

TOWN OF ATKINSON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019

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FINANCIAL REPORT
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DECEMBER 31, 2019**

TABLE OF CONTENTS

| | <u>PAGES</u> |
|---|--------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements: | |
| Statement of Net Position (Exhibit 1) | 3 |
| Statement of Activities (Exhibit 2) | 4 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds (Exhibit 3) | 5 |
| Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4) | 6 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5) | 7 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6) | 8 |
| General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7) | 9 |
| Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit 8) | 10 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit 9) | 11 |
| NOTES TO THE FINANCIAL STATEMENTS | 12 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of the Town's Proportionate Share of the Net Pension Liability (Exhibit 10) | 33 |
| Schedule of the Town's Pension Contributions (Exhibit 11) | 34 |
| Schedule of Changes in the Town's Total OPEB Liability and Related Ratios (Exhibit 12) | 35 |
| Schedule of the Town's OPEB Contributions (Exhibit 13) | 36 |
| NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION | 37 |
| COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES | |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet (Exhibit 14) | 38 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 15) | 39 |
| Major General Fund | |
| Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 16) | 40 |
| Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 17) | 41 |
| Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 18) | 43 |
| INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT | 44 |



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson, as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and OPEB schedules on pages 33 - 36 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 and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Atkinson's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Roberts & Heene, PLLC

Concord, New Hampshire
May 26, 2020

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 8,992,409 |
| Investments | 1,866,149 |
| Receivables, net of allowance for uncollectibles | 523,168 |
| Prepaid items | 28,824 |
| Tax deeded property held for resale | 179,418 |
| Capital assets, not being depreciated: | |
| Land | 4,511,917 |
| Capital assets, net of accumulated depreciation: | |
| Land improvements | 152,108 |
| Buildings and building improvements | 3,524,009 |
| Machinery, vehicles and equipment | 2,082,106 |
| Infrastructure | 2,953,944 |
| Total assets | 24,814,052 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred amounts related to pensions | 551,273 |
| Deferred amounts related to OPEB | 18,829 |
| Total deferred outflows of resources | 570,102 |
| LIABILITIES | |
| Accounts payable | 146,991 |
| Accrued payroll and benefits | 75,363 |
| Accrued interest payable | 18,069 |
| Intergovernmental payable | 6,727,236 |
| Retainage payable | 9,542 |
| Performance and escrow deposits | 25,976 |
| Noncurrent obligations: | |
| Due within one year: | |
| Bond payable | 85,000 |
| Unamortized bond premium | 975 |
| Capital leases payable | 84,243 |
| Due in more than one year: | |
| Bond payable | 595,000 |
| Unamortized bond premium | 6,825 |
| Capital leases payable | 132,875 |
| Compensated absences payable | 28,079 |
| Net pension liability | 2,182,806 |
| OPEB liability | 240,538 |
| Total liabilities | 10,359,518 |
| DEFERRED INFLOWS OF RESOURCES | |
| Unearned revenue | 35,956 |
| Deferred amounts related to pensions | 107,559 |
| Deferred amounts related to OPEB | 646 |
| Total deferred inflows of resources | 144,161 |
| NET POSITION | |
| Net investment in capital assets | 12,319,166 |
| Restricted for: | |
| Endowments: | |
| Nonexpendable | 883,313 |
| Expendable | 96,714 |
| Other purposes | 89,782 |
| Unrestricted | 1,491,500 |
| Total net position | \$ 14,880,475 |

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

EXHIBIT 2
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2019

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|----------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| General government | \$ 1,127,499 | \$ 19,398 | \$ 20,877 | \$ - | \$ (1,087,224) |
| Public safety | 2,214,800 | 161,714 | 15,676 | - | (2,037,410) |
| Highways and streets | 842,815 | - | - | 166,410 | (676,405) |
| Sanitation | 556,909 | - | - | - | (556,909) |
| Health | 36,271 | - | - | - | (36,271) |
| Welfare | 4,574 | - | - | - | (4,574) |
| Culture and recreation | 877,362 | 82,830 | - | - | (794,532) |
| Conservation | 61,678 | - | - | - | (61,678) |
| Interest on long-term debt | 28,739 | - | - | - | (28,739) |
| Capital outlay | 27,769 | - | - | - | (27,769) |
| Total primary government | <u>\$ 5,778,416</u> | <u>\$ 263,942</u> | <u>\$ 36,553</u> | <u>\$ 166,410</u> | <u>(5,311,511)</u> |
| General revenues: | | | | | |
| Property taxes | | | | | 2,831,890 |
| Other taxes | | | | | 56,726 |
| Licenses and permits | | | | | 2,269,709 |
| Grants and contributions not restricted to specific programs | | | | | 383,522 |
| Miscellaneous | | | | | 193,467 |
| Total general revenues | | | | | <u>5,735,314</u> |
| Change in net position | | | | | 423,803 |
| Net position, beginning | | | | | <u>14,456,672</u> |
| Net position, ending | | | | | <u>\$ 14,880,475</u> |

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

EXHIBIT 3
TOWN OF ATKINSON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2019

