



CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS

To the Board of Selectmen
Town of Moultonborough, New Hampshire

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

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

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

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

Vachon Clukay & Company PC

Manchester, New Hampshire
September 1, 2021

September 1, 2021

To the Board of Selectmen
Town of Moultonborough, New Hampshire

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 24, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Moultonborough, New Hampshire are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the Town of Moultonborough, New Hampshire during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, each major fund, and the aggregate remaining fund information's financial statements were:

Management's estimate of the allowance for uncollectible taxes is based on taxpayer bankruptcies, abatements subsequently issued, historical collection levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. Additionally, management's estimates of the useful lives of capital assets are based on historical utilization, necessary improvements and replacements. We evaluated the key factors and assumptions used to develop the useful lives of depreciable capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant estimates also include actuarial assumptions used in determining cost-sharing pension and other post-employment benefits costs and single employer other post-employment benefits costs which are based on plan audited financial statements and a plan actuarial valuation report, respectively. We evaluated the assumptions used in the plan audited financial statements and the plan actuarial valuation report to determine that they are reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Please see the attached schedule of material misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 1, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Moultonborough, New Hampshire's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Moultonborough, New Hampshire's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor governmental and fiduciary fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Vashon Clukay & Company PC

Town of Moultonborough, New Hampshire
For the Year Ended December 31, 2020
Significant Audit Adjustments

The following is a listing of the significant audit adjustments made for the year ended December 31, 2020 and have been corrected by management:

General Fund:

- To reverse prior year interfunds in the capital reserve funds paid in the current year, in the amount of \$492,250.
- To record an adjustment to fair value for capital reserve fund investments in the amount of \$171,283.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Financial Statements
December 31, 2020
and
Independent Auditor's Report

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2020

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FINANCIAL STATEMENTS
December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Moultonborough, New Hampshire

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions, on pages i-viii and 33-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Moultonborough, New Hampshire's basic financial statements. The combining nonmajor governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Vashon Cluskey & Company PC

Manchester, New Hampshire
September 1, 2021

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Our discussion and analysis of the financial performance of the Town of Moultonborough, NH is prepared to provide an overview of the Town's financial activities for the year ended December 31, 2020. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Moultonborough exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$21,910,876 (net position). Of this amount, \$4,759,936 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$771,592, a decrease of \$34,409 compared to the prior year.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$11,458,578, an increase of \$898,431 in comparison with the prior year. Of this total amount, \$5,307,051 is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$5,307,051 or 55% of total general fund expenditures in fiscal year 2020.
- The Town has long-term obligations payable at year end consisting of a capital lease payable totaling \$50,160 and compensated absences of \$210,371.
- The Town has an other post-employment benefits liability at year end of \$786,878.
- At year end, the Town had a net pension liability of \$6,770,827.

Overview of the Financial Statements

The financial statements presented herein include all the activities of the Town of Moultonborough using the integrated approach prescribed by GASB Statement 34.

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The basic financial statements are comprised of the following three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. We take all of the current year's revenues and expenses into account regardless of when cash is received or paid.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be the Town's only major fund. We combine data from all other governmental funds into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining supplemental schedules accompanying this report as Supplementary Information.

The Town adopts an annual appropriation budget for its General Fund. A budgetary comparison schedule is provided for the General Fund as Required Supplementary Information to demonstrate compliance with this budget.

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

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

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Required supplementary information. The basic financial statements and accompanying notes are followed by a section of *required supplementary information*. This section includes a budgetary comparison schedule for the general fund, the Town's only major governmental fund with an adopted budget and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, there's a schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and a schedule of Town pension contributions.

Other supplementary information. The combining statements referred to previously in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

Town of Moultonborough, NH
 Net Position

	2020	2019
Capital assets, net	\$ 16,745,215	\$ 16,483,023
Other assets	11,978,094	11,214,084
Total Assets	28,723,309	27,697,107
Deferred outflows of resources related to OPEB and pensions	1,540,766	509,180
Total Deferred Outflows of Resources	1,540,766	509,180
Long-term liabilities	7,818,236	6,209,384
Other liabilities	318,139	458,486
Total Liabilities	8,136,375	6,667,870
Property taxes collected in advance	17,507	27,904
Deferred inflows of resources related to OPEB and pensions	199,317	371,229
Total Deferred Inflows of Resources	216,824	399,133
Net position:		
Net investment in capital assets	16,695,055	16,421,991
Restricted	455,885	410,445
Unrestricted	4,759,936	4,306,848
Total Net Position	\$ 21,910,876	\$ 21,139,284

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of 2020 fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,910,876. There was a \$771,592 increase in net position during 2020. This increase includes an increase in net investment in capital assets of \$273,064, an increase in restricted net position of \$45,440, and an increase in unrestricted net position of \$453,088.

The largest portion of the Town's net position \$16,695,055 (76%) reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, infrastructure); less any related debt used to acquire those

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

assets that is still outstanding. The Town's capital lease payable at year-end of (\$50,160) is our only capital assets related debt. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$455,885 (2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$4,759,936 (22%) may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Moultonborough, NH
 Changes in Net position

	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 211,153	\$ 221,133
Operating grants and contributions	257,219	281,111
General revenues:		
Property and other taxes	7,415,955	7,181,060
Licenses and permits	1,992,175	1,965,185
Grants and contributions	287,577	260,899
Interest and investment earnings	320,297	602,491
Miscellaneous	159,442	175,566
Total revenues	<u>10,643,818</u>	<u>10,687,445</u>
Expenses		
General government	2,428,579	2,289,962
Public safety	3,036,752	2,873,127
Highways and streets	2,360,714	2,727,627
Sanitation	758,854	630,022
Health and welfare	127,142	104,834
Culture and recreation	1,152,534	1,139,466
Conservation	5,997	132,551
Interest and fiscal charges	3,534	2,846
Total expenses	<u>9,874,106</u>	<u>9,900,435</u>
Increase in net position before contributions to permanent fund principal	769,712	787,010
Contributions to permanent fund principal	<u>1,880</u>	<u>18,991</u>
Increase in net position	771,592	806,001
Net position, beginning of year	<u>21,139,284</u>	<u>20,333,283</u>
Net position, end of year	<u>\$ 21,910,876</u>	<u>\$ 21,139,284</u>

Governmental activities. The Town has no business-type activities therefore governmental activities were 100% responsible for the Town's total growth in net position of \$771,592. A key element of this growth is the increase in Cash and Cash Equivalents of \$1,364,987 largely due to a reduction in the

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

amount voted from surplus in 2020 to \$222,431. As a result of the funds raised for the 2020 budget, and the reduction in expenses due to the COVID-19 pandemic, it would be expected that cash would increase. Another key element is the decrease in Investments of \$648,498, along with the increase in Capital Assets (net) of \$262,192 and the decrease in the Capital Leases Payable of \$10,872.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of 2020 the Town's governmental funds reported combined ending fund balances of \$11,458,578 an increase of \$898,431 in comparison with the prior year. Of this total amount, \$5,307,051 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified as either non-spendable, restricted, committed or assigned to indicate that it is not available for new spending. The 2020 non-spendable fund balance includes permanent fund principal used to generate income for purposes that support the Town's programs at the municipal library (\$123,884) and the cemeteries (\$39,823). The restricted fund balance includes donated funds to the library of (\$201,528), donated funds for recreation facilities improvements of (\$27,272), donated funds for the heritage commission of (\$720), donated funds for sidewalk and crosswalk maintenance of (\$5,859) and donated funds for the acquisition of land around Lee Pond in the amount of (\$36,478). The remaining restricted amount (\$20,321) represents library and cemetery income in the permanent funds.

