

**TOWN OF BOSCAWEN,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

TOWN OF BOSCAWEN, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

TABLE OF CONTENTS

		<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT		1 - 2
 BASIC FINANCIAL STATEMENTS 		
Government-wide Financial Statements		
A	Statement of Net Position	3
B	Statement of Activities	4
Fund Financial Statements		
<i>Governmental Funds</i>		
C-1	Balance Sheet	5
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	6
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	8
<i>Budgetary Comparison Information</i>		
D	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	9
<i>Fiduciary Funds</i>		
E-1	Statement of Fiduciary Net Position	10
E-2	Statement of Changes in Fiduciary Net Position	11
NOTES TO THE BASIC FINANCIAL STATEMENTS		12 - 37
 REQUIRED SUPPLEMENTARY INFORMATION 		
F	Schedule of the Town's Proportionate Share of Net Pension Liability	38
G	Schedule of Town Contributions – Pensions	39
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY		40
H	Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability	41
I	Schedule of Town Contributions – Other Postemployment Benefits	42
J	Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios	43
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY		44
 COMBINING AND INDIVIDUAL FUND SCHEDULES 		
Governmental Funds		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	45
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	46 - 47
3	Schedule of Changes in Unassigned Fund Balance.....	48
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet	49
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	50
<i>Custodial Funds</i>		
6	Combining Schedule of Fiduciary Net Position	51
7	Combining Schedule of Changes in Fiduciary Net Position	52



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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 Boscawen
Boscawen, 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 Boscawen as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Boscawen, as of December 31, 2019, 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.

Change in Accounting Principle

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

Other Matters

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

*Town of Boscawen
Independent Auditor's Report*

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

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

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boscawen'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 9, 2020

*Plodyk & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,525,771
Investments	838,736
Taxes receivables (net)	1,012,631
Account receivables	50,148
Intergovernmental receivable	220,480
Prepaid items	52,678
Tax dedeed property, subject to resale	1,815
Capital assets:	
Land	1,394,514
Other capital assets, net of depreciation	4,593,625
Total assets	10,690,398
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	286,869
Amounts related to other postemployment benefits	2,269,082
Total deferred outflows of resources	2,555,951
LIABILITIES	
Accounts payable	52,587
Accrued interest payable	5,044
Intergovernmental payable	3,986
Long-term liabilities:	
Due within one year	141,000
Due in more than one year	9,704,744
Total liabilities	9,907,361
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	12,403
Unavailable revenue - drug forfeiture	2,522
Unavailable revenue - donations	725
Amounts related to pensions	135,322
Amounts related to other postemployment benefits	1,580,754
Total deferred inflows of resources	1,731,726
NET POSITION	
Net investment in capital assets	5,093,139
Restricted	1,099,377
Unrestricted	(4,585,254)
Total net position	\$ 1,607,262

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

EXHIBIT B
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 2,373,582	\$ 21,322	\$ 3,368	\$ (2,348,892)
Public safety	1,086,757	43,121	-	(1,043,636)
Highways and streets	762,619	-	88,948	(673,671)
Sanitation	406,878	261,133	-	(145,745)
Health	9,228	-	-	(9,228)
Welfare	67,830	382	-	(67,448)
Culture and recreation	198,001	5,813	-	(192,188)
Conservation	8,850	-	-	(8,850)
Interest on long-term debt	49,419	-	-	(49,419)
Total governmental activities	<u>\$ 4,963,164</u>	<u>\$ 331,771</u>	<u>\$ 92,316</u>	<u>(4,539,077)</u>
General revenues:				
Taxes:				
Property				2,296,195
Other				257,609
Motor vehicle permit fees				655,732
Licenses and other fees				35,072
Grants and contributions not restricted to specific programs				271,944
Unrestricted investment earnings				63,847
Miscellaneous				68,940
Total general revenues				<u>3,649,339</u>
Change in net position				(889,738)
Net position, beginning, as restated (see Note 20)				2,497,000
Net position, ending				<u>\$ 1,607,262</u>

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

EXHIBIT C-1
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2019

	General	Sewer	Building Inspector	Police Special Detail	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 457,617	\$ 279,837	\$ 42,161	\$ 47,915	\$ 481,740	\$ 1,309,270
Investments	-	313,678	-	-	501,197	814,875
Taxes receivable	1,022,631	-	-	-	-	1,022,631
Accounts receivable	8,035	40,633	-	1,386	94	50,148
Intergovernmental receivable	5,980	-	-	-	-	5,980
Interfund receivable	54,142	48,863	-	-	28,880	131,885
Prepaid items	68,499	-	-	-	-	68,499
Tax dedeed property, subject to resale	1,815	-	-	-	-	1,815
Restricted assets:						
Cash and cash equivalents	1,216,501	-	-	-	-	1,216,501
Investments	23,861	-	-	-	-	23,861
Total assets	\$ 2,859,081	\$ 683,011	\$ 42,161	\$ 49,301	\$ 1,011,911	\$ 4,645,465
LIABILITIES						
Accounts payable	\$ 52,587	\$ -	\$ -	\$ -	\$ -	\$ 52,587
Intergovernmental payable	3,986	-	-	-	-	3,986
Interfund payable	77,743	-	21,271	32,871	-	131,885
Total liabilities	134,316	-	21,271	32,871	-	188,458
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - Property taxes	117,822	-	-	-	-	117,822
Unavailable revenue - drug forfeiture	2,522	-	-	-	-	2,522
Unavailable revenue - donations	725	-	-	-	-	725
Total deferred inflows of resources	121,069	-	-	-	-	121,069
FUND BALANCES						
Nonspendable	70,314	-	-	-	307,566	377,880
Restricted	101,581	683,011	-	-	28,072	812,664
Committed	1,138,781	-	20,890	16,430	676,273	1,852,374
Assigned	111,656	-	-	-	-	111,656
Unassigned	1,181,364	-	-	-	-	1,181,364
Total fund balances	2,603,696	683,011	20,890	16,430	1,011,911	4,335,938
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,859,081	\$ 683,011	\$ 42,161	\$ 49,301	\$ 1,011,911	\$ 4,645,465

