

TOWN OF FRANCESTOWN, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

**TOWN OF FRANCESTOWN, NEW HAMPSHIRE
FINANCIAL REPORT
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DECEMBER 31, 2020**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension schedules on pages 28 and 29 be presented to supplement the basic financial statements. Such information, although not a

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Town of Frankestown
Independent Auditor's Report

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

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

Other Information

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

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

Roberts & Heene, PLLC

Concord, New Hampshire
March 19, 2021

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,531,411
Investments	916,041
Intergovernmental receivable	344,580
Other receivables, net of allowance for uncollectibles	453,441
Prepaid items	5,450
Tax deeded property held for resale	3,543
Capital assets, not being depreciated:	
Land	3,498,101
Construction in progress	1,117,750
Capital assets, net of accumulated depreciation:	
Land improvements	1,560
Buildings and building improvements	2,153,932
Machinery, vehicles and equipment	1,444,039
Infrastructure	3,994,406
Total assets	17,464,254
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	89,974
LIABILITIES	
Accounts payable	77,077
Accrued payroll and benefits	11,779
Accrued interest payable	8,730
Intergovernmental payable	1,879,826
Performance and escrow deposits	14,055
Noncurrent obligations:	
Due within one year:	
Bonds payable	85,000
Unamortized bond premium	713
Accrued landfill postclosure care costs	5,500
Due in more than one year:	
Bonds payable	445,000
Unamortized bond premium	3,560
Compensated absences payable	9,210
Accrued landfill postclosure care costs	11,000
Net pension liability	342,871
Total liabilities	2,894,321
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	420
Deferred amounts related to pensions	46,619
Total deferred inflows of resources	47,039
NET POSITION	
Net investment in capital assets	11,675,515
Restricted for:	
Endowments:	
Nonexpendable	46,506
Expendable	25,683
Other purposes	91,051
Unrestricted	2,774,113
Total net position	\$ 14,612,868

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 501,176	\$ 3,265	\$ 6,734	\$ -	\$ (491,177)
Public safety	468,627	4,037	67,490	-	(397,100)
Highways and streets	724,692	-	-	94,819	(629,873)
Sanitation	132,003	13,254	-	-	(118,749)
Health	9,975	-	-	-	(9,975)
Welfare	10,612	-	-	-	(10,612)
Culture and recreation	130,260	-	-	-	(130,260)
Conservation	18,452	-	10,000	-	(8,452)
Interest on long-term debt	20,144	-	-	-	(20,144)
Capital outlay	7,502	-	-	740,614	733,112
Total primary government	<u>\$ 2,023,443</u>	<u>\$ 20,556</u>	<u>\$ 84,224</u>	<u>\$ 835,433</u>	<u>(1,083,230)</u>
General revenues:					
Property taxes					1,616,145
Other taxes					76,314
Licenses and permits					389,731
Grants and contributions not restricted to specific programs					96,009
Miscellaneous					71,992
Total general revenues					<u>2,250,191</u>
Change in net position					<u>1,166,961</u>
Net position, beginning					<u>13,445,907</u>
Net position, ending					<u>\$ 14,612,868</u>

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

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

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,471,072	\$ 970,883	\$ 89,456	\$ 3,531,411
Investments	-	794,305	121,736	916,041
Receivables, net of allowance for uncollectibles:				
Taxes	452,153	-	-	452,153
Accounts	1,288	-	-	1,288
Intergovernmental	344,580	-	-	344,580
Interfund receivable	14,406	-	2,600	17,006
Prepaid items	5,450	-	-	5,450
Tax deeded property held for resale	3,543	-	-	3,543
Total assets	<u>\$ 3,292,492</u>	<u>\$ 1,765,188</u>	<u>\$ 213,792</u>	<u>\$ 5,271,472</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 77,077	\$ -	\$ -	\$ 77,077
Accrued salaries and benefits	11,779	-	-	11,779
Intergovernmental payable	1,879,826	-	-	1,879,826
Interfund payable	2,600	14,406	-	17,006
Escrow and performance deposits	14,055	-	-	14,055
Total liabilities	<u>1,985,337</u>	<u>14,406</u>	<u>-</u>	<u>1,999,743</u>
Deferred inflows of resources:				
Deferred revenue	<u>315,420</u>	<u>-</u>	<u>-</u>	<u>315,420</u>
Fund balances:				
Nonspendable	8,993	-	46,506	55,499
Restricted	-	-	116,734	116,734
Committed	10,000	1,750,782	50,552	1,811,334
Assigned	20,887	-	-	20,887
Unassigned	951,855	-	-	951,855
Total fund balances	<u>991,735</u>	<u>1,750,782</u>	<u>213,792</u>	<u>2,956,309</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,292,492</u>	<u>\$ 1,765,188</u>	<u>\$ 213,792</u>	<u>\$ 5,271,472</u>

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

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

Total fund balances of governmental funds (Exhibit 3)		\$ 2,956,309
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 15,930,194	
Less accumulated depreciation	<u>(3,720,406)</u>	12,209,788
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (17,006)	
Payables	<u>17,006</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		315,000
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(8,730)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 530,000	
Unamortized bond premium	4,273	
Compensated absences payable	9,210	
Accrued landfill postclosure care costs	16,500	
Net pension liability	<u>342,871</u>	(902,854)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 89,974	
Deferred inflows of resources related to pensions	<u>(46,619)</u>	43,355
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 14,612,868</u></u>

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

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

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,734,859	\$ -	\$ 2,600	\$ 1,737,459
Licenses, permits and fees	389,731	-	-	389,731
Intergovernmental	1,008,932	-	-	1,008,932
Charges for services	20,556	-	-	20,556
Miscellaneous	23,046	22,125	28,555	73,726
Total revenues	<u>3,177,124</u>	<u>22,125</u>	<u>31,155</u>	<u>3,230,404</u>
Expenditures:				
Current:				
General government	470,727	3,085	178	473,990
Public safety	396,035	1,446	-	397,481
Highways and streets	495,437	-	-	495,437
Sanitation	135,253	-	-	135,253
Health	9,975	-	-	9,975
Welfare	10,612	-	-	10,612
Culture and recreation	98,390	-	8,614	107,004
Conservation	3,401	-	15,051	18,452
Debt service:				
Principal	85,000	-	-	85,000
Interest	20,156	-	-	20,156
Capital outlay	1,496,779	6,915	-	1,503,694
Total expenditures	<u>3,221,765</u>	<u>11,446</u>	<u>23,843</u>	<u>3,257,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,641)</u>	<u>10,679</u>	<u>7,312</u>	<u>(26,650)</u>
Other financing sources (uses):				
Transfers in	756,665	455,000	129	1,211,794
Transfers out	(455,000)	(756,165)	(629)	(1,211,794)
Total other financing sources and uses	<u>301,665</u>	<u>(301,165)</u>	<u>(500)</u>	<u>-</u>
Net change in fund balances	257,024	(290,486)	6,812	(26,650)
Fund balances, beginning	734,711	2,041,268	206,980	2,982,959
Fund balances, ending	<u>\$ 991,735</u>	<u>\$ 1,750,782</u>	<u>\$ 213,792</u>	<u>\$ 2,956,309</u>

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

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

Net change in fund balances of governmental funds (Exhibit 5)		\$ (26,650)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,507,404	
Depreciation expense	(374,709)	
		1,132,695
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (1,211,794)	
Transfers out	1,211,794	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue		(45,000)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 85,000	
Amortization of bond premium	713	
		85,713
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (701)	
Decrease in compensated absences payable	1,301	
Decrease in accrued landfill postclosure care costs	5,500	
		6,100
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 23,726	
Cost of benefits earned, net of employee contributions	(9,623)	
		14,103
Change in net position of governmental activities (Exhibit 2)		\$ 1,166,961

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

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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,674,319	\$ 1,674,319	\$ 1,689,859	\$ 15,540
Licenses, permits and fees	294,000	294,000	389,731	95,731
Intergovernmental	193,839	934,453	1,008,932	74,479
Charges for services	15,000	15,000	20,556	5,556
Miscellaneous	5,000	5,000	23,046	18,046
Total revenues	<u>2,182,158</u>	<u>2,922,772</u>	<u>3,132,124</u>	<u>209,352</u>
EXPENDITURES				
Current:				
General government	537,384	537,384	489,926	47,458
Public safety	381,958	381,958	395,872	(13,914)
Highways and streets	522,500	522,500	496,114	26,386
Sanitation	136,025	136,025	135,253	772
Health	10,700	10,700	9,975	725
Welfare	21,190	21,190	10,612	10,578
Culture and recreation	135,995	135,995	107,676	28,319
Conservation	11,940	11,940	3,401	8,539
Debt service:				
Principal	85,000	85,000	85,000	-
Interest on long-term debt	20,165	20,165	20,156	9
Interest on tax anticipation note	1	1	-	1
Capital outlay	450,000	1,545,507	1,496,779	48,728
Total expenditures	<u>2,312,858</u>	<u>3,408,365</u>	<u>3,250,764</u>	<u>157,601</u>
Deficiency of revenues under expenditures	<u>(130,700)</u>	<u>(485,593)</u>	<u>(118,640)</u>	<u>366,953</u>
Other financing sources (uses):				
Transfers in	450,500	805,393	756,665	(48,728)
Transfers out	(455,000)	(455,000)	(455,000)	-
Total other financing sources and uses	<u>(4,500)</u>	<u>350,393</u>	<u>301,665</u>	<u>(48,728)</u>
Net change in fund balance	<u>\$ (135,200)</u>	<u>\$ (135,200)</u>	183,025	<u>\$ 318,225</u>
Decrease in nonspendable fund balance			4,538	
Unassigned fund balance, beginning			1,079,292	
Unassigned fund balance, ending			<u>\$ 1,266,855</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

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

I. Summary of Significant Accounting Principles

I.A. Introduction

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

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

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

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

Government-Wide Financial Statements

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

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

TOWN OF FRANCESTOWN, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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Fund Financial Statements

Fund financial statements are provided for the governmental funds. Major individual funds are reported in separate columns with composite columns for nonmajor funds.

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

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

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

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

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

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

Governmental Funds

The Town reports the following major governmental funds:

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

TOWN OF FRANCESTOWN, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Expendable Trust Fund – Reports as a capital projects fund and used to account for the financial resources of funds in the custody of trustees of trust funds, which were established by Town Meeting for future capital outlay purposes.

The Town also reports four nonmajor governmental funds.