The general fund is the chief operating fund of the Town. At the end of the 2020 fiscal year, unassigned fund balance of the general fund was \$5,307,051 while total fund balance for all governmental funds was \$11,458,578. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (55%) and total fund balance (1.18%) to total general fund expenditures of \$9,699,424. As defined by the Town's Fund Balance Policy, based upon our best estimates of the fiscal 2021 budgets for other entities, the unassigned fund balance will be approximately 18.1% of total appropriations (including School and County taxes) in comparison to the target of 12.5%. The 2021-22 budget was passed using \$1,049,419 of this unassigned fund balance. At the 2020 Town Meeting, the Select Board recommended changing the Town's fiscal year from a calendar year (January 1-December 31) to an alternate fiscal year (July 1-June 30). The Board is preserving fund balance to assist with softening the impact of this change on the Town portion of the tax rate.

Total fund balance of the general fund increased \$809,778 during fiscal year 2020. Final revenues exceeded 2020 budgeted estimates by \$650,472 and the Town under expended its final expenditures budget by \$1,057,930.

There are nine non-major governmental funds with a total fund balance of \$855,084, which experienced an increase of \$88,653 from the prior year.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

General Fund Budgetary Highlights

During the year, the original budget for appropriations decreased by \$305,873. This decrease is the result of approved appropriations of \$305,873 being carried forward to 2020 which includes a reduction in appropriations supported by revenues and transfers in totaling \$232,814 that are not susceptible to accrual.

The Town under expended its 2020 budget by \$1,057,930. In part, this under expenditure resulted from a slowdown due to the COVID-19 Pandemic. The Police Department had four vacancies resulting in a savings in regular wages, overtime, and insurances. In DPW HWY the pandemic, along with a mild winter, resulted in savings for overtime, insurances, salt, sand, road maintenance, other services and supplies. The Planning & Zoning Department had savings in part-time wages and insurances. Budgetary basis accounting requires that the 2019 encumbrances of \$74,963 be removed from the current year expenditures when comparing the 2020 budget to actual. The 2020 encumbrances were \$20,974 and added as current year expenditures.

Capital Assets and Debt Administration

Capital Assets. The Town of Moultonborough considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their useful life beginning in the year of acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$16,745,215 (net of accumulated depreciation), an increase of \$262,192 from the previous year. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the purchase of an initial attach/multi use vehicle, transfer station loader, fire brush truck, and slide in brush fire unit. The Town also made improvements to States Landing, and Kraine Meadow Pavilion. Finally, the Town completed three road projects including Highway Garage Road, Kona Farm Road, and Ossipee Mountain culverts.

Capital Assets
(net of depreciation)
Governmental Activities

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 3,062,788	\$ 3,009,532
Buildings and improvements	4,278,894	4,430,913
Vehicles and equipment	3,613,704	3,481,449
Infrastructure	4,934,920	5,012,009
Construction in progress	854,909	549,120
Total	<u>\$ 16,745,215</u>	<u>\$ 16,483,023</u>

Additional information on capital assets can be found in Note 3 to the basic financial statements.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Long-Term Obligations. At the end of the current fiscal year, total bonded debt outstanding remained at zero. Capital leases payable was \$50,160 which is a \$10,872 decrease from the prior year due to the scheduled/budgeted payments on the existing obligation.

**Outstanding Debt
Governmental Activities
General Obligation Bonds and Capital Lease Payable**

	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ -	\$ -
Capital leases	<u>50,160</u>	<u>61,032</u>
Total	<u>\$ 50,160</u>	<u>\$ 61,032</u>

The balance of compensated absences payable of \$210,371 had a net decrease of \$23,234 in potential future payments.

The net Other Post-Employment Benefits (OPEB) obligation at the end of 2020 was \$786,878 which consists of \$416,490 for the Cost-Sharing Multiple Employer Plan and \$370,388 for the Single Employer Plan. The Single Employer Plan represents the value provided to retirees through an implicit rate subsidy gained through lower insurance premiums than what a retiree might otherwise pay if they were on a different plan from other employees. The Town employs a *pay-as-you-go* basis to fund the plan and has not advance funded its obligation; therefore, the liability will continue to increase. The Cost-Sharing Multiple Employer Plan is administrated by the New Hampshire Retirement System (NHRs) which provides a medical insurance subsidy to qualified retired members.

The Net Pension Liability at the end of 2020 was \$6,770,827. This represents the Town's proportionate share of the New Hampshire Retirement System's total net pension liability, which is required to be reported due to the Town's participation in the cost-sharing multiple employer defined benefit pension plan.

See Note 4, 5 and 6, to the basic financial statements, for additional information for all long-term liabilities.

Economic Factors, Rates and 2020 Budget

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Moultonborough based on the Annual Budget approved at Town Meeting and adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #45. The property tax also pays the levy placed on the Town by Carroll County and the State of New Hampshire in the Statewide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year's tax rate applied to the current year's assessments. The second billing utilizes the actual tax rate for the year as established by the New Hampshire DRA applied to the current year's assessment.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following is a comparison of the 2020 to the 2019 tax rates:

	2020	2019
Town rate	\$ 2.11	\$ 2.18
Local school rate	2.09	1.91
State school rate	1.78	1.96
County rate	1.15	1.10
Total rate	<u>\$ 7.13</u>	<u>\$ 7.15</u>

Our assessing contractor, Whitney Consulting Group (WCG), completed a Town-wide update in 2020 bringing assessed values close to 100% of the market. The results of the statistical update show the average, overall assessed values increased 7.1%. Residential values (improved & vacant) increased by 6.1%, commercial/industrial values increased by 3.4%, and waterfront values (improved & vacant) increased by 5.1%. There were 273 qualified sales from April 1, 2018, through March 31, 2020, 178 were residential (including 83 waterfront sales), 31 were vacant land, 12 were commercial, 13 were residential condominiums, 7 were camping trailers/park models, and 25 were boat slips/docks.