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

EXHIBIT C-2
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 4,335,938
Receivables from the State of New Hampshire to offset debt payments are not due in the current period, and therefore not reported in the governmental funds.		214,500
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 11,020,151	
Less accumulated depreciation	<u>(5,032,012)</u>	
		5,988,139
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 286,869	
Deferred inflows of resources related to pensions	(135,322)	
Deferred outflows of resources related to OPEB	2,269,082	
Deferred inflows of resources related to OPEB	<u>(1,580,754)</u>	
		839,875
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (131,885)	
Payables	<u>131,885</u>	
		-
Long term revenue (taxes) is not available to pay current period expenditures and therefore, is deferred in the governmental funds.		105,419
Allowance for uncollectible property taxes that is reported on a full accrual basis, but not on the modified accrual basis.		(10,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(5,044)
Repayment of long-term liabilities and related interest not due until the subsequent year is recorded in the governmental funds as prepaid items, but reduces the liability and is accrued as an expense in the government-wide financial statements.		
Prepaid bond interest		(15,821)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 895,000	
Compensated absences	31,527	
Accrued landfill postclosure care costs	220,000	
Net pension liability	1,982,503	
Other postemployment benefits	<u>6,716,714</u>	
		<u>(9,845,744)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 1,607,262</u>

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

EXHIBIT C-3
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	General	Sewer	Building Inspector	Police Special Detail	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 2,643,405	\$ -	\$ -	\$ -	\$ 24,980	\$ 2,668,385
Licenses and permits	668,649	-	22,155	-	-	690,804
Intergovernmental	393,168	-	-	-	-	393,168
Charges for services	63,125	188,784	-	34,929	44,008	330,846
Miscellaneous	80,365	10,725	1,225	185	31,204	123,704
Total revenues	<u>3,848,712</u>	<u>199,509</u>	<u>23,380</u>	<u>35,114</u>	<u>100,192</u>	<u>4,206,907</u>
EXPENDITURES						
Current:						
General government	1,334,292	-	-	-	-	1,334,292
Public safety	952,687	-	36,134	28,097	-	1,016,918
Highways and streets	624,315	-	-	-	-	624,315
Sanitation	215,825	162,485	-	-	14,133	392,443
Health	9,228	-	-	-	-	9,228
Welfare	67,830	-	-	-	-	67,830
Culture and recreation	184,225	-	-	-	-	184,225
Conservation	-	-	-	-	8,850	8,850
Debt service:						
Principal	123,000	-	-	-	-	123,000
Interest	45,990	-	-	-	-	45,990
Capital outlay	133,692	-	-	-	-	133,692
Total expenditures	<u>3,691,084</u>	<u>162,485</u>	<u>36,134</u>	<u>28,097</u>	<u>22,983</u>	<u>3,940,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>157,628</u>	<u>37,024</u>	<u>(12,754)</u>	<u>7,017</u>	<u>77,209</u>	<u>266,124</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	27,028	48,000	-	-	-	75,028
Transfers out	(48,000)	(22,254)	-	(4,774)	-	(75,028)
Total other financing sources (uses)	<u>(20,972)</u>	<u>25,746</u>	<u>-</u>	<u>(4,774)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	136,656	62,770	(12,754)	2,243	77,209	266,124
Fund balances, beginning	2,467,040	620,241	33,644	14,187	934,702	4,069,814
Fund balances, ending	<u>\$ 2,603,696</u>	<u>\$ 683,011</u>	<u>\$ 20,890</u>	<u>\$ 16,430</u>	<u>\$ 1,011,911</u>	<u>\$ 4,335,938</u>

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

EXHIBIT C-4
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances of governmental funds (Exhibit C-3)		\$ 266,124
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		(292,916)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		
		(1,000)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (75,028)	
Transfers out	<u>75,028</u>	
		-
Some revenue reported in the governmental funds results from long-term receivables previously recorded in the Statement of Activities.		
Decrease in state aid receivable		(18,900)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		(114,581)
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 bond principal		123,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 12,392	
Decrease in prepaid bond interest	(15,821)	
Increase in compensated absences payable	(6,683)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(80,161)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(761,192)</u>	
		<u>(851,465)</u>
Changes in net position of governmental activities (Exhibit B)		<u>\$ (889,738)</u>

