



**TOWN OF DURHAM, NEW HAMPSHIRE**

Annual Financial Statements  
For the Year Ended December 31, 2019

**Town of Durham, New Hampshire**

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## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Durham, New Hampshire

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Durham, New Hampshire's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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

### **Basis for Qualified Opinion on Governmental Activities**

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

### **Qualified Opinion on Governmental Activities**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on Governmental Activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Durham, New Hampshire, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Opinion on Major Funds and Aggregate Remaining Fund Information**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund and sewer fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information appearing on pages 57 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Melanson".

Manchester, New Hampshire  
August 4, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Durham, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Durham, New Hampshire for the year ended December 31, 2019.

### A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$13,574,180 (i.e., net position), a change of \$1,774,134 in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$9,298,127, a change of \$1,266,324 in comparison to the prior year.



- At the end of the current year, unassigned fund balance for the general fund was \$3,715,628, a change of \$374,519 in comparison to the prior year.

### C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

#### NET POSITION

	Governmental <u>Activities</u>	
	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 20,959,118	\$ 18,519,816
Capital assets	<u>42,109,484</u>	<u>42,165,775</u>
Total assets	63,068,602	60,685,591
Deferred outflows of resources	1,688,758	2,250,370
Current liabilities	13,958,127	13,036,138
Noncurrent liabilities	<u>36,188,434</u>	<u>36,933,416</u>
Total liabilities	50,146,561	49,969,554
Deferred inflows of resources	1,036,619	1,166,361
Net investment in capital assets	21,685,585	20,567,601
Restricted	4,072,686	3,812,800
Unrestricted	<u>(12,184,091)</u>	<u>(12,580,355)</u>
Total net position	<u>\$ 13,574,180</u>	<u>\$ 11,800,046</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was \$13,574,180, a change of \$1,774,134 in comparison to the prior year.

The largest portion of net position \$21,685,585 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$4,072,686, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net

position is a deficit of \$(12,184,091) primarily resulting from the Town's unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,979,266	\$ 4,554,160
Capital grants and contributions	108,080	185,506
General revenues:		
Property taxes	9,113,312	8,517,751
Motor vehicle permit fees	1,194,466	1,176,627
Penalties and interest on taxes	351,845	161,019
Grants and contributions not restricted to specific programs	4,839,461	4,385,411
Investment income	229,480	105,458
Other	990,308	543,691
Total revenues	<u>21,806,218</u>	<u>19,629,623</u>
Expenses:		
General government	2,829,460	2,823,222
Public safety	9,384,034	8,428,923
Highways and streets	2,291,295	2,613,562
Sanitation	2,626,027	2,787,240
Water distribution and treatment	736,556	643,427
Health and human services	17,120	16,300
Welfare	15,276	29,024
Culture and recreation	1,249,274	1,209,821
Conservation	99,797	98,177
Interest on long-term debt	783,245	783,089
Total expenses	<u>20,032,084</u>	<u>19,432,785</u>
Change in net position	1,774,134	196,838
Net position - beginning of year	<u>11,800,046</u>	<u>11,603,208</u>
Net position - end of year	<u>\$ 13,574,180</u>	<u>\$ 11,800,046</u>

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$1,774,134. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 445,472
Sewer fund results	325,263
Water fund results	99,001
Tif fund results	147,176
Other governmental funds results	249,412
Principal debt service in excess of depreciation expense	286,061
Change in long-term liabilities, net of deferred outflows and inflows	(2,024,930)
Capital assets acquired with current year revenues	2,016,916
Other	<u>229,763</u>
Total	<u>\$ 1,774,134</u>

#### D. FINANCIAL ANALYSIS OF FUNDS

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$9,298,127, a change of \$1,266,324 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 445,472
Capital project fund activities	85,907
Sewer fund results	325,263
Nonmajor funds operating results	<u>409,682</u>
Total	<u>\$ 1,266,324</u>

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$3,715,628, while total fund balance was \$5,647,994. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund

balance and total fund balance to total general fund expenditures. Refer to the following table.

<u>General Fund</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 3,715,628	\$ 3,341,109	\$ 374,519	23.6%
Total fund balance	\$ 5,647,994	\$ 5,202,522	\$ 445,472	35.9%

The total fund balance of the general fund changed by \$445,472 during the current year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (25,000)
Revenues in excess of budget	27,240
Expenditures less than budget	219,085
Current year encumbrances greater than prior year	85,210
Change in capital reserves	111,476
Change in library activities	27,461
Total	<u>\$ 445,472</u>

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

	<u>12/31/19</u>	<u>12/31/18</u>	<u>Change</u>
Capital reserves	\$ <u>1,166,609</u>	\$ <u>1,055,133</u>	\$ <u>111,476</u>
Total	\$ <u><u>1,166,609</u></u>	\$ <u><u>1,055,133</u></u>	\$ <u><u>111,476</u></u>

#### **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

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

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental activities at year-end amounted to \$42,109,484 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

New Additions:

Orchard Drive Conservation	\$	150,000
Police Cruisers, two	\$	90,000
Defibrillator	\$	59,750

New Additions to Construction in Progress:

2019 Road Program	\$	366,199
Littlehale Pond Culvert	\$	349,012
2019 Road Program - UNH	\$	222,427
Sewer Force Main Replacement	\$	213,965
WWTP Grit Upgrades	\$	122,400

Reclassification of Construction in Progress:

Police Department Building	\$	1,966,162
2017 Road Program	\$	705,708
Custom Pumper	\$	562,655
Crommets Creek Bridge	\$	410,221
WW Generator	\$	309,839

Additional information on capital assets can be found in the Notes to the Financial Statements.

**Long-term debt.** At the end of the current year, total bonded debt outstanding was \$19,897,617, all of which was backed by the full faith and credit of the government.