Requests for Information

This financial report provides our citizens and creditors with a general overview of the Town of Moultonborough's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administration Department, or the Board of Selectmen, at P.O. Box 139, Moultonborough, NH 03254. You may also call them at (603) 476-2347, stop by Town Hall at 6 Holland Street, or visit our website at www.moultonboroughnh.gov and click on *Departments and Boards* for our various email addresses.

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

Governmental
Activities

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash and cash equivalents	\$ 6,566,084
Investments	4,892,244
Taxes receivable, net	425,578
Accounts receivable	94,188
Total Current Assets	<u>11,978,094</u>
Noncurrent Assets:	
Tax deeded property	
Capital assets:	
Non-depreciable capital assets	2,353,238
Depreciable capital assets, net	<u>14,391,977</u>
Total Noncurrent Assets	<u>16,745,215</u>
Total Assets	<u>28,723,309</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	24,430
Deferred outflows of resources related to pensions	<u>1,516,336</u>
Total Deferred Outflows of Resources	<u>1,540,766</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	229,157
Accrued expenses	78,982
Deposits	10,000
Current portion of capital lease payable	11,502
Current portion of compensated absences payable	<u>22,380</u>
Total Current Liabilities	<u>352,021</u>
Noncurrent Liabilities:	
Capital lease payable	38,658
Compensated absences payable	187,991
Other post-employment benefits (OPEB) liability	786,878
Net pension liability	<u>6,770,827</u>
Total Noncurrent Liabilities	<u>7,784,354</u>
Total Liabilities	<u>8,136,375</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes collected in advance	17,507
Deferred inflows of resources related to OPEB	4,655
Deferred inflows of resources related to pensions	<u>194,662</u>
Total Deferred Inflows of Resources	<u>216,824</u>
NET POSITION	
Net investment in capital assets	16,695,055
Restricted	455,885
Unrestricted	<u>4,759,936</u>
Total Net Position	<u>\$ 21,910,876</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	
		Governmental <u>Activities</u>		
Governmental Activities:				
General government	\$ 2,428,579		\$ 58,174	\$ (2,370,405)
Public safety	3,036,752		36,829	(2,999,923)
Highways and streets	2,360,714	\$ 1,898	147,576	(2,211,240)
Sanitation	758,854	200,415		(558,439)
Health and welfare	127,142			(127,142)
Culture and recreation	1,152,534	8,840		(1,143,694)
Conservation	5,997		14,640	8,643
Interest and fiscal charges	3,534			(3,534)
Total governmental activities	<u>\$ 9,874,106</u>	<u>\$ 211,153</u>	<u>\$ 257,219</u>	<u>(9,405,734)</u>
General revenues:				
Property and other taxes				7,415,955
Licenses and permits				1,992,175
Grants and contributions:				
Municipal aid				78,638
Rooms and meals tax distribution				208,939
Interest and investment earnings				320,297
Miscellaneous				159,442
Contributions to permanent fund principal				1,880
Total general revenues and contributions				<u>10,177,326</u>
to permanent fund principal				<u>771,592</u>
Change in net position				<u>21,139,284</u>
Net Position - beginning of year				<u>\$ 21,910,876</u>
Net Position - end of year				

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,431,601	\$ 134,483	\$ 6,566,084
Investments	4,182,985	709,259	4,892,244
Taxes receivable, net	425,578		425,578
Accounts receivable	94,188		94,188
Due from other funds		11,360	11,360
Total Assets	<u>11,134,352</u>	<u>855,102</u>	<u>\$ 11,989,454</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 11,134,352</u>	<u>\$ 855,102</u>	<u>\$ 11,989,454</u>
LIABILITIES			
Accounts payable	\$ 229,139	\$ 18	\$ 229,157
Accrued expenses	78,982		78,982
Deposits	10,000		10,000
Due to other funds	11,360		11,360
Total Liabilities	<u>329,481</u>	<u>18</u>	<u>329,499</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	17,507		17,507
Uncollected property tax revenue	183,870		183,870
Total Deferred Inflows of Resources	<u>201,377</u>	<u>-</u>	<u>201,377</u>
FUND BALANCES			
Nonspendable		163,707	163,707
Restricted	201,528	90,650	292,178
Committed	4,045,496	600,727	4,646,223
Assigned	1,049,419		1,049,419
Unassigned	5,307,051		5,307,051
Total Fund Balances	<u>10,603,494</u>	<u>855,084</u>	<u>11,458,578</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,134,352</u>	<u>\$ 855,102</u>	<u>\$ 11,989,454</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 11,458,578
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,745,215
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	183,870
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	24,430
Deferred outflows of resources related to net pension liability	1,516,336
Deferred inflows of resources related to OPEB liability	(4,655)
Deferred inflows of resources related to net pension liability	(194,662)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Capital lease payable	(50,160)
Compensated absences payable	(210,371)
OPEB liability	(786,878)
Net pension liability	<u>(6,770,827)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 21,910,876</u>

See accompanying notes to the basic financial statements

EXHIBIT D

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,388,272	\$ 11,360	\$ 7,399,632
Licenses and permits	1,992,175		1,992,175
Intergovernmental	544,796		544,796
Charges for services	202,313	8,840	211,153
Interest and investment income	277,211	43,086	320,297
Miscellaneous	149,407	11,915	161,322
Total Revenues	10,554,174	75,201	10,629,375
Expenditures:			
Current operations:			
General government	2,251,282		2,251,282
Public safety	2,513,063	548	2,513,611
Highways and streets	1,430,680		1,430,680
Sanitation	714,711		714,711
Health and welfare	127,142		127,142
Culture and recreation	1,002,828	10,569	1,013,397
Conservation		5,997	5,997
Capital outlay	1,659,718		1,659,718
Debt service:			
Principal retirement		10,872	10,872
Interest and fiscal charges		3,534	3,534
Total Expenditures	9,699,424	31,520	9,730,944
Excess revenues over (under) expenditures	<u>854,750</u>	<u>43,681</u>	<u>898,431</u>
Other financing sources (uses):			
Transfers in	2,459	47,431	49,890
Transfers out	(47,431)	(2,459)	(49,890)
Total Other financing sources (uses)	(44,972)	44,972	-
Net change in fund balances	809,778	88,653	898,431
Fund Balances - beginning of year	<u>9,793,716</u>	<u>766,431</u>	<u>10,560,147</u>
Fund Balances - end of year	\$ 10,603,494	\$ 855,084	\$ 11,458,578

See accompanying notes to the basic financial statements

EXHIBIT D-1

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

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 898,431
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	262,192
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,323
Repayment of principal on capital leases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	10,872
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	23,234
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	(325)
Net changes in pension	<u>(439,135)</u>
Change in Net Position of Governmental Activities (Exhibit B)	\$ <u>771,592</u>