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

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,800,360	\$ 2,800,360	\$ 2,528,824	\$ (271,536)
Licenses and permits	557,446	557,446	668,649	111,203
Intergovernmental	391,307	391,307	393,168	1,861
Charges for services	53,600	53,600	63,125	9,525
Miscellaneous	46,820	46,820	40,252	(6,568)
Total revenues	<u>3,849,533</u>	<u>3,849,533</u>	<u>3,694,018</u>	<u>(155,515)</u>
EXPENDITURES				
Current:				
General government	1,429,804	1,429,804	1,342,674	87,130
Public safety	1,016,881	1,016,881	970,307	46,574
Highways and streets	576,268	576,268	538,921	37,347
Sanitation	269,556	269,556	231,825	37,731
Health	10,222	10,222	9,228	994
Welfare	78,260	78,260	67,830	10,430
Culture and recreation	156,552	156,552	155,508	1,044
Debt service:				
Principal	123,000	123,000	123,000	-
Interest	45,990	45,990	45,990	-
Capital outlay	-	129,706	133,692	(3,986)
Total expenditures	<u>3,706,533</u>	<u>3,836,239</u>	<u>3,618,975</u>	<u>217,264</u>
Excess of revenues over expenditures	<u>143,000</u>	<u>13,294</u>	<u>75,043</u>	<u>61,749</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	129,706	156,734	27,028
Transfers out	(208,000)	(208,000)	(208,000)	-
Total other financing sources (uses)	<u>(208,000)</u>	<u>(78,294)</u>	<u>(51,266)</u>	<u>27,028</u>
Net change in fund balances	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	23,777	<u>\$ 88,777</u>
Increase in nonspendable fund balance			(70,314)	
Unassigned fund balance, beginning			1,323,320	
Unassigned fund balance, ending			<u>\$ 1,276,783</u>	

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

EXHIBIT E-1
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2019

	Private Purpose Trust Funds	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 1,346	\$ 2,772,313
LIABILITIES		
Intergovernmental payables:		
School	-	2,562,324
NET POSITION		
Restricted	\$ 1,346	\$ 209,989

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

EXHIBIT E-2
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2019

	Private Purpose Trust Funds	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 64,987
Investment earnings	7	1,240
Tax collections for other governments	-	5,751,144
Total additions	<u>7</u>	<u>5,817,371</u>
DEDUCTIONS		
Payments to other governments	-	5,755,816
Payments for escrow purposes	-	8,705
Total deductions	<u>-</u>	<u>5,764,521</u>
Change in net position	7	52,850
Net position, beginning, as restated (see Note 20)	1,339	157,139
Net position, ending	<u>\$ 1,346</u>	<u>\$ 209,989</u>

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

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

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting, and Measurement Focus	1-B
Cash and Cash Equivalents	1-C
Restricted Assets	1-D
Investments	1-E
Receivables	1-F
Prepaid Items	1-G
Capital Assets	1-H
Interfund Activities	1-I
Property Taxes	1-J
Accounts Payable	1-K
Deferred Outflows/Inflows of Resources	1-L
Long-term Obligations	1-M
Compensated Absences	1-N
Defined Benefit Pension Plan	1-O
Postemployment Benefits Other Than Pensions	1-P
Net Position/Fund Balances	1-Q
Use of Estimates	1-R
 Stewardship, Compliance, and Accountability	 2
Budgetary Information	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Accounting Change	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Restricted Assets	4
Investments	5
Taxes Receivable	6
Other Receivables	7
Prepaid Items	8
Capital Assets	9
Interfund Balances and Transfers	10
Intergovernmental Payables	11
Deferred Outflows/Inflows of Resources	12
Long-term Liabilities	13
Defined Benefit Pension Plan	14
Postemployment Benefits Other Than Pensions	15
New Hampshire Retirement System (NHRS)	15-A
Town of Boscawen Retiree Health Benefit Program	15-B
Encumbrances	16
State Aid to Water Pollution Projects	17
Net Position	18

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

Governmental Fund Balances	19
Prior Period Adjustments	20
Risk Management	21
Contingent Liabilities	22
Tax Abatements	23
Subsequent Events	24

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1-A Reporting Entity

The Town of Boscawen 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 accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

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

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

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

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

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

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

The Town reports the following major governmental funds:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library, 1913 library, Old Home Day, and expendable trust funds are consolidated in the general fund.

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

Building Inspector Fund – accounts for activities related to building inspection services.

Police Special Detail Fund – accounts for providing public safety services by municipal employees.

Additionally, the Town reports the following fund types:

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

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

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

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

The Town also reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, and savings accounts.

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.

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

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,
- 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), would be an example 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.

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

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses/expenditures as the items are used. Under the full accrual basis of accounting used for the government-wide financial statements, prepayments of debt interest are recognized as they occurred. The nonspendable fund balance at the governmental fund level is equal to the amount of prepaid items at year-end to indicate that portion of the governmental fund balance that is nonspendable.

1-H Capital Assets

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

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

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

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

Capital Asset Classes:	<u>Years</u>
Buildings and building improvements	20 - 50
Equipment and vehicles	5 - 20
Infrastructure	20 - 50

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). All other outstanding balances between funds are reported as “due to/from other funds.” 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 16, 2019 and November 15, 2019, and due on July 1, 2019 and January 3, 2020. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on March 25, 2019.

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

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

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

For the New Hampshire education tax	\$ 277,797,064
For all other taxes	\$ 288,138,764

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 8.08	\$2,330,738
School portion:		
State of New Hampshire	1.99	552,015
Local	15.45	4,450,740
County portion	2.60	748,389
Total	\$ 28.12	\$8,081,882

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, 2019.

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 (expenses/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.

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

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

1-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 bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

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

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

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

Minimum Balance – The Town shall achieve and maintain an unassigned fund balance of 8% of the general funds’ annual budget, including Town, School and County appropriations.