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

**REQUESTS FOR INFORMATION**

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

Office of Business Manager  
Town of Durham  
8 Newmarket Road  
Durham, NH 03824

TOWN OF DURHAM, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2019

	Governmental <u>Activities</u>
<b>Assets</b>	
Current:	
Cash and short-term investments	\$ 17,097,222
Investments	2,698,244
Receivables, net of allowance for uncollectibles:	
Property taxes	676,877
User fees	130,805
Departmental and other	108,215
Intergovernmental	9,328
Other assets	<u>124,022</u>
Total Current Assets	20,844,713
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	114,405
Capital assets:	
Land and construction in progress	5,616,955
Other capital assets, net of accumulated depreciation	<u>36,492,529</u>
Total Noncurrent Assets	<u>42,223,889</u>
Total Assets	63,068,602
<b>Deferred Outflows of Resources</b>	
Related to pensions	1,575,040
Related to OPEB	<u>113,718</u>
Total Assets and Deferred Outflows of Resources	64,757,360
<b>Liabilities</b>	
Current:	
Accounts payable	1,014,499
Retainage payable	42,394
Accrued liabilities	497,777
Tax refunds payable	75,000
Taxes paid in advance	14,366
Due to school district	8,886,685
Due to other governments	4,214
Other current liabilities	789,212
Current portion of long-term liabilities:	
Bonds payable	2,424,452
Other	<u>209,528</u>
Total Current Liabilities	13,958,127
Noncurrent:	
Bonds payable, net of current portion	17,473,165
Net pension liability	14,620,397
Net OPEB liability	2,266,571
Other, net of current portion	<u>1,828,301</u>
Total Noncurrent Liabilities	<u>36,188,434</u>
Total Liabilities	50,146,561
<b>Deferred Inflows of Resources</b>	
Related to pensions	878,284
Related to OPEB	45,379
Other	<u>112,956</u>
Total Liabilities and Deferred Inflows of Resources	51,183,180
<b>Net Position</b>	
Net investment in capital assets	21,685,585
Restricted for:	
Grants and other statutory restrictions	3,613,128
Permanent funds:	
Nonexpendable	402,338
Expendable	57,220
Unrestricted	<u>(12,184,091)</u>
Total Net Position	<u>\$ 13,574,180</u>

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Expenses		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General government	\$ 2,829,460	\$ 473,452	\$ -	\$ -	\$ (2,356,008)
Public safety	9,384,034	1,042,148	-	-	(8,341,886)
Highways and streets	2,291,295	19,475	-	-	(2,271,820)
Sanitation	2,626,027	2,069,395	-	72,742	(483,890)
Water distribution and treatment	736,556	1,029,817	-	-	293,261
Health and human services	17,120	-	-	-	(17,120)
Welfare	15,276	-	-	-	(15,276)
Culture and recreation	1,249,274	344,979	-	35,338	(868,957)
Conservation	99,797	-	-	-	(99,797)
Interest	783,245	-	-	-	(783,245)
Total Governmental Activities	20,032,084	4,979,266	-	108,080	(14,944,738)
<b>General Revenues</b>					
					9,113,312
					1,194,466
					351,845
					4,839,461
					229,480
					990,308
					16,718,872
					1,774,134
<b>Net Position</b>					
					11,800,046
					\$ 13,574,180

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and short-term investments	\$ 14,232,819	\$ -	\$ 1,474,820	\$ 1,389,583	\$ 17,097,222
Investments	1,386,215	-	742,250	569,779	2,698,244
Receivables:					
Property taxes	1,010,155	-	-	-	1,010,155
User fees	-	-	41,076	104,069	145,145
Departmental and other	108,215	-	-	-	108,215
Due from other governments	9,328	-	-	-	9,328
Due from other funds	252,629	-	36,125	56,043	344,797
Other assets	61,778	-	188	62,056	124,022
<b>Total Assets</b>	<b>\$ 17,061,139</b>	<b>\$ -</b>	<b>\$ 2,294,459</b>	<b>\$ 2,181,530</b>	<b>\$ 21,537,128</b>
<b>Liabilities</b>					
Accounts payable	\$ 599,674	\$ 251,479	\$ 143,436	\$ 19,910	\$ 1,014,499
Retainage payable	-	42,394	-	-	42,394
Accrued liabilities	217,827	-	12,541	8,679	239,047
Tax refunds payable	75,000	-	-	-	75,000
Taxes paid in advance	14,366	-	-	-	14,366
Due to other funds	92,168	232,410	-	20,219	344,797
Due to school district	8,886,685	-	-	-	8,886,685
Due to other governments	4,214	-	-	-	4,214
Other liabilities	788,156	-	-	1,056	789,212
<b>Total Liabilities</b>	<b>10,678,090</b>	<b>526,283</b>	<b>155,977</b>	<b>49,864</b>	<b>11,410,214</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	704,626	-	50,561	43,171	798,358
Other	30,429	-	-	-	30,429
<b>Fund Balances</b>					
Nonspendable	60,870	-	-	463,799	524,669
Restricted	475,839	844,683	1,287,921	1,413,900	4,022,343
Committed	689,783	-	800,000	184,610	1,674,393
Assigned	705,874	-	-	26,186	732,060
Unassigned	3,715,628	(1,370,966)	-	-	2,344,662
<b>Total Fund Balances</b>	<b>5,647,994</b>	<b>(526,283)</b>	<b>2,087,921</b>	<b>2,088,495</b>	<b>9,298,127</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 17,061,139</b>	<b>\$ -</b>	<b>\$ 2,294,459</b>	<b>\$ 2,181,530</b>	<b>\$ 21,537,128</b>

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



**TOWN OF DURHAM, NEW HAMPSHIRE**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2019

<b>Total governmental fund balances</b>	\$ 9,298,127
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	42,109,484
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	482,618
• Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(38,822,414)
• Other	<u>506,365</u>
<b>Net position of governmental activities</b>	<u><u>\$ 13,574,180</u></u>

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 8,666,926	\$ -	\$ -	\$ 207,706	\$ 8,874,632
Motor vehicle permit fees	1,194,466	-	-	-	1,194,466
Penalties, interest and other taxes	339,655	-	6,843	5,347	351,845
Charges for services	980,297	-	1,989,334	1,323,729	4,293,360
Intergovernmental	3,610,310	648,318	563,808	17,025	4,839,461
Licenses and permits	550,838	-	-	82,339	633,177
Investment income	167,485	-	18,380	40,365	226,230
Contributions	302,466	-	72,742	-	375,208
Miscellaneous	583,050	4,590	6,785	27,792	622,217
	<u>16,395,493</u>	<u>652,908</u>	<u>2,657,892</u>	<u>1,704,303</u>	<u>21,410,596</u>
<b>Total Revenues</b>					
<b>Expenditures</b>					
Current:					
General government	2,753,356	123,509	-	42,850	2,919,715
Public safety	7,947,455	155,451	-	-	8,102,906
Highways and streets	1,460,744	1,439,223	-	-	2,899,967
Sanitation	710,684	829,817	1,050,909	-	2,591,410
Water distribution and treatment	-	84,383	-	578,857	663,240
Health and human services	17,120	-	-	-	17,120
Welfare	15,276	-	-	-	15,276
Culture and recreation	915,052	2,952	-	176,224	1,094,228
Employee benefits	94,798	-	-	4,999	99,797
Debt service	1,831,001	-	1,032,132	287,480	3,150,613
	<u>15,745,486</u>	<u>2,635,335</u>	<u>2,083,041</u>	<u>1,090,410</u>	<u>21,554,272</u>
<b>Total Expenditures</b>					
Excess (deficiency) of revenues over expenditures	650,007	(1,982,427)	574,851	613,893	(143,676)
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	1,270,900	-	-	1,270,900
Bond premiums	-	139,100	-	-	139,100
Transfers in	530,191	779,285	35,441	21,000	1,365,917
Transfers out	(734,726)	(120,951)	(285,029)	(225,211)	(1,365,917)
	<u>(204,535)</u>	<u>2,068,334</u>	<u>(249,588)</u>	<u>(204,211)</u>	<u>1,410,000</u>
<b>Total Other Financing Sources (Uses)</b>					
Change in fund balance	445,472	85,907	325,263	409,682	1,266,324
Fund Balance, at Beginning of Year	5,202,522	(612,190)	1,762,658	1,678,813	8,031,803
Fund Balance, at End of Year	<u>\$ 5,647,994</u>	<u>\$ (526,283)</u>	<u>\$ 2,087,921</u>	<u>\$ 2,088,495</u>	<u>\$ 9,298,127</u>