See accompanying notes to the basic financial statements

EXHIBIT E

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 6,516,790
Investments	\$ 159,994	1,281,062
Taxes receivable		385,837
Total Assets	<u>159,994</u>	<u>8,183,689</u>
LIABILITIES		
Due to other governments		6,889,663
Total Liabilities	<u>-</u>	<u>6,889,663</u>
NET POSITION		
Restricted for:		
School district		1,281,062
Others		12,964
Held in trust	<u>159,994</u>	
Total Net Position	<u>\$ 159,994</u>	<u>\$ 1,294,026</u>

See accompanying notes to the basic financial statements

EXHIBIT F

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS:		
Contributions:		
Private donations	\$ 12,535	\$ -
Total Contributions	<u>12,535</u>	<u>\$ -</u>
Investment Earnings:		
Interest income	2,478	77,480
Realized gains on investments	3,133	(9,026)
Net increase (decrease) in the fair value of investments	<u>11,538</u>	<u>68,454</u>
Total Investment Earnings	<u>17,149</u>	<u>68,454</u>
Property tax collections for other governments		17,889,029
Motor vehicle fee collections for other governments		561,324
Total Additions	<u>29,684</u>	<u>18,518,807</u>
DEDUCTIONS:		
Beneficiary payments to individuals	515	2,000
Beneficiary payments to other governments		17,889,029
Payments of property tax to other governments		561,324
Payments of motor vehicle fees to other governments		(18,452,353)
Total Deductions	<u>515</u>	<u>18,452,353</u>
Change in net position	29,169	66,454
Net Position - beginning of year	130,825	1,227,572
Net Position - end of year	<u>\$ 159,994</u>	<u>\$ 1,294,026</u>

See accompanying notes to the basic financial statements

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Moultonborough, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Moultonborough, New Hampshire (the “Town”) was incorporated in 1777. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those which are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020**

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the Town's sole major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. Custodial funds are held and administered by the Town for the benefit of others; therefore, custodial fund assets are not available to support the Town. The Town's custodial funds consist of property taxes collected on behalf of Moultonborough School District and Carroll County, motor vehicle fees collected on behalf of the State of New Hampshire, and the capital reserve funds of the Moultonborough School District, which are held by the Town as required by State law. Other custodial funds consist of developer's performance deposits.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2020 are recorded as receivables net of reserves for estimated uncollectibles of \$25,000.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
Infrastructure		10-30
Land improvements		10-30
Buildings and improvements		15-50
Vehicles and equipment		3-25

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Compensated Absences

Dependent on length of service, employees earn leave time at 3 to 6 hours per week. Upon voluntary separation of employment from the Town, employees shall be compensated for unused leave time at current rates of pay up to a maximum of 240 hours for full-time employees and 120 hours for part-time employees.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

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

Net Position

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

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for the specific purpose stipulated by external resource providers or limitations imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or enabling legislation.
- *Committed Fund Balance*: Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the Town intends to use, as established by the highest level of decision making authority (Town Meeting) or the body of official designated by that level, for a specific purpose. All appropriations shall lapse at the end of the fiscal year unless authorized with the provisions of RSA 32:7. For all governmental funds, other than the General Fund, any remaining positive fund balance amounts are to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts shall be reduced first, followed by assigned amounts then unassigned amounts.

Minimum Level of Unassigned Fund Balance

It is the Town's intent to maintain a target level of 12.5% of its total gross annual appropriations in the unassigned fund balance in the General Fund. The target shall be calculated by dividing the unassigned fund balance at year end of a given fiscal year by the total of the annual gross appropriations or levies upon the community to include the Town, County, School District, and State-Wide Education Property for the current fiscal year. Amounts above that may be considered excess.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

If the unassigned fund balance drops below the target level, the Town Administrator shall so notify the Board making recommendations as to advisable actions for its consideration, including but not limited to, a spending or hiring freeze until the unassigned fund balance has recovered to the target level. If this cannot be accomplished in a prudent manner over a period of three years, the Board shall consider recommended revenue increases in the next budget year.

Excess unassigned fund balance may be expended for the following: emergency situations which may cause an over-expenditure of total appropriations in accordance with the provisions of RSA 32:11, to reduce the property tax rate, to fund underfunded trust funds or capital reserves, or to increase capital outlay beyond that normally anticipated.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 6,566,084
Investments	4,892,244
Statement of Fiduciary Net Position:	
Cash and cash equivalents	6,516,790
Investments	1,441,056
	<u>\$ 19,416,174</u>

Deposits and investments at December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 13,152,399
Investments	6,263,775
	<u>\$ 19,416,174</u>

The Town's investment policy for governmental fund types requires that deposits be made with either the New Hampshire Public Deposit Investment Pool (NHPDIP), federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

or the Federal Reserve Bank. The Town limits its investments for governmental fund types to the NHPDIP, an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy for managing interest rate risk is to maintain a diversified portfolio, with investments selected based on the prudent person principal, and to avoid an over-concentration of assets in a specific maturity.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Total</u>	Remaining Maturity (in Years)		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
Fixed Income Mutual Funds	\$ 217,842		\$ 108,026	\$ 109,816
U.S. Government Agency Obligations	637,712		637,712	
U.S. Treasury Notes & Bonds	210,719		210,719	
Corporate Bonds	4,360,407	\$ 706,650	2,974,678	679,079
	<u>\$ 5,426,680</u>	<u>\$ 706,650</u>	<u>\$ 3,931,135</u>	<u>\$ 788,895</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investment policy for managing credit rate risk is to maintain a diversified portfolio, with investments selected based on the prudent person principal.

The following table shows the distribution of investments by credit rating as of year-end for each investment type:

<u>Rating</u>	<u>Total</u>	<u>Money</u>	<u>Fixed</u>	<u>U.S.</u>		
		<u>Equity</u>	<u>Market</u>	<u>Income</u>	<u>Government</u>	
		<u>Mutual</u>	<u>Mutual</u>	<u>Mutual</u>	<u>Agency</u>	<u>Corporate</u>
AAA	\$ 637,712				\$ 637,712	
AA-	536,346					\$ 536,346
A+	740,982					740,982
A	1,149,020					1,149,020
A-	992,600					992,600
BBB+	941,459					941,459
Not Rated	747,482	\$ 97,784	\$ 431,856	\$ 217,842	\$ 637,712	\$ 4,360,407
	<u>\$ 5,745,601</u>	<u>\$ 97,784</u>	<u>\$ 431,856</u>	<u>\$ 217,842</u>	<u>\$ 637,712</u>	<u>\$ 4,360,407</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the Town's investment policy requires that all deposits with financial institutions be collateralized with pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal deposit insurance. Collateralization must remain in effect so long as Town assets remain on deposit.