Target Balance – The Town shall work towards maintaining a target unassigned fund balance of at least 12% of the general fund’s annual budget including Town, School, and County appropriations.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, none of the beginning general fund unassigned fund balance was applied for this purpose and \$65,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

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

2-B Budgetary Reconciliation to GAAP Basis

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis of accounting for the major sewer, building inspector and police special detail funds. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$3,850,752
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	40,113
To eliminate transfers between blended funds	(129,706)
Change in deferred tax revenue relating to 60-day revenue recognition	114,581
Per Exhibit C-3 (GAAP basis)	<u>\$3,875,740</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$3,826,975
Adjustment:	
Basis differences:	
Encumbrances, beginning	159,048
Encumbrances, ending	(111,656)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	24,717
To eliminate transfers between general and blended funds	(160,000)
Per Exhibit C-3 (GAAP basis)	<u>\$3,739,084</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 20.

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

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 \$5,299,430 and the bank balances totaled \$5,484,874. Petty cash totaled \$1,350.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$2,525,771
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	2,773,659
Total cash and cash equivalents	\$5,299,430

NOTE 4 – RESTRICTED ASSETS

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

Cash and cash equivalents:	
General fund:	
Library	\$ 39,995
1913 Library	16,872
Old Home Day	20,853
Capital reserve funds	1,138,781
Total restricted cash and cash equivalents	1,216,501
Investments:	
General fund:	
Library	23,861
Total restricted assets	\$ 1,240,362

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

	Valuation Measurement Method	Reported Balance	1-5 Years	Exempt from Disclosure
Investments type:				
Certificates of deposit	Level 1	\$ 719,805	\$ 719,805	\$ -
Equity exchange traded funds	Level 1	47,662	-	47,662
Equity mutual funds	Level 1	18,275	-	18,275
Fixed income exchange traded funds	Level 2	47,653	-	47,653
New Hampshire Public Deposit Investment Pool	Level 2	5,341	-	5,341
Total fair value		\$ 838,736	\$ 719,805	\$ 118,931

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.

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

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.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town’s investments are in certificates of deposit, fixed income exchange traded funds, and equity exchange traded funds. These investments are 86%, 6%, and 6%, respectively, of the Town’s total investments.

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$10,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 849,790	\$ 849,790
Unredeemed (under tax lien):		
Levy of 2018	114,623	114,623
Levy of 2017	55,187	55,187
Levies of 2016 and prior	2,561	2,561
Yield	20	20
Land use change	450	450
Less: allowance for estimated uncollectible taxes	(10,000) *	-
Net taxes receivable	<u>\$ 1,012,631</u>	<u>\$ 1,022,631</u>

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

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2019, consisted of accounts (billings for police details, sewer, 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.

NOTE 8 – PREPAID ITEMS

Prepaid items at December 31, 2019 consisted of the following:

	Governmental Activities (Exhibit A)	Governmental Funds (Exhibit C-1)
Assessing services	\$ 12,678	\$ 12,678
Health insurance	31,424	31,424
Membership dues	3,225	3,225
Dental insurance	307	307
Bond interest	5,044	20,865
Total	<u>\$ 52,678</u>	<u>\$ 68,499</u>

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

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$1,395,514	\$ -	\$ (1,000)	\$1,394,514
Being depreciated:				
Buildings and building improvements	3,693,903	-	-	3,693,903
Vehicles and equipment	1,873,449	-	-	1,873,449
Infrastructure	4,058,285	-	-	4,058,285
Total capital assets being depreciated	9,625,637	-	-	9,625,637
Total all capital assets	11,021,151	-	(1,000)	11,020,151
Less accumulated depreciation:				
Buildings and building improvements	(2,186,315)	(93,543)	-	(2,279,858)
Vehicles and equipment	(1,516,460)	(97,051)	-	(1,613,511)
Infrastructure	(1,036,321)	(102,322)	-	(1,138,643)
Total accumulated depreciation	(4,739,096)	(292,916)	-	(5,032,012)
Net book value, capital assets being depreciated	4,886,541	(292,916)	-	4,593,625
Net book value, all governmental activities capital assets	\$6,282,055	\$(292,916)	\$ (1,000)	\$5,988,139

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	\$ 61,972
Public safety	66,899
Highways and streets	140,341
Sanitation	9,928
Culture and recreation	13,776
Total depreciation expense	\$ 292,916

NOTE 10 – INTERFUND BALANCES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General	Building inspector	\$ 21,271
	Police special detail	32,871
Sewer	General	48,863
Nonmajor funds		28,880
		\$ 131,885

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.

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

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

	Transfers In:		
	General Fund	Sewer Fund	Total
Transfers out:			
General fund	\$ -	\$ 48,000	\$ 48,000
Sewer fund	22,254	-	22,254
Police Special Detail fund	4,774	-	4,774
Total	\$ 27,028	\$ 48,000	\$ 75,028

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 11 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2019 consist of the following:

	Governmental	
	Funds	Fiduciary
	General	Funds
State revolving loan payable (see Note 13)	\$3,986	\$ -
Taxes due to the Merrimack Valley School District	-	2,562,324
Total intergovernmental payables due	\$3,986	\$2,562,324

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2019 consist of amounts related to pensions totaling \$286,869 and amounts related to OPEB totaling \$2,269,082. For further discussion on these amounts, see Note 14 and 15 respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 105,419
Property taxes collected in advance of the issuance of warrants	12,403	12,403
Drug forfeiture funds received in advance of eligible expenditures being made	2,522	2,522
Donation funds received in advance of eligible expenditures being made	725	725
Amounts related to pensions, see Note 14	135,322	-
Amounts related to OPEB, see Note 15	1,580,754	-
Total deferred inflows of resources	\$1,731,726	\$ 121,069

