</u></u>	\$ <u><u>407,226</u></u>	\$ <u><u>2,318,823</u></u>	\$ <u><u>3,042,831</u></u>	\$ <u><u>11,845,947</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net changes in fund balances - total governmental funds \$ 1,820,578

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay, net of disposals	4,410,037
Depreciation	(2,327,227)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Issuance of debt	(4,093,281)
Repayments of debt	2,424,452
Bond premiums, amortized	(112,821)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in deferred revenue.

12,000

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 the governmental funds:

Change in pension expense from GASB 68	(1,316,159)
Change in OPEB expense from GASB 75	166,173
Change in compensated absences	(59,607)
Change in accrued interest	(20,400)
Change in allowance for doubtful accounts	(17,030)
Change in landfill liability	14,000

Change in net position of governmental activities \$ 900,715

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2020

	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
Assets		
Cash and short-term investments	\$ 4,994	\$ 47,872
Investments	144,521	1,467,772
Due from primary government	<u>-</u>	<u>9,030,966</u>
Total Assets	149,515	10,546,610
Liabilities		
Due to school district	<u>-</u>	<u>9,030,966</u>
Total Liabilities	-	9,030,966
Net Position		
Restricted for individual organizations and other governments	<u>149,515</u>	<u>1,515,644</u>
Total Net Position	<u>\$ 149,515</u>	<u>\$ 1,515,644</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Fiduciary Funds Statement of Changes in Fiduciary Net Position For the Year Ended December 31, 2020

	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
Additions		
Contributions:		
From others	\$ 7,213	\$ -
Taxes collected on behalf of:		
School district	-	21,243,582
County	-	3,166,334
Fees collected on behalf of:		
State of New Hampshire	-	369,563
Interest income	<u>9,742</u>	<u>94,249</u>
Total Additions	16,955	24,873,728
Deductions		
Payments of taxes to:		
School district	-	21,243,582
County	-	3,166,334
Payments of fees to:		
State of New Hampshire	-	369,563
Payments on behalf of others	<u>11,501</u>	-
Total Deductions	<u>11,501</u>	<u>24,779,479</u>
Net increase	5,454	94,249
Net position restricted for other purposes		
Beginning of year	<u>144,061</u>	<u>1,421,395</u>
End of year	<u>\$ 149,515</u>	<u>\$ 1,515,644</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

The accounting policies of the Town of Durham, New Hampshire conform to generally accepted accounting principles (GAAP) as applicable to governmental units, except as noted in Note 2. The following is a summary of the more significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In year 2020, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

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 considers property tax revenues to be available if they are collected within 60 days of the end of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for the activity pertaining to various construction/renovation projects and the purchase of vehicles and equipment of the Town.
- The *sewer fund* accounts for sewerage treatment services provided to the Town's residents.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

- The *custodial fund* accounts for fiduciary assets held by the Town in custodial capacity as an agent on behalf of others and are not required to be reported elsewhere in the financial statements. Custodial funds include taxes collected on behalf of the School District and county, as well as fees collected on behalf of the State of New Hampshire. Custodial funds also include capital reserve funds held in a trust on behalf of the Oyster River Cooperative School District.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment 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 short-term investments".

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using the net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period investments measured at the NAV for fair value are not subject to level classification.

The Town invests in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool managed by the State Banking Commission. The portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and investments are valued at amortized cost.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. 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 five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and building improvements	10-50
Infrastructure	15-25
Equipment and Vehicles	5-15

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

2. Departures from Generally Accepted Accounting Principles

The significant departures of the financial statements from generally accepted accounting principles are as follows:

The government-wide Statement of Net Position does not include any of the Town's capital assets acquired in years prior to 2004, nor the accumulated depreciation on those assets.

3. Stewardship, Compliance, and Accountability

Budgetary Information

The Town's budget is originally prepared by the Town Administrator's office with the cooperation of the various department heads and submitted to the Town Council for review. The Town Council will review the budget for the following year and make modifications and amendments as necessary.

After reviewing the budget, the Town Council will hold public hearings for discussion.

The final version of the budget is then submitted for approval by the Town Council. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

Deficit Fund Equity

Certain individual funds reflected deficit balances as of December 31, 2020.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

4. Deposits and Investments

State statutes (RSA 41:29 for towns and 31:25 for trust funds) place certain limitation on the nature of deposits and investments available to the Town. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), established pursuant to RSA 383:22, in New Hampshire banks, or in banks outside the State if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

State statute RSA 35:9, for town capital reserve funds, limits funds be invested in federally or state-chartered banks or associations authorized by the State of New Hampshire; in bonds or notes of the State of New Hampshire; in stocks and bonds as are legal for investment by banks and associations chartered by the State of New Hampshire to engage in a banking business; in NHPDIP established pursuant to RSA 383:22; or in obligations with principal and interest fully guaranteed by the United States government.

NHPDIP is under the control of the New Hampshire Banking Commission and Advisory Committee. Participation units of the NHPDIP are considered short-term for financial presentation purposes due to high liquidity of the fund and is carried at amortized cost in accordance with GASB Statement 79.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have formal deposit policies related to custodial credit risk of deposits.

As of December 31, 2020, \$179,696 of Town's bank balance of \$18,146,867 was exposed to custodial credit risk as uninsured or uncollateralized. This amount represents the cash portion of investment accounts held by the Town's Trustees of Trust Funds.