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 8,484,431 | \$ 507,978 | \$ 8,992,409 |
| Investments | 51,131 | 1,815,018 | 1,866,149 |
| Receivables, net of allowance for uncollectibles: | | | |
| Taxes | 486,306 | - | 486,306 |
| Accounts | 10,623 | 26,239 | 36,862 |
| Interfund receivable | - | 1,805 | 1,805 |
| Prepaid items | 28,824 | - | 28,824 |
| Tax deeded property held for resale | 179,418 | - | 179,418 |
| Total assets | <u>\$ 9,240,733</u> | <u>\$ 2,351,040</u> | <u>\$ 11,591,773</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 146,991 | \$ - | \$ 146,991 |
| Accrued salaries and benefits | 72,797 | 2,566 | 75,363 |
| Intergovernmental payable | 6,727,236 | - | 6,727,236 |
| Retainage payable | 9,542 | - | 9,542 |
| Interfund payable | - | 1,805 | 1,805 |
| Escrow and performance deposits | 25,976 | - | 25,976 |
| Total liabilities | <u>6,982,542</u> | <u>4,371</u> | <u>6,986,913</u> |
| Deferred inflows of resources: | | | |
| Deferred revenue | 338,498 | - | 338,498 |
| Fund balances: | | | |
| Nonspendable | 208,242 | 883,313 | 1,091,555 |
| Restricted | - | 186,496 | 186,496 |
| Committed | 136,208 | 1,276,860 | 1,413,068 |
| Assigned | 51,558 | - | 51,558 |
| Unassigned | 1,523,685 | - | 1,523,685 |
| Total fund balances | <u>1,919,693</u> | <u>2,346,669</u> | <u>4,266,362</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 9,240,733</u> | <u>\$ 2,351,040</u> | <u>\$ 11,591,773</u> |

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

EXHIBIT 4
TOWN OF ATKINSON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2019

| | | |
|--|----|-----------------------------|
| Total fund balances of governmental funds (Exhibit 3) | \$ | 4,266,362 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Cost | \$ | 19,787,764 |
| Less accumulated depreciation | | <u>(6,563,680)</u> |
| | | 13,224,084 |
| Interfund receivables and payables between governmental funds are eliminated on the statement of net position. | | |
| Receivables | \$ | (1,805) |
| Payables | | <u>1,805</u> |
| | | - |
| Revenues that are not available to pay for current period expenditures are deferred in the funds. | | |
| Unavailable tax revenue | | 302,542 |
| Interest on long-term debt is not accrued in governmental funds. | | |
| Accrued interest payable | | (18,069) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bond outstanding | \$ | 680,000 |
| Unamortized bond premium | | 7,800 |
| Capital leases outstanding | | 217,118 |
| Compensated absences payable | | 28,079 |
| Net pension liability | | 2,182,806 |
| OPEB liability | | <u>240,538</u> |
| | | (3,356,341) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. | | |
| Deferred outflows of resources related to pensions | \$ | 551,273 |
| Deferred outflows of resources related to OPEB | | 18,829 |
| Deferred inflows of resources related to pensions | | (107,559) |
| Deferred inflows of resources related to OPEB | | <u>(646)</u> |
| | | 461,897 |
| Total net position of governmental activities (Exhibit 1) | | <u><u>\$ 14,880,475</u></u> |

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

EXHIBIT 5
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 2,910,787 | \$ - | \$ 2,910,787 |
| Licenses, permits and fees | 2,269,709 | - | 2,269,709 |
| Intergovernmental | 565,608 | - | 565,608 |
| Charges for services | 69,266 | 194,676 | 263,942 |
| Miscellaneous | 112,743 | 125,812 | 238,555 |
| Total revenues | <u>5,928,113</u> | <u>320,488</u> | <u>6,248,601</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,074,852 | 1,948 | 1,076,800 |
| Public safety | 1,730,944 | 154,263 | 1,885,207 |
| Highways and streets | 1,032,514 | - | 1,032,514 |
| Sanitation | 600,005 | - | 600,005 |
| Health | 36,271 | - | 36,271 |
| Welfare | 4,574 | - | 4,574 |
| Culture and recreation | 739,607 | 62,962 | 802,569 |
| Conservation | 58,716 | 2,962 | 61,678 |
| Debt service: | | | |
| Principal | 85,000 | - | 85,000 |
| Interest | 31,050 | - | 31,050 |
| Capital outlay | 509,072 | 234,000 | 743,072 |
| Total expenditures | <u>5,902,605</u> | <u>456,135</u> | <u>6,358,740</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>25,508</u> | <u>(135,647)</u> | <u>(110,139)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 18,419 | 121,109 | 139,528 |
| Transfers out | (120,000) | (19,528) | (139,528) |
| Inception of capital leases | 88,484 | - | 88,484 |
| Total other financing sources and uses | <u>(13,097)</u> | <u>101,581</u> | <u>88,484</u> |
| Net change in fund balances | 12,411 | (34,066) | (21,655) |
| Fund balances, beginning | 1,907,282 | 2,380,735 | 4,288,017 |
| Fund balances, ending | <u>\$ 1,919,693</u> | <u>\$ 2,346,669</u> | <u>\$ 4,266,362</u> |

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

EXHIBIT 6
TOWN OF ATKINSON, 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

| | | |
|--|------------------|---------------------------------------|
| Net change in fund balances of governmental funds (Exhibit 5) | | \$ (21,655) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.</p> | | |
| Capitalized capital outlay | \$ 1,202,529 | |
| Depreciation expense | <u>(572,761)</u> | 629,768 |
| The net effect of the disposal of capital assets is to decrease net position. | | (35,930) |
| <p>Transfers in and out between governmental funds are eliminated on the operating statement.</p> | | |
| Transfers in | \$ (139,528) | |
| Transfers out | <u>139,528</u> | - |
| Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds. | | |
| Change in unavailable tax revenue | | (22,171) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p> | | |
| Inception of capital lease | \$ (88,484) | |
| Repayment of bond principal | 85,000 | |
| Amortization of bond premium | 975 | |
| Repayment of capital lease principal | <u>122,845</u> | 120,336 |
| <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 governmental funds.</p> | | |
| Decrease in accrued interest expense | \$ 1,336 | |
| Decrease in compensated absences payable | 1,817 | |
| Increase in OPEB related balances | <u>(40,062)</u> | (36,909) |
| <p>Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.</p> | | |
| Town pension contributions | \$ 233,868 | |
| Cost of benefits earned, net of employee contributions | <u>(443,504)</u> | |
| Change in net position of governmental activities (Exhibit 2) | | <u>(209,636)</u> <u>\$ 423,803</u> |