Of the Town's deposits with financial institutions at year end, \$12,491,369 was collateralized by securities held by the bank.

As of December 31, 2020, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
Equity Mutual Funds	\$ 97,784
Fixed Income Mutual Funds	217,842
U.S. Government Agency Obligations	637,712
U.S. Treasury Notes & Bonds	210,719
Corporate Bonds	4,360,407
Equity Securities	<u>307,455</u>
	<u><u>\$ 5,831,919</u></u>

Fair Value

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- *Level 1 Inputs* - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- *Level 2 Inputs* - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- *Level 3 Inputs* - Significant unobservable inputs.

As of December 31, 2020, the Town's investments measured at fair value, by type, were as follows:

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<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
	<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>	
Equity Mutual Funds	\$ 97,784			\$ 97,784
Fixed Income Mutual Funds	217,842			217,842
U.S. Government Agency Obligations		\$ 637,712		637,712
U.S. Treasury Notes & Bonds		210,719		210,719
Corporate Bonds		4,360,407		4,360,407
Equity Securities	307,455			307,455
	<u>\$ 623,081</u>	<u>\$ 5,208,838</u>	<u>\$ -</u>	<u>\$ 5,831,919</u>

Mutual funds and equity securities classified as Level 1 are valued using unadjusted prices quoted in active markets for those securities. U.S. Government agency obligations, U.S. Treasury notes & bonds, and corporate bonds classified as Level 2 are valued utilizing pricing that may involve estimation using similar securities or trade dates.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance</u> <u>01/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/20</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,498,328			\$ 1,498,328
Construction in progress	549,120	\$ 426,107	\$ (120,317)	854,910
Total capital assets not being depreciated	<u>2,047,448</u>	<u>426,107</u>	<u>(120,317)</u>	<u>2,353,238</u>
Other capital assets:				
Infrastructure	7,013,660	333,736		7,347,396
Land improvements	2,261,608	145,080		2,406,688
Buildings and improvements	6,629,647			6,629,647
Vehicles and equipment	6,923,186	572,845	(990,751)	6,505,280
Total other capital assets at historical cost	<u>22,828,101</u>	<u>1,051,661</u>	<u>(990,751)</u>	<u>22,889,011</u>
Less accumulated depreciation for:				
Infrastructure	(2,001,651)	(410,825)		(2,412,476)
Land improvements	(750,404)	(91,826)		(842,230)
Buildings and improvements	(2,198,734)	(152,018)		(2,350,752)
Vehicles and equipment	(3,441,737)	(440,590)	990,751	(2,891,576)
Total accumulated depreciation	<u>(8,392,526)</u>	<u>(1,095,259)</u>	<u>990,751</u>	<u>(8,497,034)</u>
Total other capital assets, net	<u>14,435,575</u>	<u>(43,598)</u>	<u>-</u>	<u>14,391,977</u>
Total capital assets, net	<u>\$16,483,023</u>	<u>\$ 382,509</u>	<u>\$ (120,317)</u>	<u>\$ 16,745,215</u>

Depreciation expense was charged to governmental functions as follows:

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For the Year Ended December 31, 2020

General government	\$ 77,013
Public safety	270,442
Highways and streets	623,830
Sanitation	24,455
Culture and recreation	99,519
Total governmental activities depreciation expense	<u>\$ 1,095,259</u>

The balance of capital assets acquired through capital lease issuances as of December 31, 2020 is as follows:

Vehicles and equipment	\$ 61,032
Less: Accumulated depreciation	(22,378)
<u>\$ 38,654</u>	

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2020 are as follows:

	<u>Balance 01/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases payable	\$ 61,032		\$ (10,872)	\$ 50,160	\$ 11,502
Compensated absences payable	233,605	\$ 20,221	(43,455)	210,371	22,380
	<u>\$ 294,637</u>	<u>\$ 20,221</u>	<u>\$ (54,327)</u>	<u>\$ 260,531</u>	<u>\$ 33,882</u>

Payments made on capital lease obligations are paid out of the Recreation Fund, a Nonmajor Governmental Fund. Compensated absences payments will be paid from the General Fund.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of vehicle acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable functions. The following is the individual capital lease obligation outstanding at December 31, 2020:

		<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance 12/31/2020</u>
Governmental Activities:				
Van		5.79%	02/2024	<u>\$ 50,160</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Debt service requirements to retire the capital lease obligation outstanding at December 31, 2020 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>December 31,</u>	<u></u>	<u></u>	<u></u>
2021	\$ 11,502	\$ 2,904	\$ 14,406
2022	12,168	2,238	14,406
2023	12,872	1,534	14,406
2024	13,618	788	14,406
	<u>\$ 50,160</u>	<u>\$ 7,464</u>	<u>\$ 57,624</u>

NOTE 5—OTHER POST-EMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 24,430	\$ 416,490	\$ 4,655	\$ 14,551
Single Employer Plan		370,388		26,211
Total	<u>\$ 24,430</u>	<u>\$ 786,878</u>	<u>\$ 4,655</u>	<u>\$ 40,762</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$19,775.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020**

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. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rate for the covered payroll of general employees and public safety employees were 0.29% and 3.66%, respectively, for the year ended December 31, 2020. Contributions to the OPEB plan for the Town were \$40,335 for the year ended December 31, 2020. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the Town reported a liability of \$416,490 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the Town's proportion was approximately 0.0952 percent, which was a decrease of 0.0063 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$14,551. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 1,207
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,558	
Changes of assumptions	2,678	
Changes in proportion and differences between Town contributions and proportionate share of contributions		3,448
Town contributions subsequent to the measurement date	<u>20,194</u>	<u> </u>
Totals	<u>\$ 24,430</u>	<u>\$ 4,655</u>

The Town reported \$20,194 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2021	\$ (1,859)
2022	461
2023	550
2024	429
	<u><u>\$ (419)</u></u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020**

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

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
Fixed income	25%	0.42-1.66%
International equity	20%	3.96-6.20%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u><u>100%</u></u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSSA 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 Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 452,265	\$ 416,490	\$ 385,430

SINGLE EMPLOYER PLAN

Plan Description

The Town of Moultonborough, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees and their covered dependents. Retirees over the age of 65 are covered by the Medicare supplemental plan. The following groups of retirees qualify for this benefit: Group I employees are required to reach age 60 with no minimum service requirement; Group II employees are eligible at age 55 with 20 years of service or at age 60 with no minimum service requirement. Retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>38</u>
	<u><u>38</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$370,388 was measured and calculated as of December 31, 2020 using the alternative measurement method in place of an actuarial valuation.