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

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town’s treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers’ acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

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

I.C.2. *Capital Assets and Depreciation*

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost

**TOWN OF FRANCESTOWN, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Land improvements	10
Buildings and building improvements	20-100
Machinery, vehicles and equipment	5-20
Infrastructure	40

I.C.3. *Long-Term Debt*

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

I.C.4. *Compensated Absences*

Full-time employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are entitled to their unused vacation leave upon termination.

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

I.C.5. *Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal of endowments in the Permanent Funds that must be permanently invested.
- Restricted for endowments, expendable, which consists of the income earned on nonexpendable endowments that is reported in the Permanent Funds.
- Restricted for other purposes, which consists of the Library Fund balance.
- Unrestricted, which consists of the remaining net position.

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The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the Permanent Funds, which are legally required to be maintained intact; and prepaid items and tax deeded property that is held for resale in the General Fund.
- Restricted, which represents the balance of the highway block grant, the expendable portion of Permanent Funds and the Library Fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by the highest decision making level of authority, Town Meeting.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of encumbrances.
- Unassigned, which represents the total fund balance in the General Fund, less any amounts categorized above.

I.D. Fund Balance Policy

The Town's policy is that it should maintain an appropriate level of unassigned fund balance following the guidelines established by the New Hampshire Government Finance Officers Association, which are 5% to 15% of regular General Fund operating revenues or 8% to 17% of regular General Fund operating expenditures. The unassigned fund balance at December 31, 2020 represents 16.2% of revenues and 16.7% of expenditures, including the school and county tax assessments.

I.E. Estimates

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

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II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2020, \$55,200 of the General Fund's unassigned fund balance from 2019 was so used, and \$80,000 was appropriated from fund balance.

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

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

II.B. Reconciliation of Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 3,888,789
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	360,000
Tax revenue deferred in the current year	(315,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,933,789</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 3,705,764
Adjustments:	
Basis difference:	
Encumbrances, beginning	1,888
Encumbrances, ending	(30,887)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,676,765</u>

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Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,266,855
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(315,000)
Per Exhibit 3 (GAAP basis)	<u>\$ 951,855</u>

The major Expendable Trust Fund is not budgeted.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2020, the Town had the following investments:

Certificates of Deposit	\$ 794,305
Mutual Funds	121,736
	<u>\$ 916,041</u>

Investment Risks

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town’s policy is to invest in fully insured or collateralized instruments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk, but requires investments to be fully insured or collateralized.

III.A.2. Receivables and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing. The final billing is

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levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of liened taxes levied prior to 2019, and 14% per annum for the redemption of taxes thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2019 property taxes on April 8th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Contoocook Valley Regional School District, and Hillsborough County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

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

For the New Hampshire education tax	\$ 214,303,259
For all other taxes	\$ 217,929,959

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

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$7.86	\$ 1,713,491
School portion:		
State of New Hampshire	\$1.83	391,785
Local	\$15.15	3,300,595
County portion	\$1.02	223,161
Total property taxes assessed		<u>\$ 5,629,032</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2020	\$ 425,388
Unredeemed (under tax lien):	
Levy of 2019	140,219
Levy of 2018	77,962
Timber	5,200
Less: allowance for estimated uncollectible taxes	(196,616)
Net taxes receivable	<u>\$ 452,153</u>

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Other Receivables and Uncollectible Accounts

Significant receivables include liens and reimbursements, and state grants for bridge reconstruction. The governmental funds report accounts receivable net of any allowance for uncollectible amounts and revenues net of uncollectibles. The allowance amount consists of the balance of the liens, for which collection is in doubt.

Accounts	\$ 1,288
Intergovernmental	344,580
Liens	31,208
Less: allowance for uncollectible amounts	<u>(31,208)</u>
Net total receivables	<u><u>\$ 345,868</u></u>

Deferred Revenue

Deferred revenue in the governmental funds of \$315,420 at December 31, 2020 represents \$315,000 of property taxes that are not expected to be collected within 60 days from year-end, and therefore, are deferred in accordance with generally accepted accounting principles; and \$420 in prepayments of taxes that will be applied to the 2020 billings. In the governmental activities, the prepayments are recorded as unearned revenue.

The notes continue on the following page.

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III.A.3. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 3,498,101	\$ -	\$ -	\$ 3,498,101
Construction in progress	459,287	946,851	(288,388)	1,117,750
Total capital assets not being depreciated	<u>3,957,388</u>	<u>946,851</u>	<u>(288,388)</u>	<u>4,615,851</u>
Being depreciated:				
Land improvements	61,880	-	-	61,880
Buildings and building improvements	3,450,113	41,459	-	3,491,572
Machinery, vehicles and equipment	2,696,232	209,671	-	2,905,903
Infrastructure	4,257,177	597,811	-	4,854,988
Total capital assets being depreciated	<u>10,465,402</u>	<u>848,941</u>	<u>-</u>	<u>11,314,343</u>
Total all capital assets	<u>14,422,790</u>	<u>1,795,792</u>	<u>(288,388)</u>	<u>15,930,194</u>
Less accumulated depreciation:				
Land improvements	(54,630)	(5,690)	-	(60,320)
Buildings and building improvements	(1,234,813)	(102,827)	-	(1,337,640)
Machinery, vehicles and equipment	(1,321,106)	(140,758)	-	(1,461,864)
Infrastructure	(735,148)	(125,434)	-	(860,582)
Total accumulated depreciation	<u>(3,345,697)</u>	<u>(374,709)</u>	<u>-</u>	<u>(3,720,406)</u>
Net book value, capital assets being depreciated	<u>7,119,705</u>	<u>474,232</u>	<u>-</u>	<u>7,593,937</u>
Net book value, all capital assets	<u>\$ 11,077,093</u>	<u>\$ 1,421,083</u>	<u>\$ (288,388)</u>	<u>\$ 12,209,788</u>

Depreciation Expense

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

General government	\$ 42,188
Public safety	71,146
Highways and streets	235,836
Sanitation	2,283
Culture and recreation	23,256
Total depreciation expense	<u>\$ 374,709</u>

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III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2020 consists of the balance of the 2020-2021 district assessment due to the Contoocook Valley Regional School District in the amount of \$1,879,331, and \$495 due to the State of New Hampshire for fees collected.

III.B.2. Long-Term Debt

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2020	Current Portion
General obligation bonds payable:						
Land purchase	\$ 985,745	2007	2026	4.56	\$ 285,000	\$ 50,000
Town Hall restoration	\$ 350,000	2017	2027	3.00	245,000	35,000
					<u>530,000</u>	<u>85,000</u>
Unamortized bond premium					4,273	713
Compensated absences payable:						
Accrued vacation leave					9,210	-
Accrued landfill postclosure care costs					16,500	5,500
Net pension liability					342,871	-
					<u>\$ 902,854</u>	<u>\$ 91,213</u>

Changes in Long-Term Liabilities

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

	General Obligation Bonds Payable	Unamortized Bond Premium	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Balance, beginning	\$ 615,000	\$ 4,986	\$ 10,511	\$ 22,000	\$ 259,853	\$ 912,350
Additions	-	-	-	-	83,018	83,018
Reductions	(85,000)	(713)	(1,301)	(5,500)	-	(92,514)
Balance, ending	<u>\$ 530,000</u>	<u>\$ 4,273</u>	<u>\$ 9,210</u>	<u>\$ 16,500</u>	<u>\$ 342,871</u>	<u>\$ 902,854</u>

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Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2021	\$ 85,000	\$ 20,802	\$ 105,802
2022	85,000	17,377	102,377
2023	85,000	13,952	98,952
2024	80,000	10,590	90,590
2025	80,000	7,425	87,425
2026-2027	115,000	5,287	120,287
Totals	<u>\$ 530,000</u>	<u>\$ 75,433</u>	<u>\$ 605,433</u>

Accrued Landfill Postclosure Care Costs

Federal and State laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site. A liability is being recognized based on the postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$16,500 as of December 31, 2020. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The Town annually appropriates an amount for postclosure care costs.

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

III.C.1. Receivables and Payables

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

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

Receivable Fund	Payable Fund	Amount
General	Expendable trust	\$ 14,406
Nonmajor	General	2,600
		\$ 17,006

The amount due to the General Fund from the Expendable Trust Fund of \$14,406 represents repayment for expenditures made for bridge improvements. The amount due to the nonmajor funds from the General Fund of \$2,600 represents land use change taxes collected on behalf of the Conservation Commission Fund.

III.C.2. Transfers

Transfers within the reporting entity are for the purposes of moving monies voted by Town Meeting, and distributing trust income to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

	Transfers In:			Total
	General Fund	Expendable Trust Fund	Nonmajor Funds	
Transfers out:				
General fund	\$ -	\$ 455,000	\$ -	\$ 455,000
Expendable trust fund	756,165	-	-	756,165
Nonmajor funds	500	-	129	629
	\$ 756,665	\$ 455,000	\$ 129	\$ 1,211,794

The amount transferred to the Expendable Trust Fund from the General Fund, and the amount from the Expendable Trust Fund to the General Fund represent voted appropriations. The amounts transferred from the Nonmajor Funds to the General Fund and Nonmajor Funds represent income earned in the Permanent Fund for cemetery maintenance and library purposes.

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III.D. Fund Equity

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

	General Fund	Expendable Trust Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ -	\$ 46,506
Prepaid items	5,450	-	-
Tax deeded property	3,543	-	-
Total nonspendable	<u>8,993</u>	<u>-</u>	<u>46,506</u>
Restricted:			
General government	-	-	25,683
Culture and recreation	-	-	91,051
Total restricted	<u>-</u>	<u>-</u>	<u>116,734</u>
Committed:			
Culture and recreation	10,000	-	4,542
Conservation	-	-	46,010
Capital outlay	-	1,750,782	-
Total committed	<u>10,000</u>	<u>1,750,782</u>	<u>50,552</u>
Assigned:			
General government	20,210	-	-
Highways and streets	677	-	-
Total assigned	<u>20,887</u>	<u>-</u>	<u>-</u>
Unassigned	951,855	-	-
Total fund balance	<u>\$ 991,735</u>	<u>\$ 1,750,782</u>	<u>\$ 213,792</u>

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

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The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage was provided from January 1 through December 31 at statutory levels. Contributions paid in 2020 to be recorded as an insurance expenditure/expense totaled \$26,407 for property/liability and \$13,090 for workers' compensation. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and other employees are 11.55% and 7%, respectively, of gross earnings. The rates of contribution from the Town for the period January 1st to June 30th were 29.43% for police and 11.38% for other employees, decreasing on July 1st to 28.43% for police and 11.17% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2018, 2019 and 2020 were \$24,361, \$24,147 and \$24,411, respectively. The amounts were paid on a monthly basis as due.