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

EXHIBIT 7
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------------------|---------------------|------------------------------------|
| REVENUES | | | |
| Taxes | \$ 2,873,050 | \$ 2,888,616 | \$ 15,566 |
| Licenses, permits and fees | 2,187,124 | 2,269,709 | 82,585 |
| Intergovernmental | 562,534 | 565,608 | 3,074 |
| Charges for services | 66,478 | 69,266 | 2,788 |
| Miscellaneous | 81,351 | 87,470 | 6,119 |
| Total revenues | <u>5,770,537</u> | <u>5,880,669</u> | <u>110,132</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,148,642 | 1,110,673 | 37,969 |
| Public safety | 1,829,672 | 1,724,869 | 104,803 |
| Highways and streets | 1,039,782 | 1,027,369 | 12,413 |
| Sanitation | 624,924 | 600,005 | 24,919 |
| Health | 44,738 | 36,271 | 8,467 |
| Welfare | 10,000 | 4,574 | 5,426 |
| Culture and recreation | 760,202 | 718,922 | 41,280 |
| Conservation | 9,027 | 9,326 | (299) |
| Debt service: | | | |
| Principal | 85,000 | 85,000 | - |
| Interest | 36,550 | 31,050 | 5,500 |
| Capital outlay | 35,000 | 36,292 | (1,292) |
| Total expenditures | <u>5,623,537</u> | <u>5,384,351</u> | <u>239,186</u> |
| Excess of revenues over expenditures | <u>147,000</u> | <u>496,318</u> | <u>349,318</u> |
| Other financing sources (uses): | | | |
| Transfers in | 19,000 | 18,419 | (581) |
| Transfers out | (166,000) | (166,000) | - |
| Total other financing sources and uses | <u>(147,000)</u> | <u>(147,581)</u> | <u>(581)</u> |
| Net change in fund balance | <u>\$ -</u> | 348,737 | <u>\$ 348,737</u> |
| Increase in nonspendable fund balance | | (108,470) | |
| Unassigned fund balance, beginning | | 1,585,960 | |
| Unassigned fund balance, ending | | <u>\$ 1,826,227</u> | |

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

EXHIBIT 8
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

| | Private Purpose Trust | Agency |
|-------------------------------------|-----------------------------|----------------|
| Assets: | | |
| Cash and cash equivalents | \$ - | \$ 197,899 |
| Investments | 4,265 | - |
| Total assets | <u>4,265</u> | <u>197,899</u> |
| Liabilities: | | |
| Due to other governmental units | - | 60,233 |
| Due to developers | - | 137,666 |
| Total liabilities | <u>-</u> | <u>197,899</u> |
| Net position: | | |
| Held in trust for specific purposes | <u>\$ 4,265</u> | <u>\$ -</u> |

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

EXHIBIT 9
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

| | Private Purpose Trust |
|-------------------------|-----------------------------|
| Additions: | |
| Investment earnings: | |
| Interest | \$ 111 |
| Deductions: | |
| Trust distributions | 1,000 |
| Change in net position | (889) |
| Net position, beginning | 5,154 |
| Net position, ending | \$ 4,265 |

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Atkinson (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2019.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

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

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

Government-Wide Financial Statements

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

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

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major governmental fund is reported in separate columns with composite columns for nonmajor funds.

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

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental fund:

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

The Town also reports seven nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Agency Funds – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town’s agency funds are used to account for performance bonds held in escrow; and amounts held for school impact fees belonging to the Timberlane Regional School District.

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

I.C.1. Cash and Investments

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

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

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments are stated at fair value based on quoted market prices. Investments include amounts held by the New Hampshire Public Deposit Investment Pool, which is an external investment pool regulated by the New Hampshire Bank Commissioner and the Commissioner’s Advisory Committee. Participation in the Pool is voluntary and the fair value of its investments is the same as the value of pool shares. The Town library also has an investment in a 24-month certificate of deposit held at Pentucket Bank, a mutually chartered bank of New Hampshire and Massachusetts.

I.C.2. Capital Assets and Depreciation

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at the acquisition cost on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

| | Years |
|-------------------------------------|-------|
| Land improvements | 25 |
| Buildings and building improvements | 15-40 |
| Machinery, vehicles and equipment | 3-20 |
| Infrastructure | 15-50 |

I.C.3. Long-Term Debt

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

I.C.4. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are only permitted to accrue an amount equal to ten days over their annual entitlement. Employees are entitled to their vacation leave upon termination.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

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

I.C.5. *Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent funds whose principal balance is required to be retained in perpetuity and whose income balance is to be used for Town purposes in accordance with trust specifications.
- Restricted for other purposes, which consists of the balance of the library and drug forfeiture funds.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, and prepaid items and tax deeded property in the general fund.
- Restricted, which represents the expendable income from permanent funds; and the library fund and drug forfeiture fund, whose uses are limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed, and assigned balances.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

I.D. Estimates

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

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2019, none of the General Fund's unassigned fund balance from 2018 was so used.