Investment Summary

The following is a summary of the Town's investments as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 264,370
Corporate bonds	1,921,892
Equity mutual funds	778,432
Fixed income mutual funds	763,923
U.S. Treasury and agencies	970,022
NH Public Depository Investment Pool	<u>80,723</u>
Total investments	<u>\$ 4,779,362</u>

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of December 31, 2020, \$4,434,269 of the Town's total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Corporate bonds	\$ 1,921,892	\$ -	\$ 1,921,892
Equity mutual funds	778,432	-	778,432
Fixed income mutual funds	763,923	-	763,923
U.S. Treasury and agencies	<u>970,022</u>	<u>-</u>	<u>970,022</u>
Total	<u>\$ 4,434,269</u>	<u>\$ -</u>	<u>\$ 4,434,269</u>

Credit Risk – Investments of Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town does not have formal investment policies related to credit risk.

As of December 31, 2020, the credit quality ratings, as rated by S&P Global Ratings, of the Town's debt securities are as follows:

<u>Investment Type</u>	<u>Rating as of Year End</u>					
	<u>Amount</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Corporate bonds	\$ 1,921,892	\$ 56,415	\$ 157,417	\$ 1,362,065	\$ 345,995	\$ -
Fixed income mutual funds	763,923	-	-	-	-	763,923
Total	<u>\$ 2,685,815</u>	<u>\$ 56,415</u>	<u>\$ 157,417</u>	<u>\$ 1,362,065</u>	<u>\$ 345,995</u>	<u>\$ 763,923</u>

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

As of December 31, 2020, the Town does not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk – Investments of Debt Securities

Interest rate risk 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 formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Exempt</u>
Certificates of deposits	\$ 264,370	\$ 264,370	\$ -	\$ -	\$ -
Corporate bonds	1,921,892	-	1,473,818	448,074	-
Equity mutual funds	778,432	-	-	-	778,432
Fixed income mutual funds	763,923	-	-	-	763,923
U.S. Treasury and agencies	970,022	-	-	-	970,022
Total	<u>\$ 4,698,639</u>	<u>\$ 264,370</u>	<u>\$ 1,473,818</u>	<u>\$ 448,074</u>	<u>\$ 2,512,377</u>

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of December 31, 2020:

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Investment Type</u>	<u>Amount</u>			
Investments by fair value level:				
Corporate bonds	\$ 1,921,892	\$ 1,921,892	\$ -	\$ -
Equity mutual funds	778,432	778,432	-	-
Fixed income mutual funds	763,923	763,923	-	-
U.S. Treasury and agencies	970,022	970,022	-	-
Other investments at fair value:				
New Hampshire Public Deposit Investment Pool	<u>80,723</u>	-	-	-
Total	<u>\$ 4,514,992</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

5. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In August of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are lienied by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable at December 31, 2020 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Current Portion	Long- Term Portion
Real estate taxes	\$ 862,898	\$ (63,280)	\$ 799,618	\$ -
Tax liens	<u>304,836</u>	<u>(155,593)</u>	<u>-</u>	<u>149,243</u>
Total property taxes	<u>\$ 1,167,734</u>	<u>\$ (218,873)</u>	<u>\$ 799,618</u>	<u>\$ 149,243</u>

Taxes Collected for Others

The Town collects taxes for the State of New Hampshire, the Oyster River Cooperative School District and the County of Strafford. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

6. User Fee Receivables

Receivables for user charges and betterments at December 31, 2020 consist of the following:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
Water	\$ 115,272	\$ (11,392)	\$ 103,880
Sewer	143,166	(13,366)	129,800
Churchill Rink	<u>66,124</u>	<u>(6,612)</u>	<u>59,512</u>
Total	<u>\$ 324,562</u>	<u>\$ (31,370)</u>	<u>\$ 293,192</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2020.

8. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable

accounts must be utilized. The following is an analysis of interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
General Fund	\$ 560,845	\$ 9,868,882
Capital Project Fund	-	572,896
Sewer Fund	36,125	-
Nonmajor Funds:		
Special Revenue Funds:		
Water Fund	70,435	-
Impact Fee Fund	743,407	-
Subtotal nonmajor funds	<u>813,842</u>	<u>-</u>
Total governmental funds	1,410,812	10,441,778
Fiduciary Funds:		
Custodial Funds	<u>9,030,966</u>	<u>-</u>
Total	<u>\$ 10,441,778</u>	<u>\$ 10,441,778</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of major interfund transfers.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 224,783	\$ 652,300
Capital Project Fund	867,781	-
Sewer Fund	-	215,922
Nonmajor Funds:		
Water Fund	-	148,315
Depot Road Fund	-	76,027
Subtotal Nonmajor Funds	<u>-</u>	<u>224,342</u>
Total	<u>\$ 1,092,564</u>	<u>\$ 1,092,564</u>

Most of the transfers out of the general fund represent the Town's practice of using fund balance to fund various major capital project funds. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary

authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

9. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Land improvements	\$ 537,265	\$ -	\$ -	\$ 537,265
Buildings and improvements	22,689,457	208,983	-	22,898,440
Machinery, equipment, and furnishings	9,729,463	233,928	-	9,963,391
Infrastructure	17,358,851	-	-	17,358,851
Total capital assets, being depreciated	50,315,036	442,911	-	50,757,947
Less accumulated depreciation for:				
Land improvements	(177,412)	(12,119)	-	(189,531)
Buildings and improvements	(3,480,972)	(769,009)	-	(4,249,981)
Machinery, equipment, and furnishings	(5,033,193)	(781,319)	-	(5,814,512)
Infrastructure	(5,130,930)	(764,780)	-	(5,895,710)
Total accumulated depreciation	(13,822,507)	(2,327,227)	-	(16,149,734)
Total capital assets, being depreciated, net	36,492,529	(1,884,316)	-	34,608,213
Capital assets, not being depreciated:				
Land	3,421,891	-	-	3,421,891
Construction in progress	2,195,064	4,176,109	(208,983)	6,162,190
Total capital assets, not being depreciated	5,616,955	4,176,109	(208,983)	9,584,081
Governmental activities capital assets, net	\$ 42,109,484	\$ 2,291,793	\$ (208,983)	\$ 44,192,294

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

Governmental Activities	
Public safety	\$ 512,865
Highways and streets	957,547
Sanitation	606,540
Water distribution and treatment	94,864
Culture and recreation	155,411
Total governmental activities	\$ 2,327,227

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and

OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

11. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent 2020 expenditures paid in 2021.

12. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Board of Tax and Land Appeals.

13. Long-Term Debt

General Obligation Bonds and Direct Borrowings

The Town issues general obligation bonds (including direct placements) and direct borrowings to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds and direct borrowings currently outstanding are shown on the next page:

Governmental Activities

	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 12/31/20
<u>General Obligation Bonds</u>				
Public offerings:				
2020 GO Bond - Capital Improvements	\$ 1,461,175	08/15/40	2.10 - 5.10%	\$ 1,461,175
2020 GO Bond - Capital Improvements	1,270,900	02/15/29	2.13%	1,052,500
2018 GO Bond - Capital improvements	3,505,000	02/14/38	2.86%	3,160,000
2015 GO Bond - Capital improvements	1,790,000	09/01/25	2.00%	1,505,000
2014 GO Bond - Capital improvements	2,370,000	08/15/34	3.04%	2,130,000
2014 GO Bond - Capital Improvements	4,560,000	08/15/32	1.85-4.00%	2,105,000
2013 GO Bond - Capital improvements	3,528,000	03/01/33	2.00-4.125%	2,290,000
2010 GO Bond - Capital Improvements	1,384,000	08/15/30	3.00-5.00%	415,000
2008 GO Bond - Capital Improvements	990,000	11/15/28	3.00-4.050%	880,000
2006 GO Bond - Capital Improvements	3,800,154	11/15/26	3.80-4.00%	815,000
Total public offerings				15,813,675
Direct placements:				
2016 GO Bond - Capital improvements	1,182,550	01/15/27	2.20%	986,330
Total direct placements				986,330
Total general obligation bonds				\$ 16,800,005
<u>Loans - Direct Borrowings</u>				
2020 SRF - Dover Rd Pump Station Force Main Upgrade	2,135,696	02/01/40	2.00%	1,815,342
2020 SRF - WWTF Grit System Upgrade	816,764	04/01/40	2.00%	816,764
2014 SRF - Old Concord Road	155,868	02/01/34	3.10%	145,477
2013 SRF - Dover Rd Pump Station & WWTP Aeration	1,279,233	10/01/32	2.72%	787,960
2013 SRF - Water Meter Upgrade	320,607	01/01/23	1.70%	105,119
2013 SRF - Spruce Hole Well Dev	222,500	01/01/23	1.70%	74,077
2005 SRF - Wastewater improvements	3,290,757	06/01/24	3.69%	\$ 861,152
2004 SRF - Landfill closure	802,756	02/01/24	3.69%	160,550
Total loans - direct borrowings				4,766,441
Total governmental activities				\$ 21,566,446

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2020 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,931,225	\$ 605,548	\$ 196,220	\$ 19,541	\$ 509,967	\$ 100,471
2022	1,875,000	524,608	196,210	15,224	518,775	104,741
2023	1,784,950	447,164	134,620	11,585	527,887	89,563
2024	1,715,500	378,365	134,620	8,623	474,915	74,224
2025	1,595,000	313,598	108,220	5,952	207,660	59,626
2026 - 2030	4,462,000	867,281	216,440	4,761	1,038,300	277,025
2031 - 2035	1,980,000	220,231	-	-	830,912	113,868
Thereafter	470,000	25,606	-	-	658,025	39,482
Total	\$ 15,813,675	\$ 3,382,401	\$ 986,330	\$ 65,686	\$ 4,766,441	\$ 859,000

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2020:

General fund	\$ 12,479,930
Sewer fund	1,777,041
Special revenue fund	<u>7,309,475</u>
Total	<u>\$ 21,566,446</u>

Changes in General Long-Term Liabilities

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable:						
Public offerings	\$ 16,210,900	\$ 1,461,175	\$ (1,858,400)	\$ 15,813,675	\$ (1,931,225)	\$ 13,882,450
Direct placements	1,182,550	-	(196,220)	986,330	(196,220)	790,110
Loans payable (direct borrowings)	2,504,167	2,632,106	(369,832)	4,766,441	(509,967)	4,256,474
Unamortized premium	<u>1,050,585</u>	<u>223,825</u>	<u>(111,004)</u>	<u>1,163,406</u>	<u>(124,333)</u>	<u>1,039,073</u>
Subtotal	20,948,202	4,317,106	(2,535,456)	22,729,852	(2,761,745)	19,968,107
Compensated absences	845,224	59,627	-	904,851	(90,485)	814,366
Landfill liability	142,000	-	(14,000)	128,000	(14,000)	114,000
Net pension liability	14,620,397	4,022,303	-	18,642,700	-	18,642,700
Net OPEB liability	<u>2,266,571</u>	<u>-</u>	<u>(207,016)</u>	<u>2,059,555</u>	<u>-</u>	<u>2,059,555</u>
Totals	<u>\$ 38,822,394</u>	<u>\$ 8,399,036</u>	<u>\$ (2,756,472)</u>	<u>\$ 44,464,958</u>	<u>\$ (2,866,230)</u>	<u>\$ 41,598,728</u>

Long-Term Debt Supporting Governmental Activities

Bonds and loans issued by the Town for various municipal projects are approved by Town Council and repaid with revenues recorded in the general fund and user fees recorded in other special revenue funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the general fund and certain special revenue funds.

14. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$128,000 reported as landfill postclosure care liability at December 31, 2020 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

15. **Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

16. **Governmental Funds – Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2020:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved at Town meeting, capital reserve funds, and various special revenue funds.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

Unassigned

Represents amounts that are available to be spent in future periods and deficit funds.

Following is a breakdown of the Town's fund balances at December 31, 2020:

	General Fund	Capital Project Fund	Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 97,793	\$ -	\$ -	\$ 61,774	\$ 159,567
Nonexpendable permanent funds	-	-	-	395,550	395,550
Nonspendable	97,793	-	-	457,324	555,117
Restricted					
Bonded projects	-	1,539,690	-	-	1,539,690
Grant proceeds	2,500	-	-	-	2,500
Library operations	484,938	-	-	-	484,938
Police confidential	1,197	-	-	-	1,197
Special revenue funds	-	-	1,467,519	2,209,273	3,676,792
Expendable permanent funds	-	-	-	100,641	100,641
Total Restricted	488,635	1,539,690	1,467,519	2,309,914	5,805,758
Committed					
Capital reserve funds	801,259	-	851,304	236,243	1,888,806
Total Committed	801,259	-	851,304	236,243	1,888,806
Assigned					
Encumbrances					-
General government	12,318	-	-	-	12,318
Public safety	21,040	-	-	-	21,040
Highways and streets	45,274	-	-	-	45,274
Water	-	-	-	39,350	39,350
Reserved for abatements	381,347	-	-	-	381,347
Proceeds for future debt payments	155,202	-	-	-	155,202
Fire station improvements	365,350	-	-	-	365,350
Total Assigned	980,531	-	-	39,350	1,019,881
Unassigned	3,708,849	(1,132,464)	-	-	2,576,385
Total Unassigned	3,708,849	(1,132,464)	-	-	2,576,385
Total Fund Balance	\$ 6,077,067	\$ 407,226	\$ 2,318,823	\$ 3,042,831	\$ 11,845,947

17. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how undesignated fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$	3,708,849
Unavailable revenue		727,831
Allowance for doubtful accounts		(218,873)
Tax refunds payable		720,179
Other		15,511
Statutory Balance	\$	<u>4,953,497</u>

18. Retirement System (Town participating in NHRS)

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The 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 of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Benefits Provided

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced. Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012.

Contributions

Plan members are required to contribute a percentage of their Earnable Compensation to the pension plan; the contribution rates are 7.00% for employees and teachers, 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16 III, which is 10.88% for employees, 24.77% for police, and 26.43% for fire. The Town's contribution to NHRS for the year ended December 31, 2020 was \$1,288,309, which was equal to its contractually required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2020, the Town reported a liability of \$18,642,700 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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 employers, actuarially determined. At the most recent measurement date of June 30, 2020, the Town's proportion was 0.29146748%, which was a decrease of 0.01238635% from its previous year proportion.

For the year ended December 31, 2020, the Town recognized pension expense of \$2,604,606. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 503,443	\$ (200,169)
Changes of assumptions	1,844,133	-
Differences between projected and actual earnings on pension plan investments	1,153,071	-
Changes in proportion and differences between contributions and proportionate share of contributions	196,848	(750,675)
Contributions subsequent to the measurement date	<u>656,249</u>	<u>-</u>
Total	<u>\$ 4,353,744</u>	<u>\$ (950,844)</u>

The amounts reported as deferred outflows and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 426,660
2022	698,314
2023	869,413
2024	<u>752,264</u>
Total	<u>\$ 2,746,651</u>

Actuarial Assumptions

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

Price inflation	2.00% per year, previously 2.50%
Wage inflation	2.75% per year (2.25% for teachers), previously 3.25% (3.00% for teachers)
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation, previously 7.25%

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

Actuarial assumptions also reflect benefit changes resulting from CH 340 laws of 2019 (HB 616), which grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

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

Target Allocation

The long-term expected rate of return on pension plan investments 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 rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Large cap equities	22.50 %	3.71%
Small/mid cap equities	7.50	4.15%
Total domestic equities	30.00	
Int'l equities (unhedged)	13.00	3.96%
Emerging int'l equities	7.00	6.20%
Total international equities	20.00	
Core bonds	9.00	0.42%
Global multi-sector fixed income	10.00	1.66%
Absolute Return Fixed Income	6.00	0.92%
Total fixed income	25.00	
Private equity	10.00	7.71%
Private debt	5.00	4.81%
Total alternative investments	15.00	
Real estate	10.00	2.95%
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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 and 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 24,134,710	\$ 18,642,700	\$ 14,155,001

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

19. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

The Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

NHRS issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their website at <http://www.nhrs.org>.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 person Medicare Supplement - \$473.68

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Town contributed 0.29% of gross payroll for Group I employees, and 3.66% and 3.66% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the medical subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same in the Retirement System footnote.

Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2020 was \$1,386,137, representing 0.31667999%.

For the year December 31, 2020, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$(27,942). At December 31, 2020, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (4,016)
Change in assumptions	8,912	-
Changes in proportion	-	(23,159)
Net difference between projected and actual OPEB investment earnings	5,186	-
Contributions subsequent to the measurement date	<u>73,121</u>	<u>-</u>
Total	\$ <u><u>87,219</u></u>	\$ <u><u>(27,175)</u></u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in fiscal year 2021.

Other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended:</u>	
2021	\$ (17,870)
2022	1,535
2023	1,830
2024	<u>1,428</u>
Total	\$ <u><u>(13,077)</u></u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$	1,505,200	\$ 1,386,137	\$ 1,282,767

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Town OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2020.