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

At December 31, 2020, the Town reported a liability of \$342,871 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of

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June 30, 2020, the Town's proportion was 0.0054%, which was the same as its proportion measured as of June 30, 2019.

For 2020, the Town recognized pension expense of \$9,623. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 13,777	\$ 42,938
Net differences between projected and actual earnings on pension plan investments	21,207	-
Changes in assumptions	33,917	-
Differences between expected and actual experience	9,259	3,681
Town contributions subsequent to the measurement date	11,814	-
	<u>\$ 89,974</u>	<u>\$ 46,619</u>

The Town reported \$11,814 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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

Year Ending December 31,	
2021	\$ 3,960
2022	(64)
2023	12,116
2024	15,529
	<u>\$ 31,541</u>

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Actuarial Assumptions

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

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.

Mortality rates were based on the RP-2014 Health Annuitant and Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 443,879	\$ 342,871	\$ 260,335

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

IV.C. Contingent Liabilities

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 8
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0054%	0.0054%	0.0060%	0.0073%	0.0058%	0.0100%	0.0106%
Town's proportionate share of the net pension liability	\$ 342,871	\$ 259,853	\$ 289,340	\$ 361,402	\$ 306,303	\$ 394,513	\$ 398,875
Town's covered-employee payroll	\$ 218,060	\$ 219,906	\$ 214,070	\$ 237,199	\$ 199,953	\$ 225,359	\$ 256,104
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	157.24%	118.17%	135.16%	152.36%	153.19%	175.06%	155.75%
Plan fiduciary position as a percentage of the total pension liability	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

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

EXHIBIT 9
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 24,411	\$ 24,147	\$ 24,361	\$ 30,795	\$ 22,348	\$ 28,716	\$ 35,467
Contribution in relation to the contractually required contribution	<u>(24,411)</u>	<u>(24,147)</u>	<u>(24,361)</u>	<u>(30,795)</u>	<u>(22,348)</u>	<u>(28,716)</u>	<u>(35,467)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 218,060	\$ 219,906	\$ 214,070	\$ 237,199	\$ 199,953	\$ 225,359	\$ 256,104
Contributions as a percentage of covered-employee payroll	11.19%	10.98%	11.38%	12.98%	11.18%	12.74%	13.85%

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

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NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
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The Pension Schedules are meant to present related information for ten years. Because this is the sixth year that the Town has reported pension schedules, only seven years are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 10
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Funds				
	George Bixby Memorial Library	Heritage Commission	Conservation Commission	Permanent Fund	Total
ASSETS					
Cash and cash equivalents	\$ 28,451	\$ 4,542	\$ 43,410	\$ 13,053	\$ 89,456
Investments	62,600	-	-	59,136	121,736
Interfund receivable	-	-	2,600	-	2,600
Total assets	<u>\$ 91,051</u>	<u>\$ 4,542</u>	<u>\$ 46,010</u>	<u>\$ 72,189</u>	<u>\$ 213,792</u>
FUND BALANCES					
Nonspendable	\$ -	\$ -	\$ -	\$ 46,506	\$ 46,506
Restricted	91,051	-	-	25,683	116,734
Committed	-	4,542	46,010	-	50,552
Total fund balances	<u>\$ 91,051</u>	<u>\$ 4,542</u>	<u>\$ 46,010</u>	<u>\$ 72,189</u>	<u>\$ 213,792</u>

EXHIBIT 11
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	Special Revenue Funds				Total
	George Bixby Memorial Library	Heritage Commission	Conservation Commission	Permanent Fund	
REVENUES					
Taxes	\$ -	\$ -	\$ 2,600	\$ -	\$ 2,600
Miscellaneous	20,709	11	1,101	6,734	28,555
Total revenues	<u>20,709</u>	<u>11</u>	<u>3,701</u>	<u>6,734</u>	<u>31,155</u>
EXPENDITURES					
Current:					
General government	-	-	-	178	178
Culture and recreation	8,614	-	-	-	8,614
Conservation	-	-	15,051	-	15,051
Total expenditures	<u>8,614</u>	<u>-</u>	<u>15,051</u>	<u>178</u>	<u>23,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,095</u>	<u>11</u>	<u>(11,350)</u>	<u>6,556</u>	<u>7,312</u>
Other financing uses:					
Transfers in	129	-	-	-	129
Transfers out	-	-	-	(629)	(629)
Total other financing sources and uses	<u>129</u>	<u>-</u>	<u>-</u>	<u>(629)</u>	<u>(500)</u>
Net change in fund balances	12,224	11	(11,350)	5,927	6,812
Fund balances, beginning	78,827	4,531	57,360	66,262	206,980
Fund balances, ending	<u>\$ 91,051</u>	<u>\$ 4,542</u>	<u>\$ 46,010</u>	<u>\$ 72,189</u>	<u>\$ 213,792</u>

EXHIBIT 12
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,629,319	\$ 1,616,145	\$ (13,174)
Land use change	-	2,600	2,600
Timber	5,000	20,907	15,907
Excavation	-	25	25
Interest and penalties on delinquent taxes	40,000	50,182	10,182
Total taxes	<u>1,674,319</u>	<u>1,689,859</u>	<u>15,540</u>
Licenses, permits and fees:			
Motor vehicle permits	270,000	357,272	87,272
Building permits	9,000	15,414	6,414
Other	15,000	17,045	2,045
Total licenses, permits and fees	<u>294,000</u>	<u>389,731</u>	<u>95,731</u>
Intergovernmental:			
State sources:			
Municipal aid	15,804	15,804	-
Meals and rooms distributions	80,205	80,205	-
Highway block grant	94,830	94,819	(11)
State and federal forest land	-	10,000	10,000
Bridge aid	743,614	740,614	(3,000)
Federal sources:			
FEMA	-	2,525	2,525
GOFERR	-	40,936	40,936
COVID First Responders	-	24,029	24,029
Total intergovernmental	<u>934,453</u>	<u>1,008,932</u>	<u>74,479</u>
Charges for services:			
Income from departments	<u>15,000</u>	<u>20,556</u>	<u>5,556</u>
Miscellaneous:			
Sale of property	-	11,228	11,228
Interest on investments	1,600	3,741	2,141
Rent of property	-	3,980	3,980
Fines and forfeits	-	100	100
Insurance dividends and reimbursements	-	3,709	3,709
Other	3,400	288	(3,112)
Total miscellaneous	<u>5,000</u>	<u>23,046</u>	<u>18,046</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	<u>805,393</u>	<u>756,665</u>	<u>(48,728)</u>
Total revenues and other financing sources	3,728,165	<u>\$ 3,888,789</u>	<u>\$ 160,624</u>
Use of fund balance	135,200		
Total revenues, other financing sources and use of fund balance	<u>\$ 3,863,365</u>		

EXHIBIT 13
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 113,901	\$ 100,164	\$ -	\$ 13,737
Election and registration	-	7,970	8,393	-	(423)
Financial administration	-	81,425	76,508	-	4,917
Revaluation of property	-	11,500	8,070	-	3,430
Legal	-	22,000	6,373	-	15,627
Personnel administration	-	167,294	148,434	-	18,860
Planning and zoning	-	4,700	11,735	-	(7,035)
General government buildings	1,011	82,681	65,200	20,210	(1,718)
Cemeteries	-	16,750	16,760	-	(10)
Insurance, not otherwise allocated	-	26,407	26,407	-	-
Advertising and regional associations	-	2,756	2,683	-	73
Total general government	<u>1,011</u>	<u>537,384</u>	<u>470,727</u>	<u>20,210</u>	<u>47,458</u>
Public safety:					
Police	163	220,087	171,031	-	49,219
Ambulance	-	64,401	64,401	-	-
Fire	-	87,210	90,223	-	(3,013)
Building inspection	-	9,760	7,757	-	2,003
Emergency management	-	500	62,623	-	(62,123)
Total public safety	<u>163</u>	<u>381,958</u>	<u>396,035</u>	<u>-</u>	<u>(13,914)</u>
Highways and streets:					
Highways and streets	-	432,500	406,543	677	25,280
Bridges	-	1,000	970	-	30
Street lighting	-	4,000	3,952	-	48
Other	-	85,000	83,972	-	1,028
Total highways and streets	<u>-</u>	<u>522,500</u>	<u>495,437</u>	<u>677</u>	<u>26,386</u>
Sanitation:					
Solid waste disposal	-	130,525	133,174	-	(2,649)
Solid waste clean-up	-	5,500	2,079	-	3,421
Total sanitation	<u>-</u>	<u>136,025</u>	<u>135,253</u>	<u>-</u>	<u>772</u>
Health:					
Administration	-	650	590	-	60
Health agencies and hospitals	-	10,050	9,385	-	665
Total health	<u>-</u>	<u>10,700</u>	<u>9,975</u>	<u>-</u>	<u>725</u>
Welfare:					
Administration and direct assistance	-	21,190	10,612	-	10,578

(continued)

EXHIBIT 13 (continued)
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Adjusted Budgetary Basis)
For the Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	36,100	11,452	-	24,648
Public library	714	88,595	86,111	-	3,198
Patriotic purposes	-	1,300	827	-	473
Other	-	10,000	-	10,000	-
Total culture and recreation	<u>714</u>	<u>135,995</u>	<u>98,390</u>	<u>10,000</u>	<u>28,319</u>
Conservation:					
Administration	-	1,440	401	-	1,039
Other	-	10,500	3,000	-	7,500
Total conservation	<u>-</u>	<u>11,940</u>	<u>3,401</u>	<u>-</u>	<u>8,539</u>
Debt service:					
Principal	-	85,000	85,000	-	-
Interest on long-term debt	-	20,165	20,156	-	9
Interest on tax anticipation note	-	1	-	-	1
Total debt service	<u>-</u>	<u>105,166</u>	<u>105,156</u>	<u>-</u>	<u>10</u>
Capital outlay:					
Machinery, vehicles and equipment	-	215,000	204,671	-	10,329
Buildings	-	50,000	56,331	-	(6,331)
Improvements other than buildings	-	1,280,507	1,235,777	-	44,730
Total capital outlay	<u>-</u>	<u>1,545,507</u>	<u>1,496,779</u>	<u>-</u>	<u>48,728</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	455,000	455,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 1,888</u>	<u>\$ 3,863,365</u>	<u>\$ 3,676,765</u>	<u>\$ 30,887</u>	<u>\$ 157,601</u>