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

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

II.B. General Fund GAAP to Budgetary Basis Reconciliation

| | |
|--|----------------------------|
| Revenues and other financing sources: | |
| Per Exhibit 7 (budgetary basis) | \$ 5,899,088 |
| Adjustments: | |
| Basis difference: | |
| Capital lease inception | 88,484 |
| Tax revenue deferred in the prior year | 324,713 |
| Tax revenue deferred in the current year | (302,542) |
| Perspective difference: | |
| Revenue from Expendable Trust Fund | 25,273 |
| Per Exhibit 5 (GAAP basis) | <u><u>\$ 6,035,016</u></u> |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

| | |
|--|--------------|
| Expenditures and other financing uses: | |
| Per Exhibit 7 (budgetary basis) | \$ 5,550,351 |
| Adjustments: | |
| Basis difference: | |
| Encumbrances, beginning | 492,974 |
| Encumbrances, ending | (136,635) |
| Capital lease inception | 88,484 |
| Perspective difference: | |
| Transfers to Expendable Trust Fund | (46,000) |
| Expenditures of Expendable Trust Fund | 73,431 |
| Per Exhibit 5 (GAAP basis) | \$ 6,022,605 |
| Unassigned fund balance: | |
| Per Exhibit 7 (budgetary basis) | \$ 1,826,227 |
| Adjustment: | |
| Basis difference: | |
| Deferred tax revenue, GAAP basis | (302,542) |
| Per Exhibit 3 (GAAP basis) | \$ 1,523,685 |

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2018 property taxes on May 29th.

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

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

The net assessed valuation as of April 1, 2019, upon which the 2019 property tax levy was based was:

| | |
|-------------------------------------|---------------|
| For the New Hampshire education tax | \$988,354,365 |
| For all other taxes | \$997,588,465 |

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

| | <u>Per \$1,000 of Assessed Valuation</u> | |
|-------------------------------|--|---------------------|
| Municipal portion | \$3.09 | \$ 3,079,998 |
| School portion: | | |
| State of New Hampshire | \$2.14 | 2,112,829 |
| Local | \$11.44 | 11,412,407 |
| County portion | \$1.00 | 1,002,392 |
| Total property taxes assessed | | <u>\$17,607,626</u> |

The following details the taxes receivable at year-end:

| | | |
|---|--|-------------------|
| Property: | | |
| Levy of 2019 | | \$ 449,487 |
| Unredeemed (under tax lien): | | |
| Levy of 2018 | | 93,854 |
| Levy of 2017 | | 45,536 |
| Levy of 2016 | | 29,203 |
| Levies of 2015 and prior | | 12,580 |
| Elderly tax lien | | 5,646 |
| Less: allowance for estimated uncollectible taxes | | (150,000) |
| Net taxes receivable | | <u>\$ 486,306</u> |

Deferred Revenue

Deferred revenue of \$338,498 at December 31, 2019 represents \$302,542 of 2019 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$35,956 in prepayments collected in advance of the 2020 property tax levy. In the governmental activities, only the prepayments are recorded as unearned revenue.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

III.A.2. Capital Assets

Changes in Capital Assets

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

| | <u>Balance, beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance, ending</u> |
|--|-------------------------------|-------------------|---------------------|----------------------------|
| At cost: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 4,511,917 | \$ - | \$ - | \$ 4,511,917 |
| Construction in progress | 236,126 | - | (236,126) | - |
| Total capital assets not being depreciated | <u>4,748,043</u> | <u>-</u> | <u>(236,126)</u> | <u>4,511,917</u> |
| Being depreciated: | | | | |
| Land improvements | 219,820 | - | - | 219,820 |
| Buildings and building improvements | 6,007,025 | 231,890 | - | 6,238,915 |
| Machinery, vehicles and equipment | 3,326,800 | 433,351 | (94,075) | 3,666,076 |
| Infrastructure | 4,377,622 | 773,414 | - | 5,151,036 |
| Total capital assets being depreciated | <u>13,931,267</u> | <u>1,438,655</u> | <u>(94,075)</u> | <u>15,275,847</u> |
| Total all capital assets | <u>18,679,310</u> | <u>1,438,655</u> | <u>(330,201)</u> | <u>19,787,764</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | (59,031) | (8,681) | - | (67,712) |
| Buildings and building improvements | (2,560,404) | (154,502) | - | (2,714,906) |
| Machinery, vehicles and equipment | (1,431,273) | (210,842) | 58,145 | (1,583,970) |
| Infrastructure | (1,998,356) | (198,736) | - | (2,197,092) |
| Total accumulated depreciation | <u>(6,049,064)</u> | <u>(572,761)</u> | <u>58,145</u> | <u>(6,563,680)</u> |
| Net book value, capital assets being depreciated | <u>7,882,203</u> | <u>865,894</u> | <u>(35,930)</u> | <u>8,712,167</u> |
| Net book value, all capital assets | <u>\$ 12,630,246</u> | <u>\$ 865,894</u> | <u>\$ (272,056)</u> | <u>\$ 13,224,084</u> |

Depreciation Expense

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

| | |
|----------------------------|-------------------|
| General government | \$ 42,996 |
| Public safety | 188,020 |
| Highways and streets | 253,579 |
| Culture and recreation | 88,166 |
| Total depreciation expense | <u>\$ 572,761</u> |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2019 consists of \$6,727,236 due to the Timberlane Regional School District for the balance of the 2019-2020 school district assessment.