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 1,266,324</b>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	2,016,916
Depreciation	(2,073,207)
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Issuance of debt	(1,270,900)
Repayments of debt	2,359,268
Other	(34,887)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in deferred revenue.</p>	
	291,409
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Net pension liability and related deferred outflows and inflows of resources	(644,158)
Net OPEB liability and related deferred outflows and inflows of resources	(88,985)
Other	(47,646)
	291,409
<b>Change in net position of governmental activities</b>	<b>\$ <u><u>1,774,134</u></u></b>

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	Positive <u>(Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 8,801,259	\$ 8,801,259	\$ 8,666,926	\$ (134,333)
Penalties, interest and other taxes	336,434	336,434	339,655	3,221
Charges for services	477,627	477,627	574,099	96,472
Intergovernmental	3,605,993	3,605,993	3,610,310	4,317
Licenses and permits	1,720,301	1,720,301	1,711,630	(8,671)
Investment income	115,427	115,427	128,898	13,471
Contributions	769	769	969	200
Miscellaneous	<u>489,782</u>	<u>489,782</u>	<u>461,975</u>	<u>(27,807)</u>
Total Revenues	15,547,592	15,547,592	15,494,462	(53,130)
<b>Expenditures</b>				
General government	2,556,170	2,556,170	2,505,446	50,724
Public safety	7,819,255	7,819,255	7,701,148	118,107
Highways and streets	1,586,250	1,586,250	1,510,461	75,789
Sanitation	663,050	663,050	709,484	(46,434)
Health and human services	17,350	17,350	17,120	230
Welfare	22,000	22,000	15,276	6,724
Culture and recreation	420,880	420,880	409,248	11,632
Conservation	120,380	120,380	90,298	30,082
Debt service	<u>1,853,640</u>	<u>1,853,640</u>	<u>1,831,001</u>	<u>22,639</u>
Total Expenditures	<u>15,058,975</u>	<u>15,058,975</u>	<u>14,789,482</u>	<u>269,493</u>
Excess (deficiency) of revenues over expenditures	488,617	488,617	704,980	216,363
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
From Water	65,000	65,000	65,000	-
From Sewer	199,000	199,000	199,000	-
From Parking	118,340	118,340	136,976	18,636
From Depot Road	89,418	89,418	95,055	5,637
From Capital Reserves	43,530	43,530	74,029	30,499
From other funds	33,430	33,430	59,028	25,598
Transfers out:				
To Library	(494,335)	(494,335)	(494,335)	-
To Capital Projects	(528,000)	(528,000)	(528,000)	-
To Capital Reserves	(40,000)	(40,000)	(90,408)	(50,408)
Use of fund balance to reduce taxes	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(488,617)</u>	<u>(488,617)</u>	<u>(458,655)</u>	<u>29,962</u>
Excess (deficiency) of revenues and other sources over expenditures, and other uses.	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>  246,325</u>	\$ <u>  246,325</u>

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

SEWER FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues</b>				
Charges for services	\$ 2,554,824	\$ 2,554,824	2,559,985	5,161
Intergovernmental	72,000	72,000	72,742	742
Miscellaneous	-	-	6,785	6,785
	2,626,824	2,626,824	2,639,512	12,688
<b>Expenditures</b>				
Sanitation	1,265,690	1,265,690	1,096,927	168,763
Debt service	1,041,300	1,041,300	1,032,132	9,168
	2,306,990	2,306,990	2,129,059	177,931
Excess (deficiency) of revenues over expenditures	319,834	319,834	510,453	190,619
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	35,441	35,441
Transfers out	(319,834)	(319,834)	(335,959)	(16,125)
	(319,834)	(319,834)	(300,518)	19,316
Excess (deficiency) of revenues and other sources over expenditures, and other uses.	\$ -	\$ -	\$ 209,935	\$ 209,935

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2019

	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
<b>Assets</b>		
Cash and short-term investments	\$ 4,625	\$ 44,026
Investments	<u>139,436</u>	<u>1,377,369</u>
Total Assets	144,061	1,421,395
<b>Liabilities</b>		
Other liabilities	<u>-</u>	<u>1,421,395</u>
Total Liabilities	<u>-</u>	<u>\$ 1,421,395</u>
<b>Net Position</b>		
Restricted for other purposes	<u>144,061</u>	
Total Net Position	<u>\$ 144,061</u>	

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Contributions	\$ 10,109
Interest income	<u>11,991</u>
Total additions	22,100
<b>Deductions</b>	
Other	<u>11,513</u>
Total deductions	<u>11,513</u>
Net increase	10,587
<b>Net position restricted for other purposes</b>	
Beginning of year	<u>133,474</u>
End of year	<u><u>\$ 144,061</u></u>

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

## Town of Durham, New Hampshire

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

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

##### A. Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In year 2019, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

##### B. Government-wide and Fund Financial Statements

###### Government-wide Financial Statements

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

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

###### Fund Financial Statements

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



### C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

#### Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

#### Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

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

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

The Town reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency funds* account for fiduciary activities of the Town not required to be reported elsewhere. The Town's agency funds include the following funds for Oyster River Cooperative School District: Facility Development, Special Education, and Benefits Fund. Also included in the Town's agency funds are a Bruce Smith Library Fund, Dunn C. Library Fund and Facilities Development, Maintenance and Replacement Trust.

#### *D. Cash and Short-Term Investments*

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

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

#### *E. Investments*

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

Investments for the trust funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value, except certificates of deposit which are reported at cost.