Alternative Measurement Method Assumptions and Other Inputs for OPEB

The total OPEB liability in the December 31, 2020 calculation was determined using the following alternative measurement method assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Salary increases	2.75%
Discount rate	2.12%
Healthcare cost trend rates	4.90% for 2020, decreasing by 0.1% per year to an ultimate rate of 4.30% in 2027 and later years

The discount rate was based on a 20-year tax-exempt municipal bond yield of 2.12% as of December 31, 2020.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. The turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$ 344,177
Changes for the year:	
Service cost	28,704
Interest	10,217
Changes in assumptions or other inputs	23,666
Differences between expected and actual experience	<u>(36,376)</u>
Net changes	26,211
Balance at December 31, 2020	<u>\$ 370,388</u>

Changes in assumptions and other inputs reflect a change in the discount rate of 2.74% at December 31, 2019 to 2.12% at December 31, 2020. Healthcare trend rates have been reset to an initial rate of 4.90% decreasing to an ultimate rate of 4.30%.

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Current	1% Decrease	Discount Rate	1% Increase
		<u>(1.12%)</u>	<u>(2.12%)</u>	<u>(3.12%)</u>
Total OPEB liability	\$ 414,741	\$ 370,388	\$ 333,437	

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020**

(3.90 percent decreasing to 3.30 percent) or 1-percentage-point higher (5.90 percent decreasing to 5.30 percent) than the current healthcare cost trend rate:

	Healthcare Cost Trend	
	1% Decrease	1% Increase
	(3.90% decreasing to 3.30%)	(4.90% decreasing to 4.30%)
Total OPEB liability	\$ 322,966	\$ 370,388
		\$ 428,082

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

For the year ended December 31, 2020, the Town recognized OPEB expense of \$26,211. The impact of differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings are recognized as a component of OPEB expense as they occur under the alternative measurement method.

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Changes in Benefits

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

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rate for the covered payroll of general employees was 10.88% for the year ended December 31, 2020. The Town's contribution rates for the covered payroll of police officers and firefighters was 24.77% and 26.43%, respectively, for the year ended December 31, 2020. The Town contributes 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the year ended December 31, 2020 were \$448,601.

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

At December 31, 2020, the Town reported a liability of \$6,770,827 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

employers or NHRS. At June 30, 2020, the Town's proportion was approximately 0.1058 percent, which was a decrease of 0.0007 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$888,656. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 182,845	\$ 72,699
Changes of assumptions	669,769	
Net difference between projected and actual investment earnings on pension plan investments	418,783	
Changes in proportion and differences between Town contributions and proportionate share of contributions	18,046	121,963
Town contributions subsequent to the measurement date	<u>226,893</u>	
Totals	<u>\$ 1,516,336</u>	<u>\$ 194,662</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$1,321,674. The Town reported \$226,893 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense in the measurement periods as follows:

Year Ending <u>June 30,</u>	
2021	\$ 155,943
2022	293,460
2023	337,698
2024	<u>307,680</u>
	<u>\$ 1,094,781</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Inflation	2.00%
Wage inflation	2.75% (2.25% for teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

The following assumptions were changed in the current year:

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
Fixed income	25%	0.42-1.66%
International equity	20%	3.96-6.20%
Alternative investments	15%	4.81-7.71%
Real estate	<u>10%</u>	<u>2.95%</u>
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, 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 or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(5.75%)</u>	Current <u>Discount Rate</u> <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 8,765,466	\$ 6,770,827	\$ 5,140,944

NOTE 7—INTERFUND BALANCES AND TRANSFERS

Land use change taxes collected by the General fund on-behalf of the Conservation Fund, a Nonmajor Governmental Fund, were not transferred prior to year-end and are payable to the Conservation Fund. For the year ended December 31, 2020, the General Fund had an interfund payable to the Nonmajor Governmental Funds in the amount of \$11,360.

During the year, the Permanent Funds, a Nonmajor Governmental Fund, transferred \$2,459 to the General Fund to support library operations. This transfer was made in accordance with the intended purpose of the Permanent Funds. Additionally, during the year, the General Fund transferred \$47,431 to the Town Property Acquisition Fund, a Nonmajor Governmental Fund, in accordance with budgetary authorization.

NOTE 8—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2020 as follows:

Permanent Funds - Principal	\$ 163,707
Permanent Funds - Income	20,321
Library	201,528
Recreation Facility Improvements	27,272
Heritage Commission	720
Lee's Pond Preservation	36,478
Sidewalk Maintenance	5,859
	<u><u>\$ 455,885</u></u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

NOTE 9—COMPONENTS OF FUND BALANCE

Components of the Town's fund balance for its governmental funds at December 31, 2020 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Permanent Funds - Principal		\$ 163,707	\$ 163,707
Restricted for:			
Library	\$ 201,528		201,528
Permanent Funds - Income		20,321	20,321
Recreation Facility Improvements		27,272	27,272
Heritage Commission		720	720
Lee's Pond Preservation		36,478	36,478
Sidewalk Maintenance		5,859	5,859
Committed for:			
Continuing appropriations	73,059		73,059
Capital Reserves	3,511,353		3,511,353
Expendable Trusts	440,110		440,110
Encumbrances	20,974		20,974
Conservation		63,567	63,567
Town Property Acquisition		492,100	492,100
Police Details		4,945	4,945
Recreation		40,115	40,115
Assigned for:			
Designated to offset subsequent year appropriations	1,049,419		1,049,419
Unassigned	<u>5,307,051</u>		<u>5,307,051</u>
	<u><u>\$ 10,603,494</u></u>	<u><u>\$ 855,084</u></u>	<u><u>\$ 11,458,578</u></u>

NOTE 10—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$3,574,129,240 as of April 1, 2020) and are due in two installments on July 1, 2020 and December 15, 2020. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue on the modified accrual basis of accounting when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Moultonborough School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020**

Total taxes appropriated during the year were \$13,787,211 and \$4,101,818 for the Moultonborough School District and Carroll County, respectively. These taxes are recognized in the financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 11—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2020.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 12—CONTINGENCIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town, which are not covered by insurance are immaterial and would not affect the financial position of the Town.