EXHIBIT 14
TOWN OF FRANCESTOWN, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

Unassigned fund balance, beginning		\$ 1,079,292
Changes:		
Unassigned fund balance used to reduce tax rate		(55,200)
Unassigned fund balance appropriated		(80,000)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 160,624	
Unexpended balance of appropriations (Exhibit 13)	<u>157,601</u>	
Budget surplus		318,225
Decrease in nonspendable fund balance		<u>4,538</u>
Unassigned fund balance, ending		<u><u>\$ 1,266,855</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

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

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

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

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

Roberts & Greene, PLLC

Concord, New Hampshire
March 19, 2021

**TOWN OF HANCOCK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

TOWN OF HANCOCK, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Permanent Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 16-B to the financial statements, management has not recorded the long-term costs of retirement healthcare costs and obligations for other postemployment benefits for the single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

*Town of Hancock
Independent Auditor's Report*

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraphs, the financial statements referred to above do not present fairly the financial position of the governmental activities financial statements of the Town of Hancock, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

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

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

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

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

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

June 29, 2021

*Plodzik & Sanderson
Professional Association*

TOWN OF HANCOCK, NH
Management Discussion and Analysis
Fiscal Year Ended December 31, 2020

Having responsibility for the financial management of the Town of Hancock ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- The Town's total Net Position was \$6,865,450, an increase of \$363,966 or 6% over the prior year.
- Capital Assets net of depreciation totaled \$5,566,265, a decrease of \$489,231 or 8% over the prior year. Depreciation expense for 2020 was \$510,192.
- The Long-Term Debt obligations, including capital leases, of the Town were \$1,240,216, a decrease from the prior year of \$ 325,121 or 21%.
- The budgetary basis Unassigned Fund Balance of the General Fund for 2020 year end was \$630,713. This is an increase of \$182,200 or 41% over the prior year Unassigned Fund Balance.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) financial statements, 2) notes to the financial statements, and 3) required supplementary information. This report also contains required supplementary information and 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 the Town's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal 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 fiscal periods (e.g., uncollected taxes and employee accrued but unused paid time off).

The governmental activities of the Town include general government, public safety, roadways, buildings, cemetery, library, trust and capital reserve funds, grants,

TOWN OF HANCOCK, NH
Management Discussion and Analysis
Fiscal Year Ended December 31, 2020

conservation, sanitation, culture and recreation.

Fund Financial Statements. A fund is a set of reports that is used to segregate specific activities. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and fiduciary funds.

Governmental Funds. Governmental funds are used to report on the general operations of the Town. They are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-side financial statements, fund financial statements focus only on current expenditures and revenue (inflows and outflows of spendable resources this year), as well as on balances (of spendable resources) available at the end of the fiscal year. Such information may be useful in evaluating a government's current 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.

The Town adopts an annual appropriated budget for its general fund as well as several non-major funds. A budgetary comparison statement has been provided for the major general fund to demonstrate compliance with this budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Hancock town government, such as developer's performance bonds, capital reserve and expendable trust funds belonging to other governments, and trust funds for which the income is used for purposes that are not normally funded by the Town. Fiduciary funds are not reflected in the government-wide financial statement because these funds are not available to support the Town's own programs. The accounting used for the fiduciary funds is much like that used for businesses.

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

Required Supplementary Information. In addition to this Management's Discussion and Analysis, the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes Funding Progress for other Postemployment Benefits Plans and information about the New Hampshire

TOWN OF HANCOCK, NH
Management Discussion and Analysis
Fiscal Year Ended December 31, 2020

Retirement System as required under GASB 68 and GASB 75.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may, over time serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$6,865,450 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position \$4,326,049 reflects its investment in capital assets (e.g., land, buildings, vehicles, etc.) The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its 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.

COMPARATIVE STATEMENT OF NET POSITION

	Governmental Activities 2020	Governmental Activities 2019 (As Restated)	Change
Current and other assets	\$ 3,417,622	\$ 2,799,525	\$ 618,097
Capital assets	5,566,265	6,055,496	(489,231)
Total assets	<u>8,983,887</u>	<u>8,855,021</u>	<u>128,866</u>
Deferred outflows of resources	<u>277,024</u>	<u>78,866</u>	<u>198,158</u>
Current liabilities	122,313	88,192	34,121
Long-term liabilities	2,207,643	2,241,885	(34,242)
Total liabilities	<u>2,329,956</u>	<u>2,330,077</u>	<u>(121)</u>
Deferred inflows of resources	<u>65,505</u>	<u>102,326</u>	<u>(36,821)</u>
Net position:			
Net investment in capital assets	4,326,049	4,490,159	(164,110)
Restricted position	2,197,119	1,844,889	352,230
Unrestricted position	342,282	166,436	175,846
Total net position	<u>\$ 6,865,450</u>	<u>\$ 6,501,484</u>	<u>\$ 363,966</u>

At the end of the current fiscal year, the Town is able to report a positive balance in net position.

TOWN OF HANCOCK, NH
Management Discussion and Analysis
Fiscal Year Ended December 31, 2020

COMPARATIVE STATEMENT OF GOVERNMENTAL ACTIVITIES

	<u>2020</u>	<u>2019</u>	<u>Difference</u>
	<u>Amount</u>	<u>Amount</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 139,995	\$ 148,745	\$ (8,750)
Operating grants and contributions	426,653	244,248	182,405
Capital grants and contributions	4,940	200	4,740
General revenues:			
Taxes	1,941,389	1,723,692	217,697
Licenses and permits	406,441	385,741	20,700
Intergovernmental	149,504	95,941	53,563
Miscellaneous	210,256	297,188	(86,932)
Total revenues	<u>3,279,178</u>	<u>2,895,755</u>	<u>383,423</u>
Expenses:			
General government	859,989	893,377	(33,388)
Public safety	641,959	551,526	90,433
Highways and streets	913,051	991,899	(78,848)
Sanitation	151,701	165,056	(13,355)
Water distribution and treatment	133,481	68,250	65,231
Health	12,493	12,283	210
Welfare	8,630	3,797	4,833
Culture and recreation	141,489	186,432	(44,943)
Conservation	5,706	6,374	(668)
Interest on long-term debt	46,713	18,902	27,811
Total governmental activities	<u>2,915,212</u>	<u>2,897,896</u>	<u>\$ 17,316</u>
Change in net position	363,966	(2,141)	
Beginning net position	6,501,484	6,819,916	
Restatement of capital assets	-	(316,291)	
Ending net position	<u>\$ 6,865,450</u>	<u>\$ 6,501,484</u>	

GOVERNMENTAL ACTIVITIES HIGHLIGHTS

Revenues received in 2020 increased by \$383,423.

The Town realized an increase of \$17,316 in actual expenditures over the 2019 expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets includes land, building improvements, equipment and machinery, and infrastructure with a capitalization threshold in excess of \$5,000 and a useful life of over 1 year.

Assets are depreciated on a straight-line basis, with the original cost divided evenly by the useful life of the asset.

TOWN OF HANCOCK, NH
Management Discussion and Analysis
Fiscal Year Ended December 31, 2020

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

- Acquisitions:
 - Dell Server for Town Office
 - Sand & Salt Mix Building (Construction in Progress)

CAPITAL ASSETS: GOVERNMENTAL ACTIVITIES (at original cost)

Capital asset activity for the year ended December 31, 2020 consisted of the

	2019 (As Restated)	Additions	Deletions	2020
At cost:				
Not being depreciated:				
Land	\$ 1,149,820	\$ -	\$ -	\$ 1,149,820
Construction in progress	-	14,181	-	14,181
Total capital assets not being depreciated	<u>1,149,820</u>	<u>14,181</u>	<u>-</u>	<u>1,164,001</u>
Being depreciated:				
Land improvements	312,433	-	-	312,433
Buildings and building improvements	2,691,664	-	-	2,691,664
Machinery, equipment, and vehicles	2,430,442	6,780	-	2,437,222
Infrastructure	4,469,050	-	-	4,469,050
Total capital assets being depreciated	<u>9,903,589</u>	<u>6,780</u>	<u>-</u>	<u>9,910,369</u>
Total all capital assets	<u>11,053,409</u>	<u>20,961</u>	<u>-</u>	<u>11,074,370</u>
Less accumulated depreciation:				
Land improvements	(220,918)	(12,497)	-	(233,415)
Buildings and building improvements	(1,031,803)	(96,325)	-	(1,128,128)
Machinery, equipment, and vehicles	(1,134,076)	(165,804)	-	(1,299,880)
Infrastructure	(2,611,116)	(235,566)	-	(2,846,682)
Total accumulated depreciation	<u>(4,997,913)</u>	<u>(510,192)</u>	<u>-</u>	<u>(5,508,105)</u>
Net book value, capital assets being depreciated	<u>4,905,676</u>	<u>(503,412)</u>	<u>-</u>	<u>4,402,264</u>
Net book value, all capital assets	<u>\$ 6,055,496</u>	<u>\$ (489,231)</u>	<u>\$ -</u>	<u>\$ 5,566,265</u>

following:

Additional information on the Town's net capital assets, depreciation, and debt may be found in the notes to the financial statements.

TOWN OF HANCOCK, NH
Management Discussion and Analysis
Fiscal Year Ended December 31, 2020

Long-term debt. At the end of the current fiscal year, the Town had a total debt outstanding of \$2,207,643.

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
<u>Governmental activities:</u>				
Notes payable	\$ 1,283,704	\$ -	\$ (232,357)	\$ 1,051,347
Capital leases	281,633	-	(92,764)	188,869
Compensated absences	56,930	9,587	(25,555)	40,962
Accrued landfill postclosure care costs	112,500	2,212	-	114,712
Net pension liability	444,588	295,536	-	740,124
Net other postemployment benefits	62,530	9,099	-	71,629
Total long-term liabilities	<u>\$ 2,241,885</u>	<u>\$ 316,434</u>	<u>\$ (350,676)</u>	<u>\$ 2,207,643</u>

NH RSA 33:4-A establishes a debt limit. Towns may not incur outstanding indebtedness exceeding 3% of the town valuation (\$250,769,628) Hancock's debt is less than .01% of the valuation, so it is well within the debt limit.

The Town issues bonds and notes through the NH Municipal Bond Bank and local area banks.

REQUESTS FOR INFORMATION.