III.B.2. Long-Term Liabilities

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the Town. Long-term liabilities currently outstanding are as follow:

| | Original Amount | Issue Date | Maturity Date | Interest Rate % | Outstanding at 12/31/2019 | Current Portion |
|---------------------------------------|--------------------|---------------|------------------|--------------------|---------------------------------|--------------------|
| General obligation bond payable: | | | | | | |
| Library project | \$ 1,714,500 | 2007 | 2027 | 4.0-5.0 | \$ 680,000 | \$ 85,000 |
| Unamortized bond premium | | | | | 7,800 | 975 |
| Capital leases payable: | | | | | | |
| Ford F-550 | \$ 83,476 | 2017 | 2021 | 4.5 | 34,076 | 16,663 |
| Carts | \$ 264,807 | 2018 | 2022 | 4.49 | 126,280 | 40,257 |
| Police cruisers | \$ 88,484 | 2019 | 2021 | 7.75 | 56,762 | 27,323 |
| | | | | | 217,118 | 84,243 |
| Compensated absences payable: | | | | | | |
| Accrued vacation leave | | | | | 28,079 | - |
| Net pension liability | | | | | 2,182,806 | - |
| Other postemployment benefits payable | | | | | 240,538 | - |
| | | | | | \$ 3,356,341 | \$ 170,218 |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

| | General Obligation Bonds Payable | Unamortized Bond Premium | Capital Leases Payable | Compensated Absences Payable | Net Pension Liability | OPEB Liability | Total |
|--------------------|---|--------------------------------|------------------------------|------------------------------------|-----------------------------|-------------------|---------------------|
| Balance, beginning | \$ 765,000 | \$ 8,775 | \$ 251,479 | \$ 29,896 | \$ 1,810,900 | \$ 194,338 | \$ 3,060,388 |
| Additions | - | - | 88,484 | - | 371,906 | 46,200 | 506,590 |
| Reductions | (85,000) | (975) | (122,845) | (1,817) | - | - | (210,637) |
| Balance, ending | <u>\$ 680,000</u> | <u>\$ 7,800</u> | <u>\$ 217,118</u> | <u>\$ 28,079</u> | <u>\$ 2,182,806</u> | <u>\$ 240,538</u> | <u>\$ 3,356,341</u> |

Debt Service Requirements to Maturity

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

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|-------------------|-------------------|-------------------|
| 2020 | 85,000 | 26,800 | 111,800 |
| 2021 | 85,000 | 22,763 | 107,763 |
| 2022 | 85,000 | 14,225 | 99,225 |
| 2023 | 85,000 | 11,339 | 96,339 |
| 2024 | 85,000 | 8,650 | 93,650 |
| 2025-2027 | 255,000 | 16,825 | 271,825 |
| Totals | <u>\$ 680,000</u> | <u>\$ 100,602</u> | <u>\$ 780,602</u> |

The future minimum lease obligations for the capital leases are as follow:

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2020 | 84,243 | 11,602 | \$ 95,845 |
| 2021 | 88,920 | 6,927 | 95,847 |
| 2022 | 43,955 | 1,974 | 45,929 |
| Totals | <u>\$ 217,118</u> | <u>\$ 20,503</u> | <u>\$ 237,621</u> |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

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

III.C.1. *Receivables and Payables*

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

The \$1,805 due from the nonmajor Permanent Fund to the nonmajor Kimball Library Fund represents interest due when the underlying investment matures.

III.C.2. *Transfers*

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

| | Transfers In: | | |
|----------------|-----------------|-------------------|------------|
| | General Fund | Nonmajor Funds | Total |
| Transfers out: | | | |
| General fund | \$ - | \$ 120,000 | \$ 120,000 |
| Nonmajor funds | 18,419 | 1,109 | 19,528 |
| | \$ 18,419 | \$ 121,109 | \$ 139,528 |

The amount transferred to the nonmajor Capital Reserves Fund of \$120,000 from the General Fund represents voted appropriations. The \$18,419 transferred from the nonmajor Police Detail and Capital Reserve funds to the General Fund represents reimbursements for capital outlays. The \$1,109 transferred from the nonmajor Permanent Fund to the nonmajor Kimball Library Fund represents interest earned on endowments.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

III.D. Components of Fund Balance

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

| | General Fund | Nonmajor Funds |
|------------------------|---------------------|---------------------|
| Nonspendable: | | |
| Endowments | \$ - | \$ 883,313 |
| Prepaid items | 28,824 | - |
| Tax deeded property | 179,418 | - |
| Total nonspendable | <u>208,242</u> | <u>883,313</u> |
| Restricted: | | |
| General government | - | 96,714 |
| Public safety | - | 62,722 |
| Culture and recreation | - | 27,060 |
| Total restricted | <u>-</u> | <u>186,496</u> |
| Committed: | | |
| General government | 681 | - |
| Public safety | 12,677 | 52,291 |
| Highways and streets | 71,719 | - |
| Culture and recreation | 51,131 | 29,673 |
| Conservation | - | 600,244 |
| Capital outlay | - | 594,652 |
| Total committed | <u>136,208</u> | <u>1,276,860</u> |
| Assigned: | | |
| General government | 27,000 | - |
| Sanitation | 21,558 | - |
| Culture and recreation | 3,000 | - |
| Total assigned | <u>51,558</u> | <u>-</u> |
| Unassigned | 1,523,685 | - |
| Total fund balance | <u>\$ 1,919,693</u> | <u>\$ 2,346,669</u> |

III.E. Restricted Net Position

The government-wide statement of net position includes restricted net position totaling \$1,069,809, which represents \$980,027 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures; and \$27,060 for library funds and \$62,722 for drug forfeiture funds whose use is restricted by law.

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities. Primex's Workers'

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

Compensation and Property and Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. The membership and coverage run from January 1 to December 31.

Contributions paid in 2019 to be recorded as an insurance expenditure/expense totaled \$61,343 for property/liability and \$23,472 for workers' compensation. The Town also paid \$2,719 for unemployment compensation. There were no unpaid contributions for the year ending December 31, 2019. The member agreements permit Primex to make additional assessments to members should there be a deficiency in trust assets to meets its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters and other employees are 11.55%, 11.8% and 7% of gross earnings, respectively. The rates of contribution from the Town were 29.43% for police, 31.89% for firefighters, and 11.38% for other employees, changing on July 1 to 28.43%, 30.09%, and 11.17%, respectively. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2017, 2018, and 2019 were \$169,321, \$199,299, and \$233,868, respectively. The amounts are paid on a monthly basis as due.