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

NOTE 13 – LONG-TERM LIABILITIES

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

	Balance January 1, 2019 (as restated)	Additions	Reductions	Balance December 31, 2019	Due Within One Year
General obligation bonds payable	\$ 1,018,000	\$ -	\$ (123,000)	\$ 895,000	\$ 121,000
Compensated absences	24,844	6,683	-	31,527	-
Accrued landfill postclosure care costs	220,000	-	-	220,000	20,000
Net pension liability	2,010,796	-	(28,293)	1,982,503	-
Net other postemployment benefits	3,598,270	3,126,426	(7,982)	6,716,714	-
Total long-term liabilities	<u>\$ 6,871,910</u>	<u>\$ 3,133,109</u>	<u>\$ (159,275)</u>	<u>\$ 9,845,744</u>	<u>\$ 141,000</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019	Current Portion
General obligation bonds payable:						
Municipal facility	\$ 1,200,000	2002	2022	3-5%	\$ 180,000	\$ 60,000
Refunding bonds	\$ 1,182,175	2012	2031	2-5%	715,000	61,000
Total					<u>\$ 895,000</u>	<u>\$ 121,000</u>

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 121,000	\$ 41,730	\$ 162,730
2021	121,000	36,290	157,290
2022	120,000	30,850	150,850
2023	59,000	25,450	84,450
2024	59,000	22,500	81,500
2025-2029	298,000	70,200	368,200
2030-2034	117,000	8,750	125,750
Totals	<u>\$ 895,000</u>	<u>\$ 235,770</u>	<u>\$ 1,130,770</u>

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

State Revolving Loan – At the March 24, 2018 annual meeting the Town authorized the issuance of \$60,000 in state revolving loans for an asset management program for the Town’s wastewater and storm water collection systems. In 2019 a total of \$3,986 was expended for this purpose. Expenditures for this program are recorded as intergovernmental payables until the project is completed and the debt is issued.

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in prior years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$220,000 as of December 31, 2019 the estimated total current annual cost of the landfill postclosure care \$20,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2019. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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

The Town has established a capital reserve fund for landfill closure and postclosure care costs. During the year ended December 31, 2019, the Town deposited \$32,000 into this fund which has a balance of \$32,085 at year-end.

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

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$187,234, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2019 the Town reported a liability of \$1,982,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town's proportion was 0.04% which was a decrease of 0.0006% from its proportion measured as of June 30, 2018.

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

For the year ended December 31, 2019, the Town recognized pension expense of \$267,979. At December 31, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 107,201	\$ 76,499
Changes in assumptions	71,131	-
Net difference between projected and actual investment earnings on pension plan investments	-	16,194
Differences between expected and actual experience	10,962	42,629
Contributions subsequent to the measurement date	97,575	-
Total	\$ 286,869	\$ 135,322

The \$97,575 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2020	\$ 86,773
2021	(8,431)
2022	(24,551)
2023	181
Thereafter	-
Totals	\$ 53,972

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

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

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

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

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

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

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 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 2,654,654	\$ 1,982,503	\$ 1,426,976

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

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

15-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.

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

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 2019 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$19,428, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2019, the Town reported a liability of \$190,712 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.04% which was an increase of 0.0001% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$25,683. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 51	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	214
Differences between expected and actual experience	-	332
Contributions subsequent to the measurement date	9,747	-
Total	\$ 9,798	\$ 546

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

The \$9,747 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending	
December 31,	
2020	\$(423)
2021	(142)
2022	15
2023	55
Thereafter	-
Totals	<u>\$ (495)</u>

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

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

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

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

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

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

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 206,856	\$ 190,712	\$ 176,684

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.

15-B Town of Boscawen Retiree Health Benefit Program

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

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

Employees Covered by Benefit Terms – At January 1, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Active employees	20
Total participants covered by OPEB plan	26

Total OPEB Liability – The Town’s total OPEB liability of \$6,526,002 was measured as of January 1, 2019, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$6,526,002 in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.74%
Healthcare Cost Trend Rates:	
Current Year Trend	7.40%
Second Year Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2029
Salary Increases:	2.00%

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

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of December 31, 2019.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006).

Changes in the Total OPEB Liability

	December 31,	
	2018	2019
OPEB liability beginning of year	\$ 2,991,790	\$ 3,399,576
Changes for the year:		
Service cost	256,309	507,136
Interest	112,347	161,398
Assumption changes	-	2,100,902
Difference between actual and expected experience	78,447	422,935
Benefit payments	(39,317)	(65,945)
OPEB liability end of year	\$ 3,399,576	\$ 6,526,002

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2019 actuarial valuation was prepared using a discount rate of 2.74%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$5,383,428 or by 18%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$7,981,628 or by 22%.