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed above, the Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	15
Active employees	86
Total	<u>101</u>

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Salary increases	2.75% average, including inflation
Discount rate	2.12%
Healthcare cost trend rates	8% for 2020, fluctuating 0.5% per year to an ultimate rate of 4.5% for 2028 and later years
Retirees' share of benefit-related costs	100%

The discount rate was based on the Bond Buyer 20-Bond GO Index as of December 31, 2020.

Mortality rates were based on the following:

- General Employees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Police & Fire: SOA Pub-2010 Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of December 31, 2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.12%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town's total OPEB liability of \$673,418 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2019.

Changes in the Total OPEB Liability

The following summarizes the changes to the total OPEB liability for the past year:

	Total OPEB Liability
Balances, beginning of year	\$ 692,147
Changes for the year:	
Service cost	50,456
Interest	23,172
Differences between expected and actual experience	(114,712)
Changes in assumptions or other inputs	86,481
Benefit payments	<u>(64,126)</u>
Net Changes	<u>(18,729)</u>
Balances, end of year	<u>\$ 673,418</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 % in 2019 to 2.12% in 2020. All other assumptions were the same as those used in the previous measurement.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
\$ 721,557	\$ 673,418	\$ 628,647

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 604,433	\$ 673,418	\$ 755,364

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

For the year ended December 31, 2020, the Town recognized an OPEB expense of \$69,568. At December 31, 2020, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (120,062)
Change in assumptions	<u>106,717</u>	<u>(19,203)</u>
Total	<u>\$ 106,717</u>	<u>\$ (139,265)</u>

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended:

2021	\$ (4,060)
2022	(4,060)
2023	(4,060)
2024	(4,060)
Thereafter	<u>(4,060)</u>
Total	<u>\$ (20,300)</u>

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows

The following consolidates the Town's total OPEB liability and related deferred outflows/(inflows), and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/(inflows) at December 31, 2020:

	Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total OPEB Expense
Proportionate share of				
NHRS Medical Subsidy Plan	\$ 1,386,137	\$ 87,219	\$ (27,175)	\$ (27,942)
Town OPEB Plan	<u>673,418</u>	<u>106,717</u>	<u>(139,265)</u>	<u>69,568</u>
Total	<u>\$ 2,059,555</u>	<u>\$ 193,936</u>	<u>\$ (166,440)</u>	<u>\$ 41,626</u>

20. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreaks, impact on individuals served by the Town employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operation is uncertain.

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the Town's general fund has \$78,632 in encumbrances that will be honored in the next fiscal year.

21. Beginning Fund Balance/Net Position Restatement

The beginning January 01, 2020 fund balance/net position of the Town has been reclassified as follows:

Government-Wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported	\$ 13,574,180
Implementation of GASB 84 resulted in the reclassification of impact fees	<u>727,242</u>
As restated	<u><u>\$ 14,301,422</u></u>

Fund Basis Financial Statements:

	<u>Nonmajor Funds</u>
As previously reported	\$ 2,088,495
Implementation of GASB 84 resulted in the reclassification of impact fees	<u>727,242</u>
As restated	<u><u>\$ 2,815,737</u></u>

22. Change in Accounting Principle

During 2020 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This required moving certain items previously recorded through a general fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

Additionally, impact fees previously recorded as a liability in the general fund are now being recorded into a newly established special revenue fund that reports revenue and expenditures for these activities.

23. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending December 31, 2021. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Required Supplemental Information
General Fund
Schedule of Revenues and Other Sources, and Expenditures and Other Uses -
Budget and Actual
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 9,379,444	\$ 9,379,444	\$ 8,678,077	\$ (701,367)
Penalties, interest and other taxes	484,431	484,431	500,734	16,303
Charges for services	560,912	560,912	401,811	(159,101)
Intergovernmental	3,627,883	3,627,883	4,136,836	508,953
Licenses and permits	1,570,165	1,570,165	1,593,605	23,440
Investment income	67,880	67,880	63,321	(4,559)
Contributions	19,900	19,900	535	(19,365)
Miscellaneous	617,545	617,545	613,020	(4,525)
Total Revenues	16,328,160	16,328,160	15,987,939	(340,221)
Expenditures				
General government	2,978,610	2,978,610	2,788,181	190,429
Public safety	7,891,500	7,891,500	7,606,886	284,614
Highways and streets	1,610,000	1,610,000	1,468,202	141,798
Sanitation	711,400	711,400	734,162	(22,762)
Health and human services	17,450	17,450	17,050	400
Welfare	20,000	20,000	27,204	(7,204)
Culture and recreation	432,800	432,800	363,272	69,528
Conservation	111,300	111,300	104,733	6,567
Debt service	1,795,000	1,795,000	1,794,400	600
Total Expenditures	15,568,060	15,568,060	14,904,090	663,970
Excess (deficiency) of revenues over expenditures	760,100	760,100	1,083,849	323,749
Other Financing Sources (Uses)				
Transfers in:				
From Capital Project Fund	-	-	4,797	4,797
From Capital Reserve Fund	79,200	79,200	55,118	(24,082)
From Depot Road Fund	15,000	15,000	76,027	61,027
From Parking Fund	30,000	30,000	112	(29,888)
From Sewer Fund	203,000	203,000	203,000	-
From Water Fund	66,300	66,300	66,300	-
Transfers out:				
To Capital Project Fund	(662,300)	(662,300)	(662,300)	-
To Capital Reserve Fund	(70,000)	(70,000)	(178,015)	(108,015)
To Library Fund	(514,300)	(514,300)	(514,300)	-
Use of fund balance to reduce taxes	93,000	93,000	93,000	-
Total Other Financing Sources (Uses)	(760,100)	(760,100)	(856,261)	(96,161)
Excess (deficiency) of revenues and other sources over expenditures, and other uses.	\$ -	\$ -	\$ 227,588	\$ 227,588