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

At December 31, 2019, the Town reported a liability of \$2,182,806 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, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

June 30, 2019, the Town's proportion was 0.0454%, which was an increase of 0.0078% from its proportion measured as of June 30, 2018.

For 2019, the Town recognized pension expense of \$443,504. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 349,122 | \$ 42,792 |
| Net differences between projected and actual earnings on pension plan investments | - | 17,830 |
| Changes in assumptions | 78,318 | - |
| Differences between expected and actual experience | 12,069 | 46,937 |
| Town contributions subsequent to the measurement date | 111,764 | - |
| | \$ 551,273 | \$ 107,559 |

The Town reported \$111,764 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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

| Year Ending December 31, | |
|--------------------------------|------------|
| 2020 | \$ 188,549 |
| 2021 | 20,393 |
| 2022 | 58,649 |
| 2023 | 64,359 |
| | \$ 331,950 |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry-Age Normal |
| Amortization Method | Level Percentage-of-Payroll, Closed |
| Remaining Amortization Period | 21 years beginning July 1, 2018 |
| Asset Valuation Method | 5-year smoothed market for funding purposes; 20% corridor |
| Price Inflation | 2.5% per year |
| Wage Inflation | 3.25% per year |
| Salary Increases | 5.6% average, including inflation |
| Municipal Bond Rate | 3.13% per year |
| Investment Rate of Return | 7.25%, net of pension plan investment expense, including inflation |

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

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 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 (6.25%) or one percentage point higher (8.25%) than the current rate.

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---------------------------|--|---------------------------|
| Town's proportionate share of net pension liability | \$ 2,922,867 | \$ 2,182,806 | \$ 1,571,151 |

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

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

IV.C. Contingent Liabilities

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

I.V.D. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this valuation. Retirees under the age of 65 have a medical insurance plan with either Anthem Access Blue or CIGNA. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees, hired prior to 7/1/11, may retire at age 60, or once their age plus years of service equals 70. Group I employees hired after 7/1/11 may retire at age 65. Group II employees vested prior to 1/1/12 may retire at age 60, or at age 45 with 20 years of service. Group II employees not vested prior to 1/1/12, but hired prior to 7/1/11, may retire at age 60, or upon attainment of minimum age and service requirements as follow:

| Years of Creditable Service as of January 1, 2012 | Minimum Age | Minimum Service |
|--|----------------|--------------------|
| At least 8 but less than 10 years | 46 | 21 |
| At least 6 but less than 8 years | 47 | 22 |
| At least 4 but less than 6 years | 48 | 23 |
| Less than 4 years | 49 | 24 |

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town’s medical coverage after the death of the retired employee as long as they pay the required premium. As of January 1, 2018, the actuarial valuation date, there is only one participant of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

Implicit Rate Subsidy

Same benefit options are available to retirees as active employees. Health insurance is purchased through HealthTrust and Allegiant. The Town is a member of the under-100 employees’ pool and their rates are determined based on the experience of the entire under-100 employees’ pool. The claims experience for active employees and retirees are combined to determine the final premium rate. This single premium rate is called a blended premium because it blends the expected claims of both active

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims cost.

Medical Insurance Subsidy

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

Total OPEB Liability

The Town's total OPEB liability of \$240,538 consists of \$14,934 for the implicit rate subsidy determined by an actuarial valuation as of December 31, 2019 and \$225,604 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2018 with roll-forward procedures used to determine the liability as of June 30, 2019. The roll-forward of the total OPEB liability from June 30, 2018 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

Methods and Assumptions

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

| | | |
|-----------------------------|--|-------|
| Implicit Rate Subsidy | | |
| Payroll Growth | 2.50% | |
| Discount Rate | 2.74% | |
| Inflation | 0.00% | |
| Investment Rate of Return | N/A | |
| Mortality | RP-2014 fully generation mortality table using Scale MP-2017 | |
| Healthcare Cost Trend Rates | 2020 | 7.00% |
| | 2021 | 6.00% |
| | 2022+ | 5.00% |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

| | |
|-----------------------------|--|
| Medical Insurance Subsidy | |
| Payroll Growth | 3.25% |
| Discount Rate | 7.25% |
| Inflation | 2.50% |
| Investment Rate of Return | 7.25% per year, net of OPEB plan investment expense, including inflation |
| Mortality | RP-2014 Health Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study |
| Healthcare Cost Trend Rates | N/A, given that the benefits are fixed stipends |

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:

| | 1% Decrease (1.74%) | Current Discount Rate (2.74%) | 1% Increase (3.74%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$ 15,659 | \$ 14,934 | \$ 14,248 |

Medical Insurance Subsidy:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$ 244,702 | \$ 225,604 | \$ 209,009 |

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower of 1-percentage point higher:

| | 1% Decrease (7.00%) | Current Healthcare Cost Trend Rate (8.00%) | 1% Increase (9.00%) |
|-----------------------------|---------------------------|--|---------------------------|
| Town's total OPEB liability | \$ 13,689 | \$ 14,934 | \$ 16,367 |

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

For the year ended December 31, 2019, the Town recognized OPEB expense of \$40,062. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 5,831 | \$ - |
| Net differences between projected and actual earnings on pension plan investments | - | 253 |
| Changes in assumptions | 515 | - |
| Differences between expected and actual experience | - | 393 |
| Town contributions subsequent to the measurement date | 12,483 | - |
| | <u>\$ 18,829</u> | <u>\$ 646</u> |

The Town reported \$12,483 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in the following year.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