	Discount Rate		
	1% Decrease	Baseline 2.74%	1% Increase
Total OPEB Liability	\$ 7,981,628	\$ 6,526,002	\$ 5,383,428

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2019 actuarial valuation was prepared using an initial trend rate of 7.40%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$8,320,858 or by 28%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$5,170,581 or by 21%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.40%	1% Increase
Total OPEB Liability	\$ 5,170,581	\$ 6,526,002	\$ 8,320,858

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Town recognized OPEB expense of \$826,467. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 1,880,682	\$ 24,978
Differences between expected and actual experience	378,602	1,555,230
Total	\$ 2,259,284	\$ 1,580,208

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

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

Fiscal Year Ending December 31,	
2020	\$ 157,933
2021	157,933
2022	157,933
2023	157,933
2024	157,933
Thereafter	<u>(110,589)</u>
Totals	<u>\$ 679,076</u>

NOTE 16 – ENCUMBRANCES

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

General fund:	
General government	\$ 14,342
Public safety	17,620
Highways and streets	60,138
Sanitation	16,000
Capital outlay	<u>3,556</u>
Total encumbrances	<u>\$ 111,656</u>

NOTE 17 – STATE AID TO WATER POLLUTION PROJECTS

The Town is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

Bonds Issued	Amount
C-732	<u>\$ 109,800</u>
C-733	104,700
Total	<u>\$ 214,500</u>

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At December 31, 2019 the Town is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending December 31,	Amount
2020	<u>\$ 18,300</u>
2021	18,300
2022	18,000
2023	17,700
2024	17,700
2025-2029	89,400
2030-2034	<u>35,100</u>
Total	<u>\$ 214,500</u>

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

NOTE 18 – NET POSITION

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

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 5,988,139	\$ -
Less:		
General obligation bonds payable	(895,000)	-
Total net investment in capital assets	<u>5,093,139</u>	<u>-</u>
Restricted net position:		
Perpetual care - nonexpendable	307,566	-
Perpetual care - expendable	28,072	-
Library	63,856	-
1913 Library	16,872	-
Sewer	683,011	-
Individuals, organizations and other governments	-	211,335
Total restricted net position	<u>1,099,377</u>	<u>211,335</u>
Unrestricted	(4,585,254)	-
Total net position	<u>\$ 1,607,262</u>	<u>\$ 211,335</u>

NOTE 19 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Sewer Fund	Building Inspector Fund	Police Special Detail Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 68,499	\$ -	\$ -	\$ -	\$ -	\$ 68,499
Tax dedeed property	1,815	-	-	-	-	1,815
Permanent fund - principal balance	-	-	-	-	307,566	307,566
Total nonspendable fund balance	<u>70,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,566</u>	<u>377,880</u>
Restricted:						
Library	63,856	-	-	-	-	63,856
1913 Library	16,872	-	-	-	-	16,872
Old Home Day	20,853	-	-	-	-	20,853
Permanent - income balance	-	-	-	-	28,072	28,072
Sanitation	-	683,011	-	-	-	683,011
Total restricted fund balance	<u>101,581</u>	<u>683,011</u>	<u>-</u>	<u>-</u>	<u>28,072</u>	<u>812,664</u>
Committed:						
Expendable trusts	1,138,781	-	-	-	-	1,138,781
General government	-	-	20,890	-	-	20,890
Public safety	-	-	-	16,430	-	16,430
Conservation	-	-	-	-	201,625	201,625
Sanitation	-	-	-	-	135,070	135,070
Town forest	-	-	-	-	31,528	31,528
Construction debris	-	-	-	-	308,050	308,050
Total committed fund balance	<u>1,138,781</u>	<u>-</u>	<u>20,890</u>	<u>16,430</u>	<u>676,273</u>	<u>1,852,374</u>

(Continued)

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

Governmental fund balances continued:

	General Fund	Sewer Fund	Building Inspector Fund	Police Special Detail Fund	Nonmajor Funds	Total Governmental Funds
Assigned:						
Encumbrances	111,656	-	-	-	-	111,656
Unassigned	1,181,364	-	-	-	-	1,181,364
Total governmental fund balances	<u>\$ 2,603,696</u>	<u>\$ 683,011</u>	<u>\$ 20,890</u>	<u>\$ 16,430</u>	<u>\$ 1,011,911</u>	<u>\$ 4,335,938</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

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

	Government-wide Statements	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ -	\$ 157,139
To restate for the prior year state OPEB liability recorded incorrectly	(60,321)	-
Net position, as previously reported	2,557,321	1,339
Net position, as restated	<u>\$ 2,497,000</u>	<u>\$ 158,478</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 2019, 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, 2019 to December 31, 2019 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$39,905 and \$27,766 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 22 – 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.

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

NOTE 23 – TAX ABATEMENTS

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

The Town did not have any such agreements at December 31, 2019.

NOTE 24 – 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 9, 2020, the date the December 31, 2019 financial statements were available to be issued, the following event occurred that requires recognition or disclosure:

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Town's proportionate share of the net pension liability	\$ 1,671,982	\$ 1,429,825	\$ 1,511,403	\$ 1,997,920	\$ 2,149,162	\$ 2,010,796	\$ 1,982,503
Town's covered payroll	\$ 861,053	\$ 991,204	\$ 883,245	\$ 878,967	\$ 978,302	\$ 1,064,501	\$ 1,080,286
Town's proportionate share of the net pension liability as a percentage of its covered payroll	194.18%	144.25%	171.12%	227.30%	219.68%	188.90%	183.52%
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%

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

EXHIBIT G
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 96,600	\$ 123,580	\$ 127,996	\$ 134,537	\$ 160,092	\$ 176,499	\$ 179,304
Contributions in relation to the contractually required contributions	96,600	123,580	127,996	134,537	160,092	176,499	179,304
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 861,053	\$ 991,204	\$ 883,245	\$ 878,967	\$ 978,302	\$ 1,064,501	\$ 1,080,286
Contributions as a percentage of covered payroll	11.22%	12.47%	14.49%	15.31%	16.36%	16.58%	16.60%

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

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

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

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

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

Other Information:

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

EXHIBIT H
TOWN OF BOSCAWEN, 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, 2019