*F. Interfund Receivables and Payables*

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

*G. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

*H. Compensated Absences*

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

*I. Long-Term Obligations*

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

*J. Fund Equity*

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

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

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

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

*K. Use of Estimates*

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

**2. Departures from Generally Accepted Accounting Principles**

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

The government-wide Statement of Net Position does not include any of the Town’s capital assets acquired in years prior to 2004, nor the accumulated depreciation on those assets. This is a departure from generally accepted accounting principles of the United States of America.

### **3. Stewardship, Compliance, and Accountability**

#### *A. Budgetary Information*

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

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

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

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

#### *B. Budgetary Basis*

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

#### *C. Budget/GAAP Reconciliation*

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

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

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 16,395,493	\$ 15,745,486	\$ (204,535)
Reverse beginning of year appropriation carryforwards from expenditures	-	(30,391)	-
Add end-of-year appropriation carryforwards from expenditures	-	115,601	-
Recognize use of fund balance as funding source to reduce tax rate	-	-	25,000
To eliminate library activity	(45,031)	(511,905)	(494,335)
To eliminate parking activity	(439,972)	(292,996)	146,976
To eliminate capital reserve activity	<u>(416,028)</u>	<u>(236,313)</u>	<u>68,239</u>
Budgetary Basis	\$ <u>15,494,462</u>	\$ <u>14,789,482</u>	\$ <u>(458,655)</u>

  

<u>Sewer Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Revenues/expenditures/transfers (GAAP Basis)	\$ 2,657,892	\$ 2,083,041	\$ (249,588)
To eliminate capital reserve activity	<u>(18,380)</u>	<u>46,018</u>	<u>(50,930)</u>
Budgetary Basis	\$ <u>2,639,512</u>	\$ <u>2,129,059</u>	\$ <u>(300,518)</u>

#### D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of December 31, 2019.

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

#### 4. Cash and Short-Term Investments

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a

solvent bank in excess of the paid-up capital surplus of said bank.” The Town does not have a deposit policy for custodial credit risk.

As of December 31, 2019, none of the Town’s bank balance of \$16,962,836 was exposed to custodial credit risk as uninsured or uncollateralized.

**5. Investments**

The following is a summary of the Town’s investments as of December 31, 2019:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 256,557
Corporate bonds	1,428,705
Equity mutual funds	634,488
Federal agency securities	1,271,867
Fixed income mutual funds	492,733
U.S. Treasury notes	<u>130,699</u>
Total investments	<u>\$ 4,215,049</u>

*A. 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. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Rating as of Year End</u>						
	<u>Amount</u>	<u>Exempt</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Certificates of deposit	\$ 256,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,557
Corporate bonds	1,428,705	-	-	145,594	1,077,955	205,156	-
Federal agency securities	1,271,867	-	1,271,867	-	-	-	-
Fixed income mutual funds	<u>492,733</u>	<u>492,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,449,862</u>	<u>\$ 492,733</u>	<u>\$ 1,271,867</u>	<u>\$ 145,594</u>	<u>\$ 1,077,955</u>	<u>\$ 205,156</u>	<u>\$ 256,557</u>

*B. Custodial Credit Risk*

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able

to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have policies for custodial credit risk.

As of December 31, 2019, \$4,215,049 of the Town's total investments were subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Certificates of deposits	\$ 256,557	\$ -	\$ 256,557
Corporate bonds	1,428,705	-	1,428,705
Equity mutual funds	634,488	-	634,488
Federal agency securities	1,271,867	-	1,271,867
Fixed income mutual funds	492,733	-	492,733
U.S. Treasury notes	130,699	-	130,699
Total	<u>\$ 4,215,049</u>	<u>\$ -</u>	<u>\$ 4,215,049</u>

*C. Concentration of Credit Risk*

The Town does not have an investment in one issuer greater than 5% of total investments.

*D. 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 does not have a formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Exempt</u>
Certificates of deposits	\$ 256,557	\$ -	\$ 256,557	\$ -	\$ -
Corporate bonds	1,428,705	80,881	686,306	661,518	-
Equity mutual funds	634,488	-	-	-	634,488
Federal agency securities	1,271,867	314,813	820,308	136,746	-
Fixed income mutual funds	492,733	-	-	-	492,733
U.S. Treasury notes	130,699	105,465	25,234	-	-
Total	<u>\$ 4,215,049</u>	<u>\$ 501,159</u>	<u>\$ 1,788,405</u>	<u>\$ 798,264</u>	<u>\$ 1,127,221</u>



E. Foreign Currency Risk

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

F. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

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

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

The Town has the following fair value measurements as of December 31, 2019:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate bonds	\$ 1,428,705	\$ 1,428,705	\$ -	\$ -
Equity mutual funds	634,488	634,488	-	-
Federal agency securities	1,271,867	1,271,867	-	-
Fixed income mutual funds	492,733	492,733	-	-
U.S. Treasury notes	130,699	130,699	-	-
Other investments at fair value:				
New Hampshire Public Deposit Investment Pool	<u>137,906</u>	-	-	-
Total	<u>\$ 4,096,398</u>			

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

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

**6. Property Taxes Receivable**

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

Property taxes receivable at December 31, 2019 consist of the following:

	Gross Amount <u>(fund basis)</u>	Allowance for Doubtful <u>Accounts</u>	Current <u>Portion</u>	Long- Term <u>Portion</u>
Real estate taxes	\$ 740,157	\$ (63,280)	\$ 676,877	\$ -
Tax liens	<u>269,998</u>	<u>(155,593)</u>	<u>-</u>	<u>114,405</u>
Total property taxes	<u>\$ 1,010,155</u>	<u>\$ (218,873)</u>	<u>\$ 676,877</u>	<u>\$ 114,405</u>

**Taxes Collected for Others**

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

**7. User Fee Receivables**

Receivables for user charges and betterments at December 31, 2019 consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Water	\$ 30,231	\$ (3,885)	\$ 26,346
Sewer	41,076	(3,071)	38,005
Churchill Rink	<u>73,838</u>	<u>(7,384)</u>	<u>66,454</u>
Total	<u>\$ 145,145</u>	<u>\$ (14,340)</u>	<u>\$ 130,805</u>

**8. Intergovernmental Receivables**

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2019.