This financial report is designed to provide a general overview of the Town of Hancock's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Hancock
Town Administrator
PO Box 6
Hancock, NH 03449
603-525-4441 x.101

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 619,151
Investments	2,483,107
Taxes receivables (net)	279,608
Account receivables (net)	7,060
Intergovernmental receivable	9,740
Prepaid items	18,956
Capital assets:	
Land and construction in progress	1,164,001
Other capital assets, net of depreciation	4,402,264
Total assets	8,983,887
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	271,061
Amounts related to other postemployment benefits	5,963
Total deferred outflows of resources	277,024
LIABILITIES	
Accounts payable	70,376
Accrued salaries and benefits	17,842
Accrued interest payable	17,333
Intergovernmental payable	868
Escrow and performance deposits	15,894
Long-term liabilities:	
Due within one year	307,143
Due in more than one year	1,900,500
Total liabilities	2,329,956
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	3,162
Amounts related to pensions	62,135
Amounts related to other postemployment benefits	208
Total deferred inflows of resources	65,505
NET POSITION	
Net investment in capital assets	4,326,049
Restricted	2,197,119
Unrestricted	342,282
Total net position	\$ 6,865,450

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 859,989	\$ 7,714	\$ -	\$ 4,940	\$ (847,335)
Public safety	641,959	9,599	35,487	-	(596,873)
Highways and streets	913,051	73	92,791	-	(820,187)
Sanitation	151,701	17,933	-	-	(133,768)
Water distribution and treatment	133,481	99,106	44	-	(34,331)
Health	12,493	-	-	-	(12,493)
Welfare	8,630	-	-	-	(8,630)
Culture and recreation	141,489	5,570	298,256	-	162,337
Conservation	5,706	-	75	-	(5,631)
Interest on long-term debt	46,713	-	-	-	(46,713)
Total governmental activities	<u>\$ 2,915,212</u>	<u>\$ 139,995</u>	<u>\$ 426,653</u>	<u>\$ 4,940</u>	<u>(2,343,624)</u>
General revenues:					
Taxes:					
Property					1,846,364
Other					95,025
Motor vehicle permit fees					376,859
Licenses and other fees					29,582
Grants and contributions not restricted to specific programs					149,504
Unrestricted investment earnings					143,067
Miscellaneous					67,189
Total general revenues					<u>2,707,590</u>
Change in net position					363,966
Net position, beginning, as restated (see Note 20)					6,501,484
Net position, ending					<u>\$ 6,865,450</u>

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

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

	General	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 315,971	\$ 44,726	\$ 132,637	\$ 493,334
Investments	400,688	1,439,305	1	1,839,994
Receivables:				
Taxes	294,608	-	-	294,608
Accounts	4,851	-	2,209	7,060
Intergovernmental receivable	9,740	-	-	9,740
Interfund receivable	8,372	-	11,037	19,409
Voluntary tax liens	18,982	-	-	18,982
Voluntary tax liens reserved until collected	(18,982)	-	-	(18,982)
Prepaid items	18,956	-	-	18,956
Restricted assets:				
Cash and cash equivalents	125,817	-	-	125,817
Investments	643,113	-	-	643,113
Total assets	<u>\$ 1,822,116</u>	<u>\$ 1,484,031</u>	<u>\$ 145,884</u>	<u>\$ 3,452,031</u>
LIABILITIES				
Accounts payable	\$ 66,384	\$ -	\$ 3,992	\$ 70,376
Accrued salaries and benefits	17,842	-	-	17,842
Intergovernmental payable	868	-	-	868
Interfund payable	11,037	-	8,372	19,409
Escrow and performance deposits	15,894	-	-	15,894
Total liabilities	<u>112,025</u>	<u>-</u>	<u>12,364</u>	<u>124,389</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	59,876	-	-	59,876
FUND BALANCES				
Nonspendable	18,956	1,299,385	-	1,318,341
Restricted	626,146	184,646	86,942	897,734
Committed	354,191	-	46,578	400,769
Assigned	61,923	-	-	61,923
Unassigned	588,999	-	-	588,999
Total fund balances	<u>1,650,215</u>	<u>1,484,031</u>	<u>133,520</u>	<u>3,267,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,822,116</u>	<u>\$ 1,484,031</u>	<u>\$ 145,884</u>	<u>\$ 3,452,031</u>

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

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

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)	\$ 3,267,766
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.	
Cost	\$ 11,074,370
Less accumulated depreciation	<u>(5,508,105)</u>
	5,566,265
Pension and other postemployment benefit (OPEB) related deferred outflows of current year, and therefore, are not reported in the governmental funds as follows:	
Deferred outflows of resources related to pensions	\$ 271,061
Deferred inflows of resources related to pensions	(62,135)
Deferred outflows of resources related to OPEB	5,963
Deferred inflows of resources related to OPEB	<u>(208)</u>
	214,681
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.	
Receivables	\$ (19,409)
Payables	<u>19,409</u>
	-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.	56,714
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.	(15,000)
Interest on long-term debt is not accrued in governmental funds.	
Accrued interest payable	(17,333)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.	
Notes	\$ 1,051,347
Capital leases	188,869
Compensated absences	40,962
Accrued landfill postclosure care costs	114,712
Net pension liability	740,124
Other postemployment benefits	<u>71,629</u>
	<u>(2,207,643)</u>
Net position of governmental activities (Exhibit A)	<u>\$ 6,865,450</u>

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

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

	General	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,932,176	\$ -	\$ -	\$ 1,932,176
Licenses and permits	406,441	-	100	406,541
Intergovernmental	274,810	-	1,426	276,236
Charges for services	31,631	-	109,058	140,689
Miscellaneous	409,914	101,589	2,820	514,323
Total revenues	<u>3,054,972</u>	<u>101,589</u>	<u>113,404</u>	<u>3,269,965</u>
EXPENDITURES				
Current:				
General government	782,517	-	-	782,517
Public safety	513,038	-	7,513	520,551
Highways and streets	555,607	-	840	556,447
Water distribution and treatment	-	-	92,695	92,695
Sanitation	139,718	-	-	139,718
Health	12,493	-	-	12,493
Welfare	8,630	-	-	8,630
Culture and recreation	134,950	-	270	135,220
Conservation	5,706	-	-	5,706
Debt service:				
Principal	312,208	-	12,913	325,121
Interest	40,428	-	3,449	43,877
Capital outlay	66,961	-	-	66,961
Total expenditures	<u>2,572,256</u>	<u>-</u>	<u>117,680</u>	<u>2,689,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>482,716</u>	<u>101,589</u>	<u>(4,276)</u>	<u>580,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,685	-	-	10,685
Transfers out	-	(10,685)	-	(10,685)
Total other financing sources (uses)	<u>10,685</u>	<u>(10,685)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	493,401	90,904	(4,276)	580,029
Fund balances, beginning	1,156,814	1,393,127	137,796	2,687,737
Fund balances, ending	<u>\$ 1,650,215</u>	<u>\$ 1,484,031</u>	<u>\$ 133,520</u>	<u>\$ 3,267,766</u>

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

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

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 580,029
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 20,961	
Depreciation expense	<u>(510,192)</u>	
		(489,231)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (10,685)	
Transfers out	<u>10,685</u>	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Decrease in deferred tax revenue	\$ (2,787)	
Decrease in allowance for uncollectable taxes	<u>12,000</u>	
		9,213
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of note principal	\$ 232,357	
Repayment of capital leases	<u>92,764</u>	
		325,121
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (2,836)	
Decrease in compensated absences	15,968	
Increase in accrued landfill postclosure care costs	(2,212)	
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	(66,689)	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>(5,397)</u>	
		<u>(61,166)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 363,966</u></u>

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,970,232	\$ 1,970,232	\$ 1,941,389	\$ (28,843)
Licenses and permits	391,500	391,500	406,441	14,941
Intergovernmental	195,735	274,599	274,810	211
Charges for services	27,700	27,700	31,631	3,931
Miscellaneous	46,341	46,341	65,746	19,405
Total revenues	<u>2,631,508</u>	<u>2,710,372</u>	<u>2,720,017</u>	<u>9,645</u>
EXPENDITURES				
Current:				
General government	810,168	849,816	777,007	72,809
Public safety	497,645	535,320	513,038	22,282
Highways and streets	629,891	629,957	581,476	48,481
Sanitation	144,551	146,026	139,718	6,308
Health	12,613	12,613	12,493	120
Welfare	12,500	12,500	8,630	3,870
Culture and recreation	142,174	142,174	97,031	45,143
Conservation	2,440	2,440	1,956	484
Debt service:				
Principal	311,526	311,526	312,208	(682)
Interest	41,252	41,252	40,428	824
Capital outlay	25,000	25,000	32,161	(7,161)
Total expenditures	<u>2,629,760</u>	<u>2,708,624</u>	<u>2,516,146</u>	<u>192,478</u>
Excess of revenues over expenditures	<u>1,748</u>	<u>1,748</u>	<u>203,871</u>	<u>202,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	19,252	19,252	17,534	(1,718)
Transfers out	(21,000)	(21,000)	(21,000)	-
Total other financing sources (uses)	<u>(1,748)</u>	<u>(1,748)</u>	<u>(3,466)</u>	<u>(1,718)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>200,405</u>	<u>\$ 200,405</u>
Increase in nonspendable fund balance			(18,205)	
Unassigned fund balance, beginning			448,513	
Unassigned fund balance, ending			<u>\$ 630,713</u>	

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

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

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 539	\$ 2,238,880
Investments	17,341	277,456
Total assets	<u>17,880</u>	<u>2,516,336</u>
LIABILITIES		
Intergovernmental payables:		
School	-	2,230,258
NET POSITION		
Restricted	-	286,078
Unrestricted	17,880	-
Total net position	<u>\$ 17,880</u>	<u>\$ 286,078</u>

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

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

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Investment earnings	\$ 455	\$ 5,072
Change in fair market value	641	17,511
Tax collections for other governments	-	4,657,071
Total additions	<u>1,096</u>	<u>4,679,654</u>
DEDUCTIONS		
Benefits paid	-	5,060
Payments of taxes to other governments	-	4,657,071
Total deductions	<u>-</u>	<u>4,662,131</u>
Change in net position	1,096	17,523
Net position, beginning	16,784	268,555
Net position, ending	<u>\$ 17,880</u>	<u>\$ 286,078</u>

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

The Town of Hancock is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting, and Measurement Focus

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town’s single employer plan which have been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense of the Town’s single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

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

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports 10 nonmajor governmental funds.

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

The Town reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

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

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

1-D Restricted Assets

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation and unavailable for general use.

1-E Investments

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

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

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

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

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

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

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

Level 3 – Inputs are significant unobservable inputs.