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.03%	0.03%	0.04%	0.04%
Town's proportionate share of the net OPEB liability (asset)	\$ 121,105	\$138,373	\$ 198,694	\$ 190,712
Town's covered payroll	\$ 878,967	\$978,302	\$1,064,501	\$ 1,080,286
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13.78%	14.14%	18.67%	17.65%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

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

EXHIBIT I
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 14,536	\$ 17,937	\$ 19,196	\$ 19,852
Contributions in relation to the contractually required contribution	14,536	17,937	19,196	19,852
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 878,967</u>	<u>\$978,302</u>	<u>\$1,064,501</u>	<u>\$ 1,080,286</u>
Contributions as a percentage of covered payroll	1.65%	1.83%	1.80%	1.84%

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

EXHIBIT J
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended December 31, 2019

	December 31,		
	2017	2018	2019
OPEB liability, beginning of year	\$ 2,590,544	\$ 2,991,790	\$ 3,399,576
Changes for the year:			
Service cost	251,277	256,309	507,136
Interest	97,096	112,347	161,398
Assumption changes	-	-	2,100,902
Difference between actual and expected experience	96,592	78,447	422,935
Change in actuarial cost method	-	-	-
Benefit payments	(43,719)	(39,317)	(65,945)
OPEB liability, end of year	<u>\$ 2,991,790</u>	<u>\$ 3,399,576</u>	<u>\$ 6,526,002</u>
Covered payroll	<u>\$ 841,776</u>	<u>\$ 858,612</u>	<u>\$ 1,083,792</u>
Total OPEB liability as a percentage of covered payroll	355.41%	395.94%	602.15%

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

TOWN OF BOSCAWEN, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

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

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

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

Methods and Assumptions:

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

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

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,618,629	\$ 2,296,195	\$(322,434)
Yield	15,056	10,037	(5,019)
Payment in lieu of taxes	110,675	167,487	56,812
Interest and penalties on taxes	56,000	55,105	(895)
Total from taxes	<u>2,800,360</u>	<u>2,528,824</u>	<u>(271,536)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	540,580	655,732	115,152
Other	16,866	12,917	(3,949)
Total from licenses, permits, and fees	<u>557,446</u>	<u>668,649</u>	<u>111,203</u>
Intergovernmental:			
State:			
Shared revenues	65,756	65,756	-
Meals and rooms distribution	205,737	205,737	-
Highway block grant	89,081	88,948	(133)
Water pollution grants	28,908	28,908	-
State and federal forest land reimbursement	371	371	-
Other	1,454	3,448	1,994
Total from intergovernmental	<u>391,307</u>	<u>393,168</u>	<u>1,861</u>
Charges for services:			
Income from departments	53,600	63,125	9,525
Miscellaneous:			
Sale of municipal property	21,729	7,342	(14,387)
Interest on investments	22,091	27,682	5,591
Other	3,000	5,228	2,228
Total from miscellaneous	<u>46,820</u>	<u>40,252</u>	<u>(6,568)</u>
Other financing sources:			
Transfers in	129,706	156,734	27,028
Total revenues and other financing sources	3,979,239	<u>\$ 3,850,752</u>	<u>\$(128,487)</u>
Amounts voted from fund balance	65,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,044,239</u>		

SCHEDULE 2
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 181,780	\$ 170,100	\$ -	\$ 11,680
Election and registration	-	78,429	73,506	2,300	2,623
Financial administration	-	108,015	103,676	-	4,339
Revaluation of property	-	60,183	47,899	10,673	1,611
Legal	-	45,000	44,302	-	698
Personnel administration	-	686,029	639,740	1,369	44,920
Planning and zoning	2,000	124,745	125,468	-	1,277
General government buildings	-	69,218	82,586	-	(13,368)
Cemeteries	1,960	3,500	5,135	-	325
Insurance, not otherwise allocated	-	39,905	39,905	-	-
Other	2,000	33,000	1,975	-	33,025
Total general government	<u>5,960</u>	<u>1,429,804</u>	<u>1,334,292</u>	<u>14,342</u>	<u>87,130</u>
Public safety:					
Police	-	594,772	574,520	17,620	2,632
Ambulance	-	204,000	204,000	-	-
Fire	-	197,711	155,587	-	42,124
Building inspection	-	7,852	5,521	-	2,331
Emergency management	-	12,546	13,059	-	(513)
Total public safety	<u>-</u>	<u>1,016,881</u>	<u>952,687</u>	<u>17,620</u>	<u>46,574</u>
Highways and streets:					
Highways and streets	145,532	549,468	600,451	60,138	34,411
Street lighting	-	21,000	21,629	-	(629)
Other	-	5,800	2,235	-	3,565
Total highways and streets	<u>145,532</u>	<u>576,268</u>	<u>624,315</u>	<u>60,138</u>	<u>37,347</u>
Sanitation:					
Solid waste disposal	-	215,556	203,274	-	12,282
Solid waste clean-up	-	30,000	9,406	-	20,594
Other	-	24,000	3,145	16,000	4,855
Total sanitation	<u>-</u>	<u>269,556</u>	<u>215,825</u>	<u>16,000</u>	<u>37,731</u>
Health:					
Administration	-	9,722	9,228	-	494
Health agencies	-	500	-	-	500
Total health	<u>-</u>	<u>10,222</u>	<u>9,228</u>	<u>-</u>	<u>994</u>
Welfare:					
Administration and direct assistance	-	70,160	59,730	-	10,430
Intergovernmental welfare payments	-	8,100	8,100	-	-
Total welfare	<u>-</u>	<u>78,260</u>	<u>67,830</u>	<u>-</u>	<u>10,430</u>
Culture and recreation:					
Parks and recreation	4,000	39,700	43,217	-	483
Library	-	104,602	104,602	-	-
Patriotic purposes	-	6,250	5,689	-	561
Other	-	6,000	6,000	-	-
Total culture and recreation	<u>4,000</u>	<u>156,552</u>	<u>159,508</u>	<u>-</u>	<u>1,044</u>