SCHEDULE 1

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 7,384,962	\$ 7,384,962	\$ 7,404,595	\$ 19,633
Licenses and permits	1,544,000	1,544,000	1,992,175	448,175
Intergovernmental	441,452	441,452	544,796	103,344
Charges for services	152,500	152,500	202,313	49,813
Interest income	75,200	75,200	81,789	6,589
Miscellaneous	109,800	109,800	132,718	22,918
Total Revenues	9,707,914	9,707,914	10,358,386	650,472
Expenditures:				
Current operations:				
General government	2,422,544	2,422,544	2,207,782	214,762
Public safety	2,822,679	2,822,679	2,526,506	296,173
Highways and streets	1,923,030	1,923,030	1,423,986	499,044
Sanitation	665,482	665,482	714,711	(49,229)
Health and welfare	136,548	136,548	127,142	9,406
Culture and recreation	905,302	905,302	811,859	93,443
Capital outlay	1,821,693	1,515,820	1,521,488	(5,669)
Total Expenditures	10,697,277	10,391,404	9,333,474	1,057,930
Excess revenues over (under) expenditures	(989,363)	(683,490)	1,024,912	1,708,402
Other financing sources (uses):				
Transfers in	1,650,800	1,417,986	1,204,723	(213,263)
Transfers out	(1,054,010)	(1,054,010)	(1,054,010)	-
Total Other financing sources (uses)	596,790	363,976	150,713	(213,263)
Net change in fund balance	(392,573)	(319,514)	1,175,625	1,495,139
Fund Balance - beginning of year				
- Budgetary Basis	5,437,774	5,437,774	5,437,774	-
Fund Balance - end of year				
- Budgetary Basis	\$ 5,045,201	\$ 5,118,260	\$ 6,613,399	\$ 1,495,139

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended December 31, 2020

Cost-Sharing Multiple Employer Plan Information Only					
<u>Measurement Period Ended</u>	Town's Proportion of the Net OPEB Liability	Town's Proportionate Share of the Net OPEB Liability	Town's Covered Payroll	Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2020	0.09515222%	\$ 416,490	\$ 2,939,948	14.17%	7.74%
June 30, 2019	0.10147044%	\$ 444,858	\$ 2,864,894	15.53%	7.75%
June 30, 2018	0.10227889%	\$ 468,280	\$ 2,747,896	17.04%	7.53%
June 30, 2017	0.07225568%	\$ 330,378	\$ 2,558,656	12.91%	7.91%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 3

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Schedule of Town OPEB Contributions

For the Year Ended December 31, 2020

<u>Year Ended</u>	Contributions in Relation to the Contractually Required Contribution			Contribution Deficiency (Excess)	Town's Covered Payroll	Contributions as a Percentage of Covered Payroll
	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>	<u>Contractually Required Contribution</u>			
December 31, 2020	\$ 40,335	\$ (40,335)	\$ -	\$ 2,881,675	1.40%	
December 31, 2019	\$ 47,350	\$ (47,350)	\$ -	\$ 2,987,130	1.59%	
December 31, 2018	\$ 45,448	\$ (45,448)	\$ -	\$ 2,819,043	1.61%	
December 31, 2017	\$ 43,033	\$ (43,033)	\$ -	\$ 2,609,259	1.65%	

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2020

Single Employer Plan Information Only

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 28,704	\$ 28,704	\$ 29,718
Interest	10,217	7,452	7,452
Changes of benefit terms	-	-	-
Changes of assumptions or other inputs	23,666	40,381	(81,679)
Differences between expected and actual experience	(36,376)	(47,335)	(36,643)
Benefit payments	-	-	-
Net change in total OPEB liability	26,211	29,202	(81,152)
Total OPEB Liability - beginning of year	<u>344,177</u>	<u>314,975</u>	<u>396,127</u>
Total OPEB Liability - end of year	<u>\$ 370,388</u>	<u>\$ 344,177</u>	<u>\$ 314,975</u>
Covered employee payroll	\$ 2,194,109	\$ 2,565,006	\$ 2,478,831
Total OPEB liability as a percentage of covered employee payroll	16.88%	13.42%	12.71%

Significant Actuarial Assumptions

Discount rate	2.12%	2.74%	4.10%
Health cost trend rates:			
Initial	4.9% - 2020	4.6% - 2019	4.6% - 2018
Ultimate	4.3% - 2027	4.7% - 2025	4.7% - 2024
Mortality table	Pub-2010	RP-2000	RP-2000
Salary increase rate	2.75%	2.75%	2.75%

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2020

<u>For the Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.10585784%	\$ 6,770,827	\$ 2,939,948	230.30%	58.72%
June 30, 2019	0.10652702%	\$ 5,125,712	\$ 2,864,894	178.91%	65.59%
June 30, 2018	0.10585374%	\$ 5,097,072	\$ 2,747,896	185.49%	64.73%
June 30, 2017	0.10874744%	\$ 5,348,191	\$ 2,558,656	209.02%	62.66%
June 30, 2016	0.11385000%	\$ 6,054,082	\$ 2,628,327	230.34%	58.30%
June 30, 2015	0.11977481%	\$ 4,744,912	\$ 2,782,627	170.52%	65.47%
June 30, 2014	0.11948913%	\$ 4,485,127	\$ 2,680,456	167.33%	66.32%
June 30, 2013	0.12550257%	\$ 5,401,360	\$ 2,777,588	194.46%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Schedule of Town Pension Contributions

For the Year Ended December 31, 2020

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the Contractually Required Contribution			<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
		<u>Contractually Required Contribution</u>	<u>Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>		
December 31, 2020	\$ 448,601	\$ (448,601)	\$ -	\$ 2,881,675	15.57%	
December 31, 2019	\$ 483,283	\$ (483,283)	\$ -	\$ 2,987,130	16.18%	
December 31, 2018	\$ 454,408	\$ (454,408)	\$ -	\$ 2,819,043	16.12%	
December 31, 2017	\$ 414,525	\$ (414,525)	\$ -	\$ 2,609,259	15.89%	
December 31, 2016	\$ 408,216	\$ (408,216)	\$ -	\$ 2,624,321	15.56%	
December 31, 2015	\$ 400,448	\$ (400,448)	\$ -	\$ 2,691,587	14.88%	
December 31, 2014	\$ 382,302	\$ (382,302)	\$ -	\$ 2,609,916	14.65%	
December 31, 2013	\$ 364,888	\$ (364,888)	\$ -	\$ 2,856,978	12.77%	

See accompanying notes to the required supplementary information

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2020

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Additionally, budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances, non-budgetary revenues and expenditures, non-budgetary transfers in, and budgetary transfers in and out as follows:

	<u>Revenues</u>	<u>Expenditures</u>
	<u>and Other</u>	<u>and Other</u>
	<u>Financing</u>	<u>Financing</u>
	<u>Sources</u>	<u>Uses</u>
Per Exhibit D	\$ 10,556,633	\$ 9,746,855
Difference in property taxes meeting susceptible to accrual criteria	16,323	
Encumbrances - December 31, 2019		(74,963)
Encumbrances - December 31, 2020		20,974
Non-budgetary revenues and expenditures	(212,111)	(311,961)
Non-budgetary transfers in	(2,459)	
Budgetary transfers in and out	<u>1,204,723</u>	<u>1,006,579</u>
Per Schedule 1	<u>\$ 11,563,109</u>	<u>\$ 10,387,484</u>

NOTE 2—BUDGETARY FUND BALANCE

Components of the budgetary fund balance for the General Fund at December 31, 2020 are as follows:

<i>Committed for:</i>	
Continuing appropriations	\$ 73,059
<i>Assigned for:</i>	
Designated to offset subsequent year appropriations	1,049,419
<i>Unassigned</i>	<u>5,490,921</u>
	<u>\$ 6,613,399</u>

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2020

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's total OPEB liability and related ratios. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 5—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as information becomes available.