**9. Interfund Fund Accounts**

**Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 252,629	\$ 92,168
Capital Project Funds	-	232,410
Sewer Fund	36,125	-
Nonmajor Funds:		
Water Fund	56,043	-
Conservation	-	20,219
Subtotal Nonmajor Funds	<u>56,043</u>	<u>20,219</u>
Total	<u>\$ 344,797</u>	<u>\$ 344,797</u>

## Transfers

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

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 530,191	\$ 734,726
Capital Project Funds	779,285	120,951
Sewer Fund	35,441	285,029
Nonmajor Funds:		
Special Revenue Funds:		
Water Fund	21,000	114,937
Depot Road	-	95,055
Conservation	-	15,219
Subtotal Nonmajor Funds	<u>21,000</u>	<u>225,211</u>
Grand Total	\$ <u>1,365,917</u>	\$ <u>1,365,917</u>

Most of the transfers out of the general fund represent the Town's practice of using fund balance to fund various major capital project funds. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

## 10. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Land improvements	\$ 537,265	\$ -	\$ -	\$ 537,265
Buildings and improvements	20,651,295	2,038,162	-	22,689,457
Machinery, equipment, and furnishings	8,660,334	1,114,923	(45,794)	9,729,463
Infrastructure	<u>16,207,422</u>	<u>1,151,429</u>	<u>-</u>	<u>17,358,851</u>
Total capital assets, being depreciated	46,056,316	4,304,514	(45,794)	50,315,036
Less accumulated depreciation for:				
Land improvements	(161,705)	(15,707)	-	(177,412)
Buildings and improvements	(2,849,166)	(631,806)	-	(3,480,972)
Machinery, equipment, and furnishings	(4,351,672)	(727,315)	45,794	(5,033,193)
Infrastructure	<u>(4,432,551)</u>	<u>(698,379)</u>	<u>-</u>	<u>(5,130,930)</u>
Total accumulated depreciation	<u>(11,795,094)</u>	<u>(2,073,207)</u>	<u>45,794</u>	<u>(13,822,507)</u>
Total capital assets, being depreciated, net	34,261,222	2,231,307	-	36,492,529
Capital assets, not being depreciated:				
Land	3,271,891	150,000	-	3,421,891
Construction in progress	<u>4,632,662</u>	<u>1,624,487</u>	<u>(4,062,085)</u>	<u>2,195,064</u>
Total capital assets, not being depreciated	<u>7,904,553</u>	<u>1,774,487</u>	<u>(4,062,085)</u>	<u>5,616,955</u>
Governmental activities capital assets, net	<u>\$ 42,165,775</u>	<u>\$ 4,005,794</u>	<u>\$ (4,062,085)</u>	<u>\$ 42,109,484</u>

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

Governmental Activities	
Public safety	\$ 377,475
Highways and streets	906,127
Sanitation	97,958
Water distribution and treatment	535,627
Culture and recreation	<u>156,020</u>
Total governmental activities	<u>\$ 2,073,207</u>

## 11. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

## 12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent 2019 expenditures paid in 2020.

**13. Tax Refunds Payable**

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

**14. Operating Lease Obligations**

The Town is the lessee of certain equipment under an operating lease expiring in 2021. Future minimum lease payments under the operating leases consist of the following as of December 31, 2019:

<u>Fiscal Year</u>	<u>Operating Leases</u>
2020	\$ 6,763
2021	<u>1,691</u>
Present Value of Minimum Lease Payments	<u><u>\$ 8,454</u></u>

**15. Long-Term Debt**

*A. General Obligation Bonds*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/19</u>
Wastewater improvements	06/01/24	3.69%	\$ 1,057,644
Landfill closure	02/01/24	3.69%	200,688
Capital improvements	11/15/26	3.80-4.00%	955,000
Capital improvements	11/15/28	3.00-4.050%	990,000
Capital improvements	02/15/29	2.13%	1,270,900
Capital improvements	08/15/30	3.00-5.00%	490,000
Capital improvements	08/15/32	1.85-4.00%	2,370,000
Capital improvements	03/01/33	2.00-4.125%	2,470,000
Dover Rd Pump Station	10/01/32	2.72%	853,624
Spruce Hole Well Dev	01/01/23	1.70%	97,949
Water Meter Upgrade	01/01/23	1.70%	138,394
Capital improvements	08/15/34	3.04%	2,370,000
Old Concord Road	02/01/34	3.10%	155,868
Capital improvements	09/01/25	2.00%	1,790,000
Capital improvements	01/15/27	2.20%	1,182,550
Capital improvements	02/14/38	2.86%	<u>3,505,000</u>
Total Governmental Activities			<u><u>\$ 19,897,617</u></u>

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2019 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,424,452	\$ 719,573	\$ 3,144,025
2021	2,354,576	627,818	2,982,394
2022	2,318,380	538,555	2,856,935
2023	2,180,902	452,066	2,632,968
2024	2,068,430	374,480	2,442,910
2025 - 2029	5,696,935	1,026,723	6,723,658
2030 - 2034	2,493,942	282,740	2,776,682
Thereafter	<u>360,000</u>	<u>22,997</u>	<u>382,997</u>
Total	\$ <u>19,897,617</u>	\$ <u>4,044,952</u>	\$ <u>23,942,569</u>

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2019:

General fund	\$ 11,832,905
Sewer fund	6,192,263
Special revenue fund	<u>1,872,449</u>
Total	\$ <u>19,897,617</u>

**C. Changes in General Long-Term Liabilities**

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion</u>
<b>Governmental Activities</b>						
Bonds payable	\$ 20,985,985	\$ 1,270,900	\$ (2,359,268)	\$ 19,897,617	\$ (2,424,452)	\$ 17,473,165
Net pension liability	14,282,942	337,455	-	14,620,397	-	14,620,397
Net OPEB liability	2,272,324	-	(5,753)	2,266,571	-	2,266,571
Other:						
Landfill liability	156,000	-	(14,000)	142,000	(14,000)	128,000
Compensated absences	775,498	69,746	-	845,244	(84,524)	760,720
Unamortized premium	<u>1,015,698</u>	<u>139,100</u>	<u>(104,213)</u>	<u>1,050,585</u>	<u>(111,004)</u>	<u>939,581</u>
Subtotal - other	<u>1,947,196</u>	<u>208,846</u>	<u>(118,213)</u>	<u>2,037,829</u>	<u>(209,528)</u>	<u>1,828,301</u>
Totals	\$ <u>37,666,814</u>	\$ <u>1,817,201</u>	\$ <u>(2,483,234)</u>	\$ <u>38,822,414</u>	\$ <u>(2,633,980)</u>	\$ <u>36,188,434</u>

**16. Landfill Closure and Postclosure Care Costs**

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

The \$142,000 reported as landfill postclosure care liability at December 31, 2019 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**17. Deferred Inflows of Resources**

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

**18. Governmental Funds - Balances**

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

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

The following types of fund balances are reported at December 31, 2019:

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

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



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

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

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

Following is a breakdown of the Town's fund balances at December 31, 2019:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>					
Prepaid expenditures	\$ 60,870	\$ -	\$ -	\$ 61,461	\$ 122,331
Nonexpendable permanent funds	-	-	-	402,338	402,338
Total Nonexpendable	60,870	-	-	463,799	524,669
<b>Restricted</b>					
Bonded projects	-	844,683	-	-	844,683
Grant proceeds	2,500	-	-	-	2,500
Library operations	465,337	-	-	-	465,337
Parking operations	6,805	-	-	-	6,805
Police confidential	1,197	-	-	-	1,197
Special revenue funds	-	-	1,287,921	1,356,680	2,644,601
Expendable permanent funds	-	-	-	57,220	57,220
Total Restricted	475,839	844,683	1,287,921	1,413,900	4,022,343
<b>Committed</b>					
Capital reserve funds	689,783	-	800,000	184,610	1,674,393
Total Committed	689,783	-	800,000	184,610	1,674,393
<b>Assigned</b>					
<b>Encumbrances</b>					
General government	12,060	-	-	-	12,060
Public safety	47,723	-	-	-	47,723
Highways and streets	49,717	-	-	-	49,717
Culture and recreation	6,101	-	-	886	6,987
Water	-	-	-	25,300	25,300
Proceeds for future debt payments	224,923	-	-	-	224,923
Fire station improvements	365,350	-	-	-	365,350
Total Assigned	705,874	-	-	26,186	732,060
<b>Unassigned</b>					
	3,715,628	(1,370,966)	-	-	2,344,662
Total Unassigned	3,715,628	(1,370,966)	-	-	2,344,662
Total Fund Balance	\$ 5,647,994	\$ (526,283)	\$ 2,087,921	\$ 2,088,495	\$ 9,298,127

**19. General Fund Unassigned Fund Balance**

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

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

GAAP basis balance	\$ 3,715,628
Unavailable revenue	704,626
Allowance for abatements	(218,873)
Other	<u>(156,096)</u>
Statutory Balance	<u>\$ 4,045,285</u>

**20. Retirement System**

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

*A. Plan Description*

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the Town Council of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in

the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

*B. Benefits Provided*

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

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. 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 Service</u>	<u>Minimum Age</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	21	46	2.4%
At least 6 but less than 8 years	22	47	2.3%
At least 4 but less than 6 years	23	48	2.2%
Less than 4 years	24	49	2.1%

*C. Contributions*

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The Town’s contribution to NHRS for the year ended December 31, 2019 was \$1,334,325, which was equal to its annual required contribution.

*D. Summary of Significant Accounting Policies*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS’ fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of

employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2019, the Town reported a liability of \$14,620,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the Town's proportion was 0.30385383%.

For the year ended December 31, 2019, the Town recognized pension expense of \$1,978,483. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 80,838	\$ (314,380)
Changes of assumptions	524,574	-
Net difference between projected and actual earnings on pension plan investments	-	(444,476)
Changes in proportion and differences between contributions and proportionate share of contributions	307,004	(119,428)
Contributions subsequent to the measurement date	<u>662,624</u>	<u>-</u>
Total	<u>\$ 1,575,040</u>	<u>\$ (878,284)</u>

The amounts reported as deferred outflows and deferred (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2020	\$	398,687
2021		(367,096)
2022		(85,704)
2023		<u>88,245</u>
Total	\$	<u><u>34,132</u></u>

#### F. Actuarial Assumptions

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

Inflation	2.5% per year
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study.

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

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core Bonds	9.00	1.12%
Global Multi-Sector Fixed Income	10.00	2.46%
Absolute Return Fixed Income	<u>6.00</u>	1.50%
Total fixed income	25.00	
Private equity	10.00	7.90%
Private debt	<u>5.00</u>	4.86%
Total alternative investments	15.00	
Real estate	<u>10.00</u>	3.00%
Total	<u><u>100.00</u></u> %	

#### *G. Discount Rate*

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

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.25 %, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 19,577,314	\$ 14,620,397	\$ 10,523,544

I. *Pension Plan Fiduciary Net Position*

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

**21. Other Post-Employment Benefits (GASB 75)**

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

A. *Town OPEB Plan*

All the following OPEB disclosures are based on a measurement date of December 31, 2019.

General Information about the OPEB Plan

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees

due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

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

Plan Membership

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	20
Active employees	<u>86</u>
Total	<u><u>106</u></u>

Funding Policy

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

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.25% average, including inflation
Discount rate	3.26%
Healthcare cost trend rates	8% for 2019, fluctuating 0.5% per year to an ultimate rate of 4.5% for 2026 and later years
Retirees' share of benefit-related costs	100%

The discount rate was based on S&P Municipal Bond 20-Year High Grade Rate Index at December 31, 2019.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.



The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of December 31, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.26%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town's total OPEB liability of \$692,147 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019.

Changes in the Total OPEB Liability

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

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 673,098
Changes for the year:	
Service cost	43,778
Interest	28,083
Differences between expected and actual experience	(21,027)
Changes in assumptions or other inputs	36,104
Benefit payments	<u>(67,889)</u>
Net Changes	<u>19,049</u>
Balances, end of year	<u>\$ 692,147</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.11 % in 2018 to 3.26% in 2019. All other assumptions were the same as those used in the previous measurement.

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

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

	1% <u>Decrease</u>	Current Discount Rate	1% <u>Increase</u>
	\$ 737,958	\$ 692,147	\$ 649,931

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

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

	1% <u>Decrease</u>	Current Healthcare Cost Trend Rates	1% <u>Increase</u>
	\$ 624,955	\$ 692,147	\$ 772,219

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

For the year ended December 31, 2019, the Town recognized an OPEB expense of \$70,624. At December 31, 2019, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (18,924)
Change in assumptions	<u>32,494</u>	<u>(21,947)</u>
Total	\$ <u><u>32,494</u></u>	\$ <u><u>(40,871)</u></u>

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

<u>Fiscal Year Ended:</u>	
2020	\$ (1,237)
2021	(1,237)
2022	(1,237)
2023	(1,237)
Thereafter	<u>(3,429)</u>
Total	\$ <u><u>(8,377)</u></u>

*B. New Hampshire Retirement System Medical Subsidy Plan Description*

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

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

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

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Town contributed 0.66% of gross payroll for Group I employees, 1.66% of gross payroll for Group I teachers, and 4.14% and 4.17% of gross payroll for

Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the medical subsidy plan.

Actuarial Assumptions and Other Inputs

The Town’s proportionate share of the NHRS Medical Subsidy as of December 31, 2019 is based upon an actuarial valuation performed as of June 30, 2018 (rolled forward to June 30, 2019) using a measurement date of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Discount rate	7.25%

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

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

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

The Town’s proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2019 was \$1,574,424, representing 0.3591%.