Other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follow:

| Year Ending December 31, | |
|--------------------------------|------------------------|
| <u>2020</u> | \$ 5,321 |
| 2021 | (117) |
| 2022 | 68 |
| 2023 | 117 |
| 2024 | 51 |
| Thereafter | <u>260</u> |
| | <u><u>\$ 5,700</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF ATKINSON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Town's proportion of net pension liability | 0.0454% | 0.0376% | 0.0389% | 0.0394% | 0.0333% | 0.0289% |
| Town's proportionate share of the net pension liability | \$ 2,182,806 | \$ 1,810,900 | \$ 1,917,052 | \$ 2,093,021 | \$ 1,317,983 | \$ 1,086,285 |
| Town's covered-employee payroll | \$ 1,153,258 | \$ 1,017,627 | \$ 937,348 | \$ 1,274,718 | \$ 806,891 | \$ 634,599 |
| Town's proportionate share of the net pension liability as a percentage of covered-employee payroll | 189.27% | 177.95% | 204.52% | 164.19% | 163.34% | 171.18% |
| Plan fiduciary position as a percentage of the total pension liability | 65.59% | 64.73% | 62.66% | 58.30% | 65.47% | 66.32% |

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

EXHIBIT 11
TOWN OF ATKINSON, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|------------|--------------|------------|------------|
| Contractually required contribution | \$ 233,868 | \$ 199,299 | \$ 169,321 | \$ 140,941 | \$ 111,615 | \$ 93,888 |
| Contribution in relation to the contractually required contribution | (233,868) | (199,299) | (169,321) | (140,941) | (111,615) | (93,888) |
| Contribution deficiency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered-employee payroll | \$ 1,153,258 | \$ 1,017,627 | \$ 937,348 | \$ 1,274,718 | \$ 806,891 | \$ 634,599 |
| Contributions as a percentage of covered-employee payroll | 20.28% | 19.58% | 18.06% | 11.06% | 13.83% | 14.79% |

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

EXHIBIT 12
TOWN OF ATKINSON
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Total OPEB liability: | | |
| Service cost | \$ 2,178 | \$ 3,190 |
| Interest | 18,188 | 48,751 |
| Projected earnings on plan investments | (1,019) | (3,741) |
| Changes in assumptions and other inputs | 921 | (400) |
| OPEB plan administrative expense and other non-contribution items | 146 | 107 |
| Difference between expected and actual earnings on OPEB investments | (3,683) | (638) |
| Differences from changes in proportion | 60,784 | 14,022 |
| Benefit payments | (31,315) | (12,863) |
| Net change in total OPEB liability | 46,200 | 48,428 |
| Total OPEB liability, beginning | 194,338 | 145,910 |
| Total OPEB liability, ending | <u>\$ 240,538</u> | <u>\$ 194,338</u> |
| Covered-employee payroll | \$ 1,153,258 | \$ 1,017,627 |
| Total OPEB liability as a percentage of covered-employee payroll | 20.86% | 19.10% |

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

EXHIBIT 13
TOWN OF ATKINSON
Schedule of the Town's OPEB Contributions

| | 2019 | 2018 |
|--|--------------|--------------|
| Actuarially determined contribution | \$ 25,862 | \$ 19,856 |
| Contributions in relation to the actuarially determined contribution | (23,484) | (19,856) |
| Contribution deficiency | \$ 2,378 | \$ - |
| | | |
| Covered-employee payroll | \$ 1,153,285 | \$ 1,017,627 |
| | | |
| Contributions as a percentage of covered-employee payroll | 2.24% | 1.95% |

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

TOWN OF ATKINSON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the fifth year that the Town has reported pension schedules, and the second year for the OPEB information under the current measurement standard, only six and two years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 14
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

| | Special Revenue Funds | | | | | Capital Projects Fund | Permanent Fund | Total |
|--------------------------------------|-----------------------|----------------------------|-----------------------------|-------------------------|--------------------|-----------------------------|-------------------|---------------------|
| | Kimball Library | Conservation Commission | Police Special Detail | Recreation Revolving | Drug Forfeiture | Capital Reserves | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 25,255 | \$ 361,710 | \$ 28,618 | \$ 29,673 | \$ 62,722 | \$ - | \$ - | \$ 507,978 |
| Investments | - | 238,534 | - | - | - | 594,652 | 981,832 | 1,815,018 |
| Accounts receivable | - | - | 26,239 | - | - | - | - | 26,239 |
| Interfund receivable | 1,805 | - | - | - | - | - | - | 1,805 |
| Total assets | <u>\$ 27,060</u> | <u>\$ 600,244</u> | <u>\$ 54,857</u> | <u>\$ 29,673</u> | <u>\$ 62,722</u> | <u>\$ 594,652</u> | <u>\$ 981,832</u> | <u>\$ 2,351,040</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accrued salaries and benefits | \$ - | \$ - | \$ 2,566 | \$ - | \$ - | \$ - | \$ - | \$ 2,566 |
| Interfund payable | - | - | - | - | - | - | 1,805 | 1,805 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>2,566</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,805</u> | <u>4,371</u> |
| Fund balances: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 883,313 | 883,313 |
| Restricted | 27,060 | - | - | - | 62,722 | - | 96,714 | 186,496 |
| Committed | - | 600,244 | 52,291 | 29,673 | - | 594,652 | - | 1,276,860 |
| Total fund balances | <u>27,060</u> | <u>600,244</u> | <u>52,291</u> | <u>29,673</u> | <u>62,722</u> | <u>594,652</u> | <u>980,027</u> | <u>2,346,669</u> |
| Total liabilities and fund balances | <u>\$ 27,060</u> | <u>\$ 600,244</u> | <u>\$ 54,857</u> | <u>\$ 29,673</u> | <u>\$ 62,722</u> | <u>\$ 594,652</u> | <u>\$ 981,832</u> | <u>\$ 2,351,040</u> |