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

Required Supplemental Information

Sewer Fund

Schedule of Revenues and Other Sources, and Expenditures and Other Uses -

Budget and Actual

For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 2,682,700	\$ 2,682,700	2,544,509	(138,191)
Intergovernmental	72,000	72,000	88,813	16,813
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,153</u>	<u>1,153</u>
Total Revenues	2,754,700	2,754,700	2,634,475	(120,225)
Expenditures				
Sanitation	1,355,700	1,355,700	1,142,953	212,747
Debt service	<u>1,149,300</u>	<u>1,149,300</u>	<u>1,096,002</u>	<u>53,298</u>
Total Expenditures	<u>2,505,000</u>	<u>2,505,000</u>	<u>2,238,955</u>	<u>266,045</u>
Excess (deficiency) of revenues over expenditures	<u>249,700</u>	<u>249,700</u>	<u>395,520</u>	<u>145,820</u>
Other Financing Sources (Uses)				
Transfers in	-	-	13,745	13,745
Transfers out	<u>(249,700)</u>	<u>(249,700)</u>	<u>(229,667)</u>	<u>20,033</u>
Total Other Financing Sources (Uses)	<u>(249,700)</u>	<u>(249,700)</u>	<u>(215,922)</u>	<u>33,778</u>
Excess (deficiency) of revenues and other sources over expenditures, and other uses.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>179,598</u>	\$ <u>179,598</u>

See Independent Auditors' Report.

Notes to the Required Supplementary Information

General Fund Budget

Budgetary Basis

The general fund final appropriation appearing on page 51 represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	Other Financing <u>Sources (Uses)</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 16,620,441	\$ 15,763,851	\$ (427,517)
Reverse beginning of year appropriation carryforwards from	-	(115,601)	-
Add end-of-year appropriation carryforwards from expenditures	-	78,632	-
Recognize use of fund balance as funding source to reduce tax rate	-	-	93,000
To eliminate library activity	(43,328)	(538,027)	(514,300)
To eliminate parking activity	(238,804)	(235,497)	10,112
To eliminate capital reserve activity	<u>(350,370)</u>	<u>(49,268)</u>	<u>(17,556)</u>
Budgetary Basis	\$ <u>15,987,939</u>	\$ <u>14,904,090</u>	\$ <u>(856,261)</u>

See Independent Auditors' Report.

Sewer Fund Budget

Budgetary Basis

The sewer fund final appropriation appearing on page 52 represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the sewer fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the sewer fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>Sewer Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	Other Financing <u>Sources (Uses)</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 2,685,779	\$ 2,238,955	\$ (215,922)
To eliminate capital reserve activity	<u>(51,304)</u>	<u>-</u>	<u>-</u>
Budgetary Basis	<u>\$ 2,634,475</u>	<u>\$ 2,238,955</u>	<u>\$ (215,922)</u>

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
December 31, 2020
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2020	June 30, 2020	0.29146748%	\$18,642,700	\$ 6,766,050	275.53%	58.72%
December 31, 2019	June 30, 2019	0.30385383%	\$14,620,397	\$ 6,595,728	221.66%	65.59%
December 31, 2018	June 30, 2018	0.29662183%	\$14,282,942	\$ 6,282,152	227.36%	64.73%
December 31, 2017	June 30, 2017	0.31273503%	\$15,380,286	\$ 6,245,115	246.28%	62.66%
December 31, 2016	June 30, 2016	0.31390000%	\$16,690,770	\$ 6,160,829	270.92%	58.30%
December 31, 2015	June 30, 2015	0.30896632%	\$12,239,784	\$ 6,004,318	203.85%	65.47%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions
December 31, 2020
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	June 30, 2020	\$ 1,288,309	\$ 1,288,309	\$ -	\$ 6,842,976	18.83%
December 31, 2019	June 30, 2019	\$ 1,334,325	\$ 1,334,325	\$ -	\$ 6,767,639	19.72%
December 31, 2018	June 30, 2018	\$ 1,286,745	\$ 1,286,745	\$ -	\$ 6,419,456	20.04%
December 31, 2017	June 30, 2017	\$ 1,195,801	\$ 1,195,801	\$ -	\$ 6,264,289	19.09%
December 31, 2016	June 30, 2016	\$ 1,115,632	\$ 1,115,632	\$ -	\$ 6,074,719	18.37%
December 31, 2015	June 30, 2015	\$ 1,199,885	\$ 1,199,885	\$ -	\$ 5,982,806	20.06%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contributions of the Net OPEB Liability
DECEMBER 31, 2020
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2020	June 30, 2020	0.31667999%	\$1,386,137	\$ 6,766,050	20.49%	7.74%
December 31, 2019	June 30, 2019	0.35912039%	\$1,574,424	\$ 6,595,728	23.87%	7.75%
December 31, 2018	June 30, 2018	0.34929370%	\$1,599,226	\$ 6,282,152	25.46%	7.53%
December 31, 2017	June 30, 2017	0.24393420%	\$1,115,350	\$ 6,245,115	17.86%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
December 31, 2020	June 30, 2020	\$ 143,653	\$ 143,653	\$ -	\$ 6,842,976	2.10%
December 31, 2019	June 30, 2019	\$ 159,399	\$ 159,399	\$ -	\$ 6,767,639	2.36%
December 31, 2018	June 30, 2018	\$ 159,345	\$ 159,345	\$ -	\$ 6,419,456	2.48%
December 31, 2017	June 30, 2017	\$ 148,489	\$ 148,489	\$ -	\$ 6,264,289	2.37%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in Total OPEB Liability