For the year December 31, 2019, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$245,648. At December 31, 2019, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (2,739)
Changes in proportion	4,782	-
Net difference between projected and actual OPEB investment earnings	-	(1,769)
Contributions subsequent to the measurement date	<u>76,442</u>	<u>-</u>
Total	<u>\$ 81,224</u>	<u>\$ (4,508)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2020.

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

<u>Fiscal Year Ended:</u>	
2020	\$ 869
2021	(1,174)
2022	122
2023	<u>457</u>
Total	<u>\$ 274</u>

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

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

<u>1% Decrease</u>	Current Discount <u>Rate</u>	<u>1% Increase</u>
\$ 1,707,702	\$ 1,574,424	\$ 1,458,613

Healthcare Cost Trend Rate

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

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

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at December 31, 2019:

	Net OPEB <u>Liability</u>	Total Deferred Outflows <u>of Resources</u>	Total Deferred (Inflows) <u>of Resources</u>	Total OPEB <u>Expense</u>
Town OPEB Plan	\$ 692,147	\$ 32,494	\$ (40,871)	\$ 70,624
Proportionate share of NHRS Medical Subsidy Plan	<u>1,574,424</u>	<u>81,224</u>	<u>(4,508)</u>	<u>245,648</u>
Total	<u>\$ 2,266,571</u>	<u>\$ 113,718</u>	<u>\$ (45,379)</u>	<u>\$ 316,272</u>

**22. Subsequent Events**

COVID-19

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

**23. Commitments and Contingencies**

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

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable

funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances - At year-end, the Town's general fund has \$115,601 in encumbrances that will be honored in the next fiscal year.

#### **24. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, Fiduciary Activities, effective for the Town beginning with its fiscal year ending December 31, 2020, as now permitted by GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

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

**TOWN OF DURHAM, NEW HAMPSHIRE**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY (GASB 68)  
 DECEMBER 31, 2019  
 (Unaudited)

New Hampshire Retirement System

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

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.



**TOWN OF DURHAM, NEW HAMPSHIRE**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

DECEMBER 31, 2019  
 (Unaudited)

New Hampshire Retirement System

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

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**TOWN OF DURHAM, NEW HAMPSHIRE**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF PROPORTIONATE SHARE AND CONTRIBUTIONS  
 OF THE NET OPEB LIABILITY (GASB 75)  
 DECEMBER 31, 2019  
 (Unaudited)

**Schedule of Proportionate Share**

New Hampshire Retirement System Medical Subsidy

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

**Schedule of Contributions**

New Hampshire Retirement System Medical Subsidy

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

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**TOWN OF DURHAM, NEW HAMPSHIRE**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (GASB 75)

(Unaudited)

	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>		
Service cost	\$ 43,778	\$ 46,930
Interest on unfunded liability - time value of \$	28,083	24,351
Differences between expected and actual experience	(21,027)	-
Changes of assumptions	36,104	(27,435)
Benefit payments, including refunds of member contributions	<u>(67,889)</u>	<u>(62,860)</u>
Net change in total OPEB liability	19,049	(19,014)
Total OPEB liability - beginning	<u>673,098</u>	<u>692,112</u>
Total OPEB liability - ending	<u>\$ 692,147</u>	<u>\$ 673,098</u>

Does not include New Hampshire Retirement System Medical Subsidy.

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

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

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

GENERAL FUND

COMBINING SCHEDULE - GENERAL FUND BALANCE SHEET

DECEMBER 31, 2019

	General	Capital Reserves	Library	Parking	Police Confidential	Eliminate Due To/From	Total General Fund
<b>Assets</b>							
Cash and short-term investments	\$ 13,969,698	\$ 34,266	\$ 214,321	\$ 13,337	\$ 1,197	\$ -	\$ 14,232,819
Investments	-	1,129,658	256,557	-	-	-	1,386,215
Receivables:							
Property taxes	1,010,155	-	-	-	-	-	1,010,155
Departmental and other	108,215	-	-	-	-	-	108,215
Due from other governments	9,328	-	-	-	-	-	9,328
Due from other funds	252,629	-	16,907	-	-	(16,907)	252,629
Other assets	60,870	-	908	-	-	-	61,778
<b>Total Assets</b>	<b>\$ 15,410,895</b>	<b>\$ 1,163,924</b>	<b>\$ 488,693</b>	<b>\$ 13,337</b>	<b>\$ 1,197</b>	<b>\$ (16,907)</b>	<b>\$ 17,061,139</b>
<b>Liabilities</b>							
Accounts payable	\$ 580,221	\$ 464	\$ 14,301	\$ 4,688	\$ -	\$ -	\$ 599,674
Accrued liabilities	206,928	-	9,055	1,844	-	-	217,827
Tax refunds payable	75,000	-	-	-	-	-	75,000
Taxes paid in advance	14,366	-	-	-	-	-	14,366
Due to other funds	112,224	(3,149)	-	-	-	(16,907)	92,168
Due to school district	8,886,685	-	-	-	-	-	8,886,685
Due to other governments	4,214	-	-	-	-	-	4,214
Other liabilities	788,156	-	-	-	-	-	788,156
<b>Total Liabilities</b>	<b>10,667,794</b>	<b>(2,685)</b>	<b>23,356</b>	<b>6,532</b>	<b>-</b>	<b>(16,907)</b>	<b>10,678,090</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	704,626	-	-	-	-	-	704,626
Other	30,429	-	-	-	-	-	30,429
<b>Fund Balances</b>							
Nonspendable	60,870	-	-	-	-	-	60,870
Restricted	2,500	-	465,337	6,805	1,197	-	475,839
Committed	-	689,783	-	-	-	-	689,783
Assigned	340,524	365,350	-	-	-	-	705,874
Unassigned	3,604,152	111,476	-	-	-	-	3,715,628
<b>Total Fund Balances</b>	<b>4,008,046</b>	<b>1,166,609</b>	<b>465,337</b>	<b>6,805</b>	<b>1,197</b>	<b>-</b>	<b>5,647,994</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 15,410,895</b>	<b>\$ 1,163,924</b>	<b>\$ 488,693</b>	<b>\$ 13,337</b>	<b>\$ 1,197</b>	<b>\$ (16,907)</b>	<b>\$ 17,061,139</b>