SCHEDULE A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2020

Special Revenue Funds											
	Recreation Fund	Town Property Acquisition Fund	Conservation Fund	Heritage Fund	Police Detail Fund	Recreation Facilities Improvements Fund	Lee's Pond Preservation Fund	Sidewalk Maintenance Fund	Total Special Revenue Funds	Permanent Funds	Combining Totals
ASSETS											
Cash and cash equivalents	\$ 40,133		\$ 52,207	\$ 720	\$ 4,945		\$ 36,478		\$ 134,483		\$ 134,483
Investments		\$ 492,100				\$ 27,272		\$ 5,859	\$ 525,231	\$ 184,028	709,259
Due from other funds			11,360						11,360		11,360
Total Assets	40,133	492,100	63,567	720	4,945	27,272	36,478	5,859	671,074	184,028	855,102
DEFERRED OUTFLOWS OF RESOURCES											
Total Deferred Outflows of Resources											
Total Assets and Deferred Outflows of Resources	\$ 40,133	\$ 492,100	\$ 63,567	\$ 720	\$ 4,945	\$ 27,272	\$ 36,478	\$ 5,859	\$ 671,074	\$ 184,028	\$ 855,102
LIABILITIES											
Accounts payable	\$ 18								\$ 18		\$ 18
Total Liabilities	18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18	\$ -	18
DEFERRED INFLOWS OF RESOURCES											
Total Deferred Inflows of Resources											
FUND BALANCES											
Nonspendable											
Restricted											
Committed											
Total Fund Balances	40,115	492,100	63,567	720	4,945	27,272	36,478	5,859	70,329	20,321	163,707
Total Liabilities, Deferred Inflows of Resources and Fund Balances	40,115	492,100	63,567	720	4,945	27,272	36,478	5,859	600,727	184,028	90,650
	\$ 40,133	\$ 492,100	\$ 63,567	\$ 720	\$ 4,945	\$ 27,272	\$ 36,478	\$ 5,859	\$ 671,056	\$ 184,028	600,727

SCHEDULE B

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds

For the Year Ended December 31, 2020

	Special Revenue Funds								Total Special Revenue Funds	Permanent Funds	Combining Totals
	Recreation Fund	Town Property Acquisition Fund	Conservation Fund	Heritage Fund	Police Detail Fund	Recreation Facilities Improvements Fund	Lee's Pond Preservation Fund	Sidewalk Maintenance Fund			
Revenues:											
Taxes				\$ 11,360					\$ 11,360		\$ 11,360
Charges for services	\$ 8,840								8,840		8,840
Interest and investment income	15	\$ 17,717		12		\$ 930		\$ 194	18,868	\$ 24,218	43,086
Miscellaneous	9,235					\$ 800			10,035	1,880	11,915
Total Revenues	18,090	17,717	11,372	\$ -	\$ -	930	\$ 800	194	49,103	26,098	75,201
Expenditures:											
Current operations:											
Public safety						548				548	548
Culture and recreation	10,569									10,569	10,569
Conservation				800				5,197		5,997	5,997
Debt service:											
Principal retirement	10,872									10,872	10,872
Interest and fiscal charges	3,534									3,534	3,534
Total Expenditures	24,975	\$ -	800	\$ -	548	\$ -	5,197	\$ -	31,520	\$ -	31,520
Excess revenues over (under) expenditures:	(6,885)	17,717	10,572	\$ -	(548)	930	(4,397)	194	17,583	26,098	43,681
Other financing sources (uses):											
Transfers in			47,431							47,431	47,431
Transfers out										(2,459)	(2,459)
Total Other financing sources (uses)	\$ -	47,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	47,431	(2,459)	44,972
Net change in fund balances	(6,885)	65,148	10,572	\$ -	(548)	930	(4,397)	194	65,014	23,639	88,653
Fund Balances - beginning of year	47,000	426,952	52,995	720	5,493	26,342	40,875	5,665	606,042	160,389	766,431
Fund Balances - end of year	\$ 40,115	\$ 492,100	\$ 63,567	\$ 720	\$ 4,945	\$ 27,272	\$ 36,478	\$ 5,859	\$ 671,056	\$ 184,028	\$ 855,084

SCHEDULE C

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position

Fiduciary Funds - All Custodial Funds

December 31, 2020

	School Custodial Funds	Performance Bond Custodial Funds	Tax Custodial Funds	Combining Totals
ASSETS				
Cash and cash equivalents		\$ 12,964	\$ 6,503,826	\$ 6,516,790
Investments	\$ 1,281,062			1,281,062
Taxes receivable			385,837	385,837
Total Assets	<u>1,281,062</u>	<u>12,964</u>	<u>6,889,663</u>	<u>8,183,689</u>
LIABILITIES				
Due to other governments			6,889,663	6,889,663
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,889,663</u>	<u>6,889,663</u>
NET POSITION				
Restricted for:				
School district	1,281,062			1,281,062
Others		12,964		12,964
Total Net Position	<u>\$ 1,281,062</u>	<u>\$ 12,964</u>	<u>\$ -</u>	<u>\$ 1,294,026</u>

SCHEDULE D

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds - All Custodial Funds

For the Year Ended December 31, 2020

	School Custodial Funds	Performance Bond Custodial Funds	Tax Custodial Funds	Combining Totals
ADDITIONS:				
Investment Earnings:				
Interest income	\$ 77,477	\$ 3	\$ -	\$ 77,480
Net decrease in the fair value of investments	<u>(9,026)</u>			<u>(9,026)</u>
Total Investment Earnings	<u>68,451</u>	<u>3</u>	<u>\$ -</u>	<u>68,454</u>
Property tax collections for other governments			17,889,029	17,889,029
Motor vehicle fee collections for other governments			561,324	561,324
Total Additions	<u>68,451</u>	<u>3</u>	<u>18,450,353</u>	<u>18,518,807</u>
DEDUCTIONS:				
Beneficiary payments to other governments	2,000			2,000
Payments of property tax to other governments			17,889,029	17,889,029
Payments of motor vehicle fees to other governments			561,324	561,324
Total Deductions	<u>2,000</u>	<u>-</u>	<u>18,450,353</u>	<u>18,452,353</u>
Change in net position	66,451	3	-	66,454
Net Position - beginning of year	<u>1,214,611</u>	<u>12,961</u>		<u>1,227,572</u>
Net Position - end of year	<u>\$ 1,281,062</u>	<u>\$ 12,964</u>	<u>\$ -</u>	<u>\$ 1,294,026</u>