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 50,456	\$ 43,778	\$ 46,930
Interest	23,172	28,083	24,351
Differences between expected and actual experience	(114,712)	(21,027)	-
Changes of assumptions	86,481	36,104	(27,435)
Benefit payments, including refunds of member contributions	<u>(64,126)</u>	<u>(67,889)</u>	<u>(62,860)</u>
Net change in total OPEB liability	(18,729)	19,049	(19,014)
Total OPEB liability - beginning	<u>692,147</u>	<u>673,098</u>	<u>692,112</u>
Total OPEB liability - ending	\$ <u><u>673,418</u></u>	\$ <u><u>692,147</u></u>	\$ <u><u>673,098</u></u>
Covered employee payroll	\$6,842,976	\$6,767,639	\$6,419,456
Total OPEB liability as a percentage of covered employee payroll	9.84%	10.23%	10.49%

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

General Fund
Combining Schedule - General Fund Balance Sheet
December 31, 2020

	General Fund	Capital Reserve Fund	Library Fund	Parking Fund	Police Confidential Fund	Eliminate the Effect of Due To/From	Total General Fund
Assets							
Cash and short-term investments	\$ 14,384,400	\$ 64,201	\$ 220,422	\$ 6,253	\$ 1,197	\$ -	\$ 14,676,473
Investments	-	1,433,135	264,270	-	-	-	1,697,405
Receivables:							
Property taxes	1,167,734	-	-	-	-	-	1,167,734
Departmental and other	48,916	-	-	-	-	-	48,916
Due from other governments	59,435	-	-	-	-	-	59,435
Due from other funds	572,896	-	19,291	-	-	(31,342)	560,845
Other assets	97,793	-	-	-	-	-	97,793
Total Assets	\$ 16,331,174	\$ 1,497,336	\$ 503,983	\$ 6,253	\$ 1,197	\$ (31,342)	\$ 18,308,601
Liabilities							
Accounts payable	\$ 441,710	\$ 18	\$ 6,560	\$ 3,168	\$ -	\$ -	\$ 451,456
Accrued liabilities	260,974	-	12,485	3,085	-	-	276,544
Tax refunds payable	720,179	-	-	-	-	-	720,179
Taxes paid in advance	35,517	-	-	-	-	-	35,517
Due to other funds	9,888,173	12,051	-	-	-	(31,342)	9,868,882
Other liabilities	101,125	-	-	-	-	-	101,125
Total Liabilities	11,447,678	12,069	19,045	6,253	-	(31,342)	11,453,703
Deferred Inflows of Resources							
Unavailable revenues	727,831	-	-	-	-	-	727,831
Other	50,000	-	-	-	-	-	50,000
Fund Balances							
Nonspendable	97,793	-	-	-	-	-	97,793
Restricted	2,500	-	484,938	-	1,197	-	488,635
Committed	-	801,259	-	-	-	-	801,259
Assigned	615,181	365,350	-	-	-	-	980,531
Unassigned	3,390,191	318,658	-	-	-	-	3,708,849
Total Fund Balances	4,105,665	1,485,267	484,938	-	1,197	-	6,077,067
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,331,174	\$ 1,497,336	\$ 503,983	\$ 6,253	\$ 1,197	\$ (31,342)	\$ 18,308,601

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Nonmajor Governmental Funds
Combining Schedule - Nonmajor Governmental Funds Balance Sheet
December 31, 2020

	Water <u>Fund</u>	Conservation Commission <u>Fund</u>	Depot Road <u>Fund</u>	Church Hill Rink <u>Fund</u>	Downtown TIF <u>Fund</u>	Permanent <u>Fund</u>	Impact Fee <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Assets								
Cash and short-term investments	\$ 220,724	\$ 80,722	\$ 270,579	\$ 185,572	\$ 674,578	\$ 34,027	\$ -	\$ 1,466,202
Investments	134,842	-	-	-	-	462,164	-	597,006
Receivables:								
User fees	115,272	-	-	66,124	-	-	-	181,396
Due from other governments	25,608	-	-	-	-	-	-	25,608
Due from other funds	70,435	-	-	-	-	-	743,407	813,842
Other assets	61,774	-	-	-	-	-	-	61,774
Total Assets	\$ 628,655	\$ 80,722	\$ 270,579	\$ 251,696	\$ 674,578	\$ 496,191	\$ 743,407	\$ 3,145,828
Liabilities								
Accounts payable	\$ 37,484	\$ -	\$ 15,601	\$ 6,910	\$ -	\$ -	\$ -	\$ 59,995
Accrued liabilities	6,137	-	-	3,836	-	-	-	9,973
Other liabilities	-	1,063	-	-	-	-	-	1,063
Total Liabilities	43,621	1,063	15,601	10,746	-	-	-	71,031
Deferred Inflows of Resources								
Unavailable revenues	31,966	-	-	-	-	-	-	31,966
Fund Balances								
Nonspendable	61,774	-	-	-	-	395,550	-	457,324
Restricted	215,701	79,659	254,978	240,950	674,578	100,641	743,407	2,309,914
Committed	236,243	-	-	-	-	-	-	236,243
Assigned	39,350	-	-	-	-	-	-	39,350
Total Fund Balances	553,068	79,659	254,978	240,950	674,578	496,191	743,407	3,042,831
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 628,655	\$ 80,722	\$ 270,579	\$ 251,696	\$ 674,578	\$ 496,191	\$ 743,407	\$ 3,145,828