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	<u>Water</u>	<u>Conservation</u>	<u>Depot</u>	<u>Church Hill</u>	<u>Downtown</u>	<u>Permanent</u>	<u>Total</u>
	<u>Department</u>	<u>Commission</u>	<u>Road</u>	<u>Rink</u>	<u>TIF</u>	<u>Fund</u>	
<b>Assets</b>							
Cash and short-term investments	\$ 250,394	\$ 137,906	\$ 246,632	\$ 234,474	\$ 505,471	\$ 14,706	\$ 1,389,583
Investments	124,927	-	-	-	-	444,852	569,779
Receivables:							
User fees	30,231	-	-	73,838	-	-	104,069
Due from other funds	56,043	-	-	-	-	-	56,043
Other assets	<u>62,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,056</u>
Total Assets	<u>\$ 523,651</u>	<u>\$ 137,906</u>	<u>\$ 246,632</u>	<u>\$ 308,312</u>	<u>\$ 505,471</u>	<u>\$ 459,558</u>	<u>\$ 2,181,530</u>
<b>Liabilities</b>							
Accounts payable	\$ 4,845	\$ -	\$ 42	\$ 15,023	\$ -	\$ -	\$ 19,910
Accrued liabilities	4,248	-	-	4,431	-	-	8,679
Due to other funds	-	20,219	-	-	-	-	20,219
Other liabilities	<u>-</u>	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056</u>
Total Liabilities	9,093	21,275	42	19,454	-	-	49,864
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	31,966	-	-	11,205	-	-	43,171
<b>Fund Balances</b>							
Nonspendable	61,461	-	-	-	-	402,338	463,799
Restricted	211,221	116,631	246,590	276,767	505,471	57,220	1,413,900
Committed	184,610	-	-	-	-	-	184,610
Assigned	<u>25,300</u>	<u>-</u>	<u>-</u>	<u>886</u>	<u>-</u>	<u>-</u>	<u>26,186</u>
Total Fund Balances	<u>482,592</u>	<u>116,631</u>	<u>246,590</u>	<u>277,653</u>	<u>505,471</u>	<u>459,558</u>	<u>2,088,495</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 523,651</u>	<u>\$ 137,906</u>	<u>\$ 246,632</u>	<u>\$ 308,312</u>	<u>\$ 505,471</u>	<u>\$ 459,558</u>	<u>\$ 2,181,530</u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

GENERAL FUND

COMBINING SCHEDULE - GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Capital Reserves	Library	Parking	Police Confidential	Eliminate Txf In/Out	Total General Fund
<b>Revenues</b>							
Property taxes	\$ 8,666,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,666,926
Motor vehicle permit fees	1,194,466	-	-	-	-	-	1,194,466
Penalties, interest and other taxes	339,655	-	-	-	-	-	339,655
Charges for services	574,099	-	-	406,198	-	-	980,297
Intergovernmental	3,610,310	-	-	-	-	-	3,610,310
Licenses and permits	517,164	-	-	33,674	-	-	550,838
Investment income	128,898	30,955	7,632	-	-	-	167,485
Contributions	969	264,098	37,399	-	-	-	302,466
Miscellaneous	461,975	120,975	-	100	-	-	583,050
Total Revenues	15,494,462	416,028	45,031	439,972	-	-	16,395,493
<b>Expenditures</b>							
Current:							
General government	2,517,043	236,313	-	-	-	-	2,753,356
Public safety	7,654,459	-	-	292,996	-	-	7,947,455
Highways and streets	1,460,744	-	-	-	-	-	1,460,744
Sanitation	710,684	-	-	-	-	-	710,684
Health and human services	17,120	-	-	-	-	-	17,120
Welfare	15,276	-	-	-	-	-	15,276
Culture and recreation	403,147	-	511,905	-	-	-	915,052
Conservation	94,798	-	-	-	-	-	94,798
Debt service	1,831,001	-	-	-	-	-	1,831,001
Total Expenditures	14,704,272	236,313	511,905	292,996	-	-	15,745,486
Excess (deficiency) of revenues over expenditures	790,190	179,715	(466,874)	146,976	-	-	650,007
<b>Other Financing Sources/Uses</b>							
Transfers in	629,088	65,540	494,335	-	-	(658,772)	530,191
Transfers out	(1,112,743)	(133,779)	-	(146,976)	-	658,772	(734,726)
Total Other Financing Sources (Uses)	(483,655)	(68,239)	494,335	(146,976)	-	-	(204,535)
Change in fund balance	306,535	111,476	27,461	-	-	-	445,472
Excess (deficiency) of revenues and other sources over expenditures and other uses							
Fund Balance, at Beginning of Year	3,701,511	1,055,133	437,876	6,805	1,197	-	5,202,522
Fund Balance, at End of Year	\$ 4,008,046	\$ 1,166,609	\$ 465,337	\$ 6,805	\$ 1,197	\$ -	\$ 5,647,994

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

**TOWN OF DURHAM, NEW HAMPSHIRE**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Water <u>Department</u>	Conservation <u>Commission</u>	Depot <u>Road</u>	Church Hill <u>Rink</u>	Downtown <u>TIF</u>	PTF	Total <u>Nonmajor</u>
<b>Revenues</b>							
Property taxes	\$ -	\$ 60,530	\$ -	\$ -	\$ 147,176	\$ -	\$ 207,706
Penalties, interest and other taxes	5,238	109	-	-	-	-	5,347
Charges for services	1,007,952	-	60,630	255,147	-	-	1,323,729
Intergovernmental	17,025	-	-	-	-	-	17,025
Licenses and permits	-	-	82,339	-	-	-	82,339
Investment income	2,837	1,722	-	-	-	35,806	40,365
Contributions	-	-	-	-	-	-	-
Miscellaneous	26,223	400	-	1,169	-	-	27,792
Total Revenues	1,059,275	62,761	142,969	256,316	147,176	35,806	1,704,303
<b>Expenditures</b>							
Current:							
General government	-	-	42,401	-	-	449	42,850
Highways and streets	578,857	-	-	-	-	-	578,857
Culture and recreation	-	-	-	176,224	-	-	176,224
Conservation	-	4,999	-	-	-	-	4,999
Debt service	287,480	-	-	-	-	-	287,480
Total Expenditures	866,337	4,999	42,401	176,224	-	449	1,090,410
Excess (deficiency) of revenues over expenditures	192,938	57,762	100,568	80,092	147,176	35,357	613,893
<b>Other Financing Sources/Uses</b>							
Transfers in	21,000	-	-	-	-	-	21,000
Transfers out	(114,937)	(15,219)	(95,055)	-	-	-	(225,211)
Total Other Financing Sources/Uses	(93,937)	(15,219)	(95,055)	-	-	-	(204,211)
Change in fund balance	99,001	42,543	5,513	80,092	147,176	35,357	409,682
Fund Balance, at Beginning of Year	383,591	74,088	241,077	197,561	358,295	424,201	1,678,813
Fund Balance, at End of Year	\$ 482,592	\$ 116,631	\$ 246,590	\$ 277,653	\$ 505,471	\$ 459,558	\$ 2,088,495

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