(Continued)

SCHEDULE 2 (Continued)
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	123,000	123,000	-	-
Interest on long-term debt	-	45,990	45,990	-	-
Total debt service	-	168,990	168,990	-	-
Capital outlay	3,556	129,706	133,692	3,556	(3,986)
Other financing uses:					
Transfers out	-	208,000	208,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 159,048	\$ 4,044,239	\$ 3,874,367	\$ 111,656	\$ 217,264

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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,323,320
Changes:		
Amounts voted from fund balance		(65,000)
2019 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (128,487)	
Unexpended balance of appropriations (Schedule 2)	<u>217,264</u>	
2019 Budget surplus		88,777
Increase in nonspendable fund balance		<u>(70,314)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,276,783
<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		(105,419)
Elimination of the allowance for uncollectible taxes		<u>10,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,181,364</u></u>

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

	Special Revenue Funds					Total
	Conservation Commission	Recycling	Town Forest	Construction Debris	Permanent Fund	
ASSETS						
Cash and cash equivalents	\$ 172,745	\$ 135,065	\$ 31,528	\$ 125,654	\$ 16,748	\$ 481,740
Investments	-	-	-	182,307	318,890	501,197
Accounts receivable	-	5	-	89	-	94
Interfund receivable	28,880	-	-	-	-	28,880
Total assets	<u>\$ 201,625</u>	<u>\$ 135,070</u>	<u>\$ 31,528</u>	<u>\$ 308,050</u>	<u>\$ 335,638</u>	<u>\$ 1,011,911</u>
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 307,566	\$ 307,566
Restricted	-	-	-	-	28,072	28,072
Committed	201,625	135,070	31,528	308,050	-	676,273
Total fund balances	<u>\$ 201,625</u>	<u>\$ 135,070</u>	<u>\$ 31,528</u>	<u>\$ 308,050</u>	<u>\$ 335,638</u>	<u>\$ 1,011,911</u>

SCHEDULE 5
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2019

	Special Revenue Funds					Total
	Conservation Commission	Recycling	Town Forest	Construction Debris	Permanent Fund	
Revenues:						
Taxes	\$ 24,980	\$ -	\$ -	\$ -	\$ -	\$ 24,980
Charges for services	-	19,022	-	24,986	-	44,008
Miscellaneous	2,227	981	3,963	5,141	18,892	31,204
Total revenues	<u>27,207</u>	<u>20,003</u>	<u>3,963</u>	<u>30,127</u>	<u>18,892</u>	<u>100,192</u>
Expenditures:						
Current:						
Sanitation	-	12,003	-	2,130	-	14,133
Conservation	195	-	8,655	-	-	8,850
Total expenditures	<u>195</u>	<u>12,003</u>	<u>8,655</u>	<u>2,130</u>	<u>-</u>	<u>22,983</u>
Net change in fund balances	27,012	8,000	(4,692)	27,997	18,892	77,209
Fund balances, beginning	174,613	127,070	36,220	280,053	316,746	934,702
Fund balances, ending	<u>\$ 201,625</u>	<u>\$ 135,070</u>	<u>\$ 31,528</u>	<u>\$ 308,050</u>	<u>\$ 335,638</u>	<u>\$ 1,011,911</u>

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

	Custodial Funds				Total
	Taxes	School Trust Funds	Impact Fees	Escrows	
ASSETS					
Cash and cash equivalents	\$ 2,562,324	\$ 82,647	\$ 119,805	\$ 7,537	\$ 2,772,313
LIABILITIES AND NET POSITION					
Liabilities:					
Intergovernmental payables:					
School	\$ 2,562,324	\$ -	\$ -	\$ -	\$ 2,562,324
Net Position:					
Restricted	-	82,647	119,805	7,537	209,989
Total liabilities and net position	\$ 2,562,324	\$ 82,647	\$ 119,805	\$ 7,537	\$ 2,772,313

SCHEDULE 7
TOWN OF BOSCAWEN, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2019

	Custodial Funds				Total
	Taxes	School Trust Funds	Impact Fees	Escrows	
Additions:					
Contributions	\$ -	\$ 1,000	\$ 52,912	\$ 11,075	\$ 64,987
Investment earnings	-	435	780	25	1,240
Tax collections for other governments	5,751,144	-	-	-	5,751,144
Total additions	<u>5,751,144</u>	<u>1,435</u>	<u>53,692</u>	<u>11,100</u>	<u>5,817,371</u>
Deductions:					
Payments to other governments	5,751,144	-	4,672	-	5,755,816
Payments for escrow purposes	-	-	-	8,705	8,705
Total deductions	<u>5,751,144</u>	<u>-</u>	<u>4,672</u>	<u>8,705</u>	<u>5,764,521</u>
Change in net position	-	1,435	49,020	2,395	52,850
Net position, beginning, as restated (see Note 20)	-	81,212	70,785	5,142	157,139
Net position, ending	<u>\$ -</u>	<u>\$ 82,647</u>	<u>\$ 119,805</u>	<u>\$ 7,537</u>	<u>\$ 209,989</u>