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

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

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-F Receivables

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

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The nonspendable fund balance in the general fund level is equal to the amount of prepaid items at year-end to indicate that portion of the fund balance that is nonspendable.

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1-H Capital Assets

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

Capital assets are defined by the Town as assets with an estimated useful life of three years and the following capital asset thresholds:

	<u>Amount</u>
Capital Asset Classes:	
Land improvements	\$ 25,000
Buildings and building improvements	\$ 25,000
Machinery and equipment	\$ 5,000
Vehicles	\$ 10,000
Infrastructure	\$ 10,000

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

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

	<u>Years</u>
Capital Asset Classes:	
Land improvements	25
Buildings and building improvements	10 - 200
Machinery, equipment, and vehicles	5 - 30
Infrastructure	5 - 60

1-I Interfund Activities

Interfund activities are reported as follows:

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

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

1-J Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 18, 2020 and November 10, 2020, and were due on July 2, 2020 and December 17, 2020, respectively. Interest accrues at a rate of 12% (from January 1, 2020 through March 31, 2020) and 8% (after April 1, 2020) on bills outstanding after the due date and 18% on bills outstanding after the due date and 18% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on April 16, 2020.

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

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

For the New Hampshire education tax	\$244,895,428
For all other taxes	\$250,769,628

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 7.60	\$1,906,301
School portion:		
State of New Hampshire	2.01	492,806
Local	15.47	3,878,607
County portion	1.14	285,658
Total	\$ 26.22	\$6,563,372

1-K Accounts Payable

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

1-L Deferred Outflows/Inflows of Resources

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

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

1-M Long-term Obligations

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

1-N Compensated Absences

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

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1-O Defined Benefit Pension Plan

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

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

1-P Postemployment Benefits Other Than Pensions

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

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with GASB Statement No. 75.

1-Q Net Position/Fund Balances

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

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

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

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

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

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

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

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Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

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

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

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

The Town’s policy is to maintain a minimum unassigned fund balance of 6% of the town’s annual budget, unless appropriations for emergency are required. The Town shall strive to achieve and maintain an unassigned fund balance of between 7% and 8% of the town’s annual budget.

1-R Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, none of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,737,551
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	344,168
To eliminate transfers between general fund and blended funds	(6,849)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(9,213)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,065,657</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,537,146
Adjustment:	
Basis differences:	
Encumbrances, beginning	80,674
Encumbrances, ending	(61,923)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	37,359
To eliminate transfers between general fund and blended expendable trust funds	(21,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,572,256</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$2,858,570 and the bank balances totaled \$2,810,602. Petty cash totaled \$135.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 619,151
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	2,239,419
Total cash and cash equivalents	<u>\$2,858,570</u>

NOTE 4 – RESTRICTED ASSETS

Cash and/or investments are classified as restricted for the following purposes:

Cash and cash equivalents:	
General fund:	
Library	\$ 12,291
Capital reserve funds	97,627
Escrow accounts	15,899
Total restricted cash and cash equivalents	<u>125,817</u>
Investments:	
General fund:	
Library	386,549
Capital reserve funds	256,564
Total restricted investments	<u>643,113</u>
Total restricted assets	<u>\$ 768,930</u>

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NOTE 5 – INVESTMENTS

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

Investments type:	Valuation Measurement Method	Fair Value	Less Than 1			Total
			Year	1-5 Years	6-10 Years	
American depository receipts	Level 1	\$ 34,658	\$ -	\$ -	\$ -	\$ 34,658
Common stock	Level 1	484,498	-	-	-	484,498
Corporate bonds	Level 2	-	188,357	505,161	129,499	823,017
Convertible bonds	Level 2	-	-	46,479	-	46,479
Equity exchange traded funds	Level 1	302,279	-	-	-	302,279
Equity iShares	Level 1	15,195	-	-	-	15,195
Equity mutual funds	Level 1	312,618	-	-	-	312,618
Fixed income mutual funds	Level 2	243,375	-	-	-	243,375
New Hampshire Public Deposit Investm	Level 2	400,690	-	-	-	400,690
U.S. Government Notes & Bonds	Level 2	-	20,248	-	-	20,248
U.S. Government agency bonds	Level 2	-	20,009	74,838	-	94,847
Total fair value		<u>\$ 1,793,313</u>	<u>\$ 228,614</u>	<u>\$ 626,478</u>	<u>\$ 129,499</u>	<u>\$ 2,777,904</u>

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

Credit Risk - The Town has a formal policy addressing credit risk that limits the Town to investing in fixed income securities (bonds or mutual funds), including U.S. Treasury, agency, corporate (rated A or better by a national recognized agency). Bond mutual funds should be investment-grade funds, with the exception of a conservation high-yield bond fund, which may be used to enhance income but is limited to no more than 10% of the overall pooled fund. The Town’s investment pool had the following credit risk structure:

Credit Rating*	Corporate Bonds	Convertible Bonds	U.S. Governmen Agency Bonds
	Fair Value	Fair Value	Fair Value
Aaa	\$ 212,050	\$ -	\$ 115,095
Aa1	22,444	-	-
Aa2	122,557	-	-
A1	97,925	-	-
A2	241,190	-	-
A3	58,899	46,479	-
Baa2	30,624	-	-
NR	37,328	-	-
	<u>\$ 823,017</u>	<u>\$ 46,479</u>	<u>\$ 115,095</u>

* Per Moody's

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have custodial credit risk policies for investments.

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Concentration of Credit Risk – International funds are limited to no more than 20% of the equity portfolio. The equity portion of a portfolio shall be in the range of 25% to no more than 60% of the total portfolio. The fixed income portion of a portfolio shall be in the range of 40% to no more than 75% of the total portfolio. The Town has not more than 5% of investments in any one issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$2,483,107
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	294,797
Total investments	\$2,777,904

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 219,760	\$ 219,760
Unredeemed (under tax lien):		
Levy of 2019	52,692	52,692
Levy of 2018	17,994	17,994
Levies of 2017 and prior	3,664	3,664
Yield	498	498
Less: allowance for estimated uncollectible taxes	(15,000) *	-
Net taxes receivable	\$ 279,608	\$ 294,608

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

NOTE 7 – OTHER RECEIVABLES

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

Receivables as of December 31, 2020 for the Town’s individual major general fund and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Funds	Total
Receivables:			
Accounts	\$ 4,851	\$ 2,209	\$ 7,060
Intergovernmental	9,740	-	9,740
Voluntary tax liens	18,982	-	18,982
Gross receivables	33,573	2,209	35,782
Less: allowance for uncollectibles	(18,982)	-	(18,982)
Net total receivables	\$ 14,591	\$ 2,209	\$ 16,800

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NOTE 8 – CAPITAL ASSETS

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

	Balance, beginning (as restated)	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 1,149,820	\$ -	\$ 1,149,820
Construction in progress	-	14,181	14,181
Total capital assets not being depreciated	<u>1,149,820</u>	<u>14,181</u>	<u>1,164,001</u>
Being depreciated:			
Land improvements	312,433	-	312,433
Buildings and building improvements	2,691,664	-	2,691,664
Machinery, equipment, and vehicles	2,430,442	6,780	2,437,222
Infrastructure	4,469,050	-	4,469,050
Total capital assets being depreciated	<u>9,903,589</u>	<u>6,780</u>	<u>9,910,369</u>
Total all capital assets	<u>11,053,409</u>	<u>20,961</u>	<u>11,074,370</u>
Less accumulated depreciation:			
Land improvements	(220,918)	(12,497)	(233,415)
Buildings and building improvements	(1,031,803)	(96,325)	(1,128,128)
Machinery, equipment, and vehicles	(1,134,076)	(165,804)	(1,299,880)
Infrastructure	(2,611,116)	(235,566)	(2,846,682)
Total accumulated depreciation	<u>(4,997,913)</u>	<u>(510,192)</u>	<u>(5,508,105)</u>
Net book value, capital assets being depreciated	<u>4,905,676</u>	<u>(503,412)</u>	<u>4,402,264</u>
Net book value, all capital assets	<u>\$6,055,496</u>	<u>\$(489,231)</u>	<u>\$5,566,265</u>

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

General government	\$ 80,973
Public safety	66,522
Highways and streets	297,516
Sanitation	9,771
Water	40,786
Culture and recreation	14,624
Total depreciation expense	<u>\$ 510,192</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor	General	\$ 11,037
General	Nonmajor	8,372
		<u>\$ 19,409</u>

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

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Interfund Transfers – Interfund transfers for the year ended December 31, 2020 consisted of \$10,685 from the permanent fund to the blended general fund.

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

NOTE 10 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$2,231,126 at December 31, 2020 consist of:

	Governmental Fund General	Fiduciary Funds
Miscellaneous town clerk fees due to the state	\$ 868	\$ -
Taxes due to the Contoocook Valley Regional School District	-	2,230,258
Total intergovernmental payables due	\$ 868	\$ 2,230,258

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$271,061 and amounts related to OPEB totaling \$5,963. For further discussion on these amounts, see Notes 14 and 16, respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Tax overpayments to be applied to future billings	\$ 3,162	\$ 3,162
Deferred property taxes not collected within 60 days of fiscal year-end	-	56,714
Amounts related to pensions (see Note 14)	62,135	-
Amounts related to other postemployment benefits (see Note 16)	208	-
Total deferred inflows of resources	\$ 65,505	\$59,876

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2020
Capital lease obligations:		
2018 Highway Truck	2.94%	\$ 32,157
Kenworth Dump Truck and Plow	3.92%	156,712
Total capital lease obligations		\$ 188,869

Leased equipment under the capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
2018 Highway Truck	\$ 156,322
Kenworth Dump Truck and Plow	226,471
Total equipment	382,793
Less: accumulated depreciation	(130,469)
Total capital lease equipment	\$ 252,324

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The annual requirements to amortize the capital leases payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 76,197
2022	43,095
2023	43,095
2024	43,095
Total requirements	205,482
Less: interest	(16,613)
Present value of remaining payments	<u>\$ 188,869</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 13 – LONG-TERM LIABILITIES

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

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Notes payable	\$ 1,283,704	\$ -	\$ (232,357)	\$ 1,051,347	\$ 233,917
Capital leases	281,633	-	(92,764)	188,869	69,103
Compensated absences	56,930	9,587	(25,555)	40,962	-
Accrued landfill postclosure care costs	112,500	2,212	-	114,712	4,123
Net pension liability	444,588	295,536	-	740,124	-
Net other postemployment benefits	62,530	9,099	-	71,629	-
Total long-term liabilities	<u>\$ 2,241,885</u>	<u>\$ 316,434</u>	<u>\$ (350,676)</u>	<u>\$ 2,207,643</u>	<u>\$ 307,143</u>

Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020	Current Portion
General obligation notes payable:						
Water System Upgrades	\$ 200,000	2013	2028	2.75	\$ 115,725	\$ 13,270
Meetinghouse	\$ 640,000	2014	2029	2.75	292,066	44,042
CAT Purchase	\$ 138,900	2016	2021	1.95	27,780	27,780
Road Project	\$ 350,000	2016	2021	1.95	70,000	70,000
Fire Truck	\$ 512,246	2018	2029	2.95	461,021	51,225
Backhoe/Duncan Road Repairs	\$ 140,000	2019	2024	2.95	84,755	27,600
Total					<u>\$ 1,051,347</u>	<u>\$ 233,917</u>

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2021	\$ 233,917	\$ 27,765	\$ 261,682
2022	137,714	22,433	160,147
2023	139,345	18,477	157,822
2024	115,371	14,655	130,026
2025	115,146	11,385	126,531
2026-2029	309,854	17,590	327,444
Totals	<u>\$ 1,051,347</u>	<u>\$ 112,305</u>	<u>\$ 1,163,652</u>

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Accrued Landfill Postclosure Care Costs – Federal and State laws and regulations require that the Town perform certain maintenance and monitoring functions at its landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2020. The estimated liability for landfill postclosure care costs is \$114,712 as of December 31, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2020 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 15, 2014	Meetinghouse repair and renovation	\$ 345,000

NOTE 14 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

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Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$54,160, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2020 the Town reported a liability of \$740,124 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was .01% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$119,775. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 104,426	\$ 54,188
Changes in assumptions	73,213	-
Net difference between projected and actual investment earnings on pension plan investments	45,777	-
Differences between expected and actual experience	19,987	7,947
Contributions subsequent to the measurement date	27,658	-
Total	\$ 271,061	\$ 62,135

The \$27,658 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2021	\$ 42,637
2022	39,186
2023	44,167
2024	55,278
Thereafter	-
Totals	\$181,268

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

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

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

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

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	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 collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 958,160	\$ 740,124	\$ 561,960

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

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NOTE 15 – SUPPLEMENTAL RETIREMENT PLAN

All full-time employees employed by the Town, with the exception of police officers, are eligible to participate in a defined contribution pension plan administered by the International City/County Management Association (ICMA). Police officers participate in the New Hampshire Retirement System pension plan, as described in Note 14. Participation in the ICMA plan begins after the completion of a six-month probationary period of employment with the Town. The Town has no requirement or obligation under State Statutes to contribute to this plan, however the Town has adopted the Supplemental Retirement Plan 457 for its employees. The Board of Selectmen has the authority to establish and amend the benefit provisions and contribution requirements of the plan. The Town contributes 4% of each employee's salary and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended December 31, 2020 were \$19,297 which consisted of \$9,129 from the Town and \$10,168 from employees.

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

16-A New Hampshire Retirement System (NHRS)

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

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

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

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

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$7,983, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2020, the Town reported a liability of \$71,629 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the

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Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town's proportion was .02% which was an increase of .01% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$13,327. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 1,147	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	268	-
Changes in assumptions	461	-
Differences between expected and actual experience	-	208
Contributions subsequent to the measurement date	4,087	-
Total	\$ 5,963	\$ 208

The \$4,087 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2021	\$ 1,420
2022	79
2023	95
2024	74
Thereafter	-
Totals	\$ 1,668

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

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

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

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

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

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	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 OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 77,782	\$ 71,629	\$ 66,288

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

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

16-B Town of Hancock Retiree Health Benefit Program

The Town provides postemployment benefit options for healthcare to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town’s contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

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The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2020 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

NOTE 17 – ENCUMBRANCES

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

General fund:	
General government	\$ 490
Highways and streets	58,993
Culture and Recreation	2,440
Total encumbrances	<u>\$ 61,923</u>

NOTE 18 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

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

	Governmental Activities	Fiduciary Funds Activities
Net investment in capital assets:		
Net book value, all capital assets	\$ 5,566,265	\$ -
Less:		
Notes payable	(1,051,347)	-
Capital leases payable	(188,869)	-
Total net investment in capital assets	<u>4,326,049</u>	<u>-</u>
Restricted net position:		
Library	626,146	-
Perpetual care - nonexpendable	1,299,385	-
Perpetual care - expendable	184,646	-
Water distribution and treatment	85,519	-
Drug seizure Fund	1,423	-
School trust funds	-	286,078
Total restricted net position	<u>2,197,119</u>	<u>286,078</u>
Unrestricted	342,282	17,880
Total net position	<u>\$ 6,865,450</u>	<u>\$ 303,958</u>

NOTE 19 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 18,956	\$ -	\$ -	\$ 18,956
Permanent fund - principal balance	-	1,299,385	-	1,299,385
Total nonspendable fund balance	<u>18,956</u>	<u>1,299,385</u>	<u>-</u>	<u>1,318,341</u>

(Continued)

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Governmental fund balances continued:

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Restricted:				
Library	626,146	-	-	626,146
Permanent - income balance	-	184,646	-	184,646
Water distribution and treatment	-	-	85,519	85,519
Drug seizure	-	-	1,423	1,423
Total restricted fund balance	<u>626,146</u>	<u>184,646</u>	<u>86,942</u>	<u>897,734</u>
Committed:				
Expendable trust	354,191	-	-	354,191
History	-	-	3,234	3,234
Police equipment	-	-	8,288	8,288
Police special detail	-	-	21,753	21,753
Baseball	-	-	39	39
Recreation	-	-	2,727	2,727
Recreation revolving	-	-	250	250
Highway	-	-	806	806
Conservation commission	-	-	9,481	9,481
Total committed fund balance	<u>354,191</u>	<u>-</u>	<u>46,578</u>	<u>400,769</u>
Assigned:				
Encumbrances	61,923	-	-	61,923
Unassigned				
	<u>588,999</u>	<u>-</u>	<u>-</u>	<u>588,999</u>
Total governmental fund balances	<u>\$ 1,650,215</u>	<u>\$ 1,484,031</u>	<u>\$ 133,520</u>	<u>\$ 3,267,766</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENT

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

	Government-wide Statements
To restate capital assets and accumulated depreciation	\$ (316,291)
Net position, as previously reported	6,817,775
Net position, as restated	<u>\$ 6,501,484</u>

NOTE 21 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020 to December 31, 2020 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid \$23,833 and \$28,809 respectively, to Primex³ for Workers' Compensation and Property/Liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

TOWN OF HANCOCK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 22 – CAFETERIA BENEFIT PLAN

Effective February 1, 2008, the Town implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the Town, into any combination of the following benefit categories:

1. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending Account

In addition to directing the Town's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$2,500 into the medical spending account. This cap applies to both Town contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the Town begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within 90 days of the end of the plan year or separation of service from the Town, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the Town.

NOTE 23 – DONATION

The Hancock Town Library received a donation of \$223,750 during 2020 as beneficiaries of The Anonymous Trust, in support of the library.

NOTE 24 – CONTINGENT LIABILITIES

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 25 – COVID-19

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$78,864. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 26 – TAX ASSESSMENT APPEALS

The Town has pending legal appeals regarding the tax assessment valuation of utility companies. At its December 13, 2019 meeting, the Board of Selectmen authorized a series of abatements related to a settlement with Eversource regarding the 2015 and 2016 tax year assessments totaling \$53,266. This amount will be refunded in the form of a tax credit of \$8,878 for six consecutive tax billings, beginning with the tax bill due December 1, 2019 and ending with the taxes due on July 1, 2022. The total amount abated in 2020 was \$17,755. Tax assessment appeals for the 2017 and 2018 tax years are ongoing and any potential settlement amount is unknown at this time.

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

NOTE 27 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through June 29, 2021, the date the December 31, 2020 financial statements were available to be issued, and the following subsequent events occurred:

On January 6, 2021, the Town refinanced its Fire Truck note, with a principal balance of \$435,409, as well as the Meetinghouse note, with a principal balance of \$270,225. The total amount of principal retired was \$705,634. A new 8-year loan was issued through the New Hampshire Municipal Bond Bank for \$707,125, which consisted of \$580,500 principal and \$126,625 premium. The True Interest Cost for the new loan is approximately 1.30%.

The following Warrant Articles were approved at the Annual Meeting on March 9, 2021:

Warrant Article	Purpose
4	Lease a 22,500 GVW Dump Truck for \$118,000
15	Use \$164 from the Baseball Special Revenue fund for equipment and field maintenance.
16	Use \$806 from the Highway Special Revenue fund for repairs and replacement of highway equipment.
17	Use \$3,234 from the History Special Revenue fund for preservation and storage of Town archival records.
18	Use \$1,987 from the Recreation Special Revenue fund for repairs and replacement of recreational facilities.
19	Use \$8,258 from the Police Special Revenue fund for repairs and replacement of police equipment.