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

General Fund
Combining Schedule - General Fund Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2020

	General Fund	Capital Reserve Fund	Library Fund	Parking Fund	Police Confidential Fund	Eliminate the Effect of Txf In/Out	Total General Fund
Revenues							
Property taxes	\$ 8,678,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,678,077
Motor vehicle permit fees	1,180,592	-	-	-	-	-	1,180,592
Penalties, interest and other taxes	500,734	-	-	-	-	-	500,734
Charges for services	401,811	-	-	202,333	-	-	604,144
Intergovernmental	4,136,836	-	-	-	-	-	4,136,836
Licenses and permits	413,013	-	-	36,395	-	-	449,408
Investment income	63,321	26,272	8,375	-	-	-	97,968
Contributions	535	229,396	34,953	-	-	-	264,884
Miscellaneous	613,020	94,702	-	76	-	-	707,798
Total Revenues	15,987,939	350,370	43,328	238,804	-	-	16,620,441
Expenditures							
Current:							
General government	2,787,923	49,268	-	-	-	-	2,837,191
Public safety	7,633,569	-	-	235,497	-	-	7,869,066
Highways and streets	1,472,645	-	-	-	-	-	1,472,645
Sanitation	734,162	-	-	-	-	-	734,162
Health and human services	17,050	-	-	-	-	-	17,050
Welfare	27,204	-	-	-	-	-	27,204
Culture and recreation	369,373	-	538,027	-	-	-	907,400
Conservation	104,733	-	-	-	-	-	104,733
Debt service							
Principal	1,402,966	-	-	-	-	-	1,402,966
Interest	391,434	-	-	-	-	-	391,434
Total Expenditures	14,941,059	49,268	538,027	235,497	-	-	15,763,851
Excess (deficiency) of revenues over expenditures	1,046,880	301,102	(494,699)	3,307	-	-	856,590
Other Financing Sources/Uses							
Transfers in	405,354	188,015	514,300	-	-	(882,886)	224,783
Transfers out	(1,354,615)	(170,459)	-	(10,112)	-	882,886	(652,300)
Total Other Financing Sources (Uses)	(949,261)	17,556	514,300	(10,112)	-	-	(427,517)
Change in fund balance	97,619	318,658	19,601	(6,805)	-	-	429,073
Excess (deficiency) of revenues and other sources over expenditures and other uses							
Fund Balance, at Beginning of Year	4,008,046	1,166,609	465,337	6,805	1,197	-	5,647,994
Fund Balance, at End of Year	\$ 4,105,665	\$ 1,485,267	\$ 484,938	\$ -	\$ 1,197	\$ -	\$ 6,077,067

The accompanying notes are an integral part of these financial statements.

TOWN OF DURHAM, NEW HAMPSHIRE

Nonmajor Governmental Funds
Combining Schedule - Nonmajor Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2020

	Water <u>Fund</u>	Conservation Commission <u>Fund</u>	Depot Road <u>Fund</u>	Church Hill Rink <u>Fund</u>	Downtown TIF <u>Fund</u>	Permanent Trust <u>Fund</u>	Impact Fee <u>Fund</u>	Total Nonmajor <u>Funds</u>
Revenues								
Property taxes	\$ -	\$ 1,503	\$ -	\$ -	\$ 169,107	\$ -	\$ -	\$ 170,610
Penalties, interest and other taxes	3,755	-	-	-	-	-	-	3,755
Charges for services	1,016,793	-	19,784	204,539	-	-	14,796	1,255,912
Intergovernmental	17,025	-	-	-	-	-	-	17,025
Licenses and permits	-	-	89,300	-	-	-	-	89,300
Investment income	3,696	782	-	-	-	31,519	1,369	37,366
Contributions	25,608	-	-	-	-	8,175	-	33,783
Miscellaneous	<u>27,582</u>	<u>400</u>	<u>-</u>	<u>2,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,403</u>
Total Revenues	1,094,459	2,685	109,084	206,960	169,107	39,694	16,165	1,638,154
Expenditures								
Current:								
General government	-	-	24,669	-	-	3,061	-	27,730
Water distribution and treatment	614,493	-	-	-	-	-	-	614,493
Culture and recreation	-	-	-	243,663	-	-	-	243,663
Conservation	-	39,657	-	-	-	-	-	39,657
Debt service								
Principal	199,771	-	-	-	-	-	-	199,771
Interest	<u>61,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,404</u>
Total Expenditures	<u>875,668</u>	<u>39,657</u>	<u>24,669</u>	<u>243,663</u>	<u>-</u>	<u>3,061</u>	<u>-</u>	<u>1,186,718</u>
Excess (deficiency) of revenues over expenditures	218,791	(36,972)	84,415	(36,703)	169,107	36,633	16,165	451,436
Other Financing Sources/Uses								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(148,315)</u>	<u>-</u>	<u>(76,027)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,342)</u>
Total Other Financing Sources/Uses	<u>(148,315)</u>	<u>-</u>	<u>(76,027)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,342)</u>
Change in fund balance	70,476	(36,972)	8,388	(36,703)	169,107	36,633	16,165	227,094
Fund Balance, at Beginning of Year, as restated	<u>482,592</u>	<u>116,631</u>	<u>246,590</u>	<u>277,653</u>	<u>505,471</u>	<u>459,558</u>	<u>727,242</u>	<u>2,815,737</u>
Fund Balance, at End of Year	\$ <u>553,068</u>	\$ <u>79,659</u>	\$ <u>254,978</u>	\$ <u>240,950</u>	\$ <u>674,578</u>	\$ <u>496,191</u>	\$ <u>743,407</u>	\$ <u>3,042,831</u>

The accompanying notes are an integral part of these financial statements.