REQUIRED SUPPLEMENTARY INFORMATION

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

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's:								
Proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Proportionate share of the net pension liability	\$ 450,644	\$ 413,637	\$ 411,347	\$ 509,842	\$ 542,902	\$ 541,392	\$ 444,588	\$ 740,124
Covered payroll	\$ 152,371	\$ 159,051	\$ 163,844	\$ 149,073	\$ 178,342	\$ 187,610	\$ 158,745	\$ 204,808
Proportionate share of the net pension liability as a percentage of its covered payroll	295.75%	260.07%	251.06%	342.01%	304.42%	288.57%	280.06%	361.37%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%

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

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 26,036	\$ 35,751	\$ 34,836	\$ 34,332	\$ 40,441	\$ 47,521	\$ 40,210	\$ 51,405
Contributions in relation to the contractually required contributions	(26,036)	(35,751)	(34,836)	(34,332)	(40,441)	(47,521)	(40,210)	(51,405)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	<u>\$ 152,371</u>	<u>\$ 159,051</u>	<u>\$ 163,844</u>	<u>\$ 149,073</u>	<u>\$ 178,342</u>	<u>\$ 187,610</u>	<u>\$ 158,745</u>	<u>\$ 204,808</u>
Contributions as a percentage of covered payroll	17.09%	22.48%	21.26%	23.03%	22.68%	25.33%	25.33%	25.10%

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

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.01%	0.01%	0.02%	0.01%	0.02%
Town's proportionate share of the net OPEB liability (asset)	\$ 48,730	\$ 53,152	\$ 79,618	\$ 62,530	\$ 71,629
Town's covered payroll	\$ 149,073	\$178,342	\$ 187,610	\$ 158,745	\$ 204,808
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	32.69%	29.80%	42.44%	39.39%	34.97%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

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

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 5,849	\$ 6,890	\$ 7,692	\$ 6,509	\$ 7,596
Contributions in relation to the contractually required contribution	(5,849)	(6,890)	(7,692)	(6,509)	(7,596)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 149,073	\$178,342	\$ 187,610	\$ 158,745	\$204,808
Contributions as a percentage of covered payroll	3.92%	3.86%	4.10%	4.10%	3.71%

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

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

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

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

The following assumptions were changed in the current year:

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

Methods and Assumptions:

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,858,384	\$ 1,846,364	\$(12,020)
Land use change	33,573	13,233	(20,340)
Yield	20,000	16,071	(3,929)
Payment in lieu of taxes	40,000	40,000	-
Interest and penalties on taxes	18,275	25,721	7,446
Total from taxes	<u>1,970,232</u>	<u>1,941,389</u>	<u>(28,843)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	15,000	15,288	288
Motor vehicle permit fees	360,000	376,859	16,859
Building permits	15,000	12,263	(2,737)
Other	1,500	2,031	531
Total from licenses, permits, and fees	<u>391,500</u>	<u>406,441</u>	<u>14,941</u>
Intergovernmental:			
State:			
Shared revenues	12,659	12,659	-
Meals and rooms distribution	84,254	84,254	-
Highway block grant	92,377	92,377	-
Flood control reimbursement	5,510	5,510	-
Other	935	1,146	211
Federal:			
Other	78,864	78,864	-
Total from intergovernmental	<u>274,599</u>	<u>274,810</u>	<u>211</u>
Charges for services:			
Income from departments	27,700	31,631	3,931
Miscellaneous:			
Interest on investments	2,000	2,093	93
Other	44,341	63,653	19,312
Total from miscellaneous	<u>46,341</u>	<u>65,746</u>	<u>19,405</u>
Other financing sources:			
Transfers in	19,252	17,534	(1,718)
Total revenues and other financing sources	<u><u>\$ 2,729,624</u></u>	<u><u>\$ 2,737,551</u></u>	<u><u>\$ 7,927</u></u>

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 183,346	\$ 181,756	\$ -	\$ 1,590
Election and registration	-	41,656	32,319	490	8,847
Financial administration	-	83,923	72,776	-	11,147
Revaluation of property	6,000	19,253	15,625	-	9,628
Legal	-	26,000	21,091	-	4,909
Personnel administration	-	355,752	344,918	-	10,834
Planning and zoning	-	1,565	1,099	-	466
General government buildings	-	94,598	71,764	-	22,834
Cemeteries	-	12,083	10,529	-	1,554
Insurance, not otherwise allocated	-	29,809	28,809	-	1,000
Advertising and regional associations	-	1,831	1,831	-	-
Total general government	6,000	849,816	782,517	490	72,809
Public safety:					
Police	-	312,126	300,616	-	11,510
Ambulance	-	71,129	71,129	-	-
Fire	-	141,610	131,086	-	10,524
Building inspection	-	10,405	10,207	-	198
Emergency management	-	50	-	-	50
Total public safety	-	535,320	513,038	-	22,282
Highways and streets:					
Administration	-	82,112	81,610	-	502
Highways and streets	33,124	544,646	467,526	58,993	51,251
Bridges	-	535	3,875	-	(3,340)
Street lighting	-	2,664	2,596	-	68
Total highways and streets	33,124	629,957	555,607	58,993	48,481
Sanitation:					
Solid waste disposal	-	144,094	138,393	-	5,701
Other	-	1,932	1,325	-	607
Total sanitation	-	146,026	139,718	-	6,308
Health:					
Administration	-	120	-	-	120
Health agencies	-	12,493	12,493	-	-
Total health	-	12,613	12,493	-	120
Welfare:					
Administration and direct assistance	-	1,070	1,000	-	70
Vendor payments and other	-	11,430	7,630	-	3,800
Total welfare	-	12,500	8,630	-	3,870
Culture and recreation:					
Parks and recreation	3,000	41,905	13,165	2,440	29,300
Library	-	87,069	79,664	-	7,405
Patriotic purposes	-	13,200	4,762	-	8,438
Total culture and recreation	3,000	142,174	97,591	2,440	45,143
Conservation	3,750	2,440	5,706	-	484

(Continued)

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

	Encumbered to Subsequent		Expenditures	Encumbered to Subsequent		Variance Positive (Negative)
	Year	Appropriations		Year		
Debt service:						
Principal of long-term debt	-	311,526	312,208	-		(682)
Interest on long-term debt	-	41,252	40,428	-		824
Total debt service	-	352,778	352,636	-		142
Capital outlay	34,800	25,000	66,961	-		(7,161)
Other financing uses:						
Transfers out	-	21,000	21,000	-		-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 80,674	\$ 2,729,624	\$ 2,555,897	\$ 61,923		\$ 192,478

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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 448,513
2020 Budget summary :		
Revenue surplus (Schedule 1)	\$ 7,927	
Unexpended balance of appropriations (Schedule 2)	<u>192,478</u>	
2020 Budget surplus		200,405
Increase in nonspendable fund balance		<u>(18,205)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		630,713
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(56,714)
Elimination of the allowance for uncollectible taxes		<u>15,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 588,999</u></u>

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

	Special Revenue Funds										Total
	Water	History	Police Equipment	Police Special Detail	Baseball	Recreation	Recreation Revolving	Highway	Conservation Commission	Drug Seizure	
ASSETS											
Cash and cash equivalents	\$ 95,680	\$ 3,234	\$ 8,278	\$ 15,305	\$ 164	\$ 1,987	\$ 640	\$ 806	\$ 5,120	\$ 1,423	\$ 132,637
Investments	1	-	-	-	-	-	-	-	-	-	1
Accounts receivable	1,687	-	10	512	-	-	-	-	-	-	2,209
Interfund receivable	-	-	-	5,936	-	740	-	-	4,361	-	11,037
Total assets	\$ 97,368	\$ 3,234	\$ 8,288	\$ 21,753	\$ 164	\$ 2,727	\$ 640	\$ 806	\$ 9,481	\$ 1,423	\$ 145,884
LIABILITIES											
Accounts payable	\$ 3,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,992
Interfund payable	7,857	-	-	-	125	-	390	-	-	-	8,372
Total liabilities	11,849	-	-	-	125	-	390	-	-	-	12,364
FUND BALANCES											
Restricted	85,519	-	-	-	-	-	-	-	-	1,423	86,942
Committed	-	3,234	8,288	21,753	39	2,727	250	806	9,481	-	46,578
Total fund balances	85,519	3,234	8,288	21,753	39	2,727	250	806	9,481	1,423	133,520
Total liabilities and fund balances	\$ 97,368	\$ 3,234	\$ 8,288	\$ 21,753	\$ 164	\$ 2,727	\$ 640	\$ 806	\$ 9,481	\$ 1,423	\$ 145,884

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

	Special Revenue Funds										
	Water	History	Police Equipment	Police Special Detail	Baseball	Recreation	Recreation Revolving	Highway	Conservation Commission	Drug Seizure	Total
REVENUES											
Licenses and permits	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100
Intergovernmental	-	-	-	-	-	-	-	-	-	1,426	1,426
Charges for services	99,106	105	1,065	8,534	-	100	-	73	75	-	109,058
Miscellaneous	162	-	2,658	-	-	-	-	-	-	-	2,820
Total revenues	<u>99,268</u>	<u>105</u>	<u>3,823</u>	<u>8,534</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>73</u>	<u>75</u>	<u>1,426</u>	<u>113,404</u>
EXPENDITURES											
Current:											
Public safety	-	-	938	6,572	-	-	-	-	-	3	7,513
Highways and streets	-	-	-	-	-	-	-	840	-	-	840
Water distribution and treatment	92,695	-	-	-	-	-	-	-	-	-	92,695
Culture and recreation	-	-	-	-	270	-	-	-	-	-	270
Debt service:											
Principal	12,913	-	-	-	-	-	-	-	-	-	12,913
Interest	3,449	-	-	-	-	-	-	-	-	-	3,449
Total expenditures	<u>109,057</u>	<u>-</u>	<u>938</u>	<u>6,572</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>840</u>	<u>-</u>	<u>3</u>	<u>117,680</u>
Net change in fund balances	(9,789)	105	2,885	1,962	(270)	100	-	(767)	75	1,423	(4,276)
Fund balances, beginning	95,308	3,129	5,403	19,791	309	2,627	250	1,573	9,406	-	137,796
Fund balances, ending	<u>\$ 85,519</u>	<u>\$ 3,234</u>	<u>\$ 8,288</u>	<u>\$ 21,753</u>	<u>\$ 39</u>	<u>\$ 2,727</u>	<u>\$ 250</u>	<u>\$ 806</u>	<u>\$ 9,481</u>	<u>\$ 1,423</u>	<u>\$ 133,520</u>

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

	Custodial Funds		Total
	Taxes	School Trust Funds	
ASSETS			
Cash and cash equivalents	\$ 2,230,258	\$ 8,622	\$ 2,238,880
Investments	-	277,456	277,456
Total assets	<u>\$ 2,230,258</u>	<u>\$ 286,078</u>	<u>\$ 2,516,336</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Intergovernmental payables:			
School	\$ 2,230,258	\$ -	\$ 2,230,258
Net Position:			
Restricted	-	286,078	286,078
Total liabilities and net position	<u>\$ 2,230,258</u>	<u>\$ 286,078</u>	<u>\$ 2,516,336</u>

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

	Custodial Funds		Total
	Taxes	School Trust Funds	
ADDITIONS			
Investment earnings	\$ -	\$ 5,072	\$ 5,072
Change in fair market value	-	17,511	17,511
Tax collections for other governments	4,657,071	-	4,657,071
Total additions	<u>4,657,071</u>	<u>22,583</u>	<u>4,679,654</u>
DEDUCTIONS			
Benefits paid	-	5,060	5,060
Payments of taxes to other governments	4,657,071	-	4,657,071
Total deductions	<u>4,657,071</u>	<u>5,060</u>	<u>4,662,131</u>
Change in net position	-	17,523	17,523
Net position, beginning	-	268,555	268,555
Net position, ending	<u>\$ -</u>	<u>\$ 286,078</u>	<u>\$ 286,078</u>