EXHIBIT 15
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

| | Special Revenue Funds | | | | | Capital Projects Fund | Permanent Fund | Total |
|--|-----------------------|----------------------------|-----------------------------|-------------------------|--------------------|-----------------------------|-------------------|---------------------|
| | Kimball Library | Conservation Commission | Police Special Detail | Recreation Revolving | Drug Forfeiture | Capital Reserves | | |
| REVENUES | | | | | | | | |
| Charges for services | \$ - | \$ - | \$ 161,714 | \$ 32,962 | \$ - | \$ - | \$ - | \$ 194,676 |
| Miscellaneous | 25,734 | 61,435 | - | 1,256 | 203 | 16,307 | 20,877 | 125,812 |
| Total revenues | <u>25,734</u> | <u>61,435</u> | <u>161,714</u> | <u>34,218</u> | <u>203</u> | <u>16,307</u> | <u>20,877</u> | <u>320,488</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | 1,416 | 532 | 1,948 |
| Public safety | - | - | 121,496 | - | 32,767 | - | - | 154,263 |
| Culture and recreation | 35,183 | - | - | 27,779 | - | - | - | 62,962 |
| Conservation | - | 2,962 | - | - | - | - | - | 2,962 |
| Capital outlay | - | - | - | - | - | 234,000 | - | 234,000 |
| Total expenditures | <u>35,183</u> | <u>2,962</u> | <u>121,496</u> | <u>27,779</u> | <u>32,767</u> | <u>235,416</u> | <u>532</u> | <u>456,135</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(9,449)</u> | <u>58,473</u> | <u>40,218</u> | <u>6,439</u> | <u>(32,564)</u> | <u>(219,109)</u> | <u>20,345</u> | <u>(135,647)</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 1,109 | - | - | - | - | 120,000 | - | 121,109 |
| Transfers out | - | - | (10,000) | - | - | (8,419) | (1,109) | (19,528) |
| Total other financing sources and uses | <u>1,109</u> | <u>-</u> | <u>(10,000)</u> | <u>-</u> | <u>-</u> | <u>111,581</u> | <u>(1,109)</u> | <u>101,581</u> |
| Net change in fund balances | (8,340) | 58,473 | 30,218 | 6,439 | (32,564) | (107,528) | 19,236 | (34,066) |
| Fund balances, beginning | 35,400 | 541,771 | 22,073 | 23,234 | 95,286 | 702,180 | 960,791 | 2,380,735 |
| Fund balances, ending | <u>\$ 27,060</u> | <u>\$ 600,244</u> | <u>\$ 52,291</u> | <u>\$ 29,673</u> | <u>\$ 62,722</u> | <u>\$ 594,652</u> | <u>\$ 980,027</u> | <u>\$ 2,346,669</u> |

EXHIBIT 16
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

| | Estimated | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|------------------------------------|
| Taxes: | | | |
| Property | \$ 2,828,565 | \$ 2,831,890 | \$ 3,325 |
| Timber | 2 | 52 | 50 |
| Interest and penalties on delinquent taxes | 44,483 | 56,674 | 12,191 |
| Total taxes | <u>2,873,050</u> | <u>2,888,616</u> | <u>15,566</u> |
| Licenses, permits and fees: | | | |
| Motor vehicle permits | 1,872,044 | 1,918,012 | 45,968 |
| Building permits | 104,181 | 119,700 | 15,519 |
| Other | 210,899 | 231,997 | 21,098 |
| Total licenses, permits and fees | <u>2,187,124</u> | <u>2,269,709</u> | <u>82,585</u> |
| Intergovernmental: | | | |
| State sources: | | | |
| Municipal aid | 29,519 | 29,519 | - |
| Meals and rooms distributions | 354,003 | 354,003 | - |
| Highway block grant | 166,659 | 166,410 | (249) |
| Public safety | 12,353 | 15,676 | 3,323 |
| Total intergovernmental | <u>562,534</u> | <u>565,608</u> | <u>3,074</u> |
| Charges for services: | | | |
| Income from departments | <u>66,478</u> | <u>69,266</u> | <u>2,788</u> |
| Miscellaneous: | | | |
| Sale of property | 8,580 | 18,900 | 10,320 |
| Interest on investments | 47,771 | 43,711 | (4,060) |
| Contributions and donations | 25,000 | 24,859 | (141) |
| Total miscellaneous | <u>81,351</u> | <u>87,470</u> | <u>6,119</u> |
| Other financing sources: | | | |
| Transfers in: | | | |
| Nonmajor funds | <u>19,000</u> | <u>18,419</u> | <u>(581)</u> |
| Total revenues and other financing sources | <u>\$ 5,789,537</u> | <u>\$ 5,899,088</u> | <u>\$ 109,551</u> |

EXHIBIT 17
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|---------------------------------------|-------------------------------------|------------------|------------------|--|------------------------------------|
| Current: | | | | | |
| General government: | | | | | |
| Executive | \$ 3,500 | \$ 282,987 | \$ 274,730 | \$ - | \$ 11,757 |
| Election and registration | - | 171,118 | 174,252 | - | (3,134) |
| Financial administration | - | 307,500 | 291,454 | 4,200 | 11,846 |
| Legal | - | 37,200 | 37,895 | - | (695) |
| Personnel administration | - | 46,667 | 23,095 | - | 23,572 |
| Planning and zoning | - | 22,155 | 20,138 | - | 2,017 |
| General government buildings | - | 143,257 | 130,520 | 35,477 | (22,740) |
| Cemeteries | - | 69,762 | 57,953 | - | 11,809 |
| Insurance, not otherwise allocated | - | 61,164 | 57,627 | - | 3,537 |
| Advertising and regional associations | - | 6,832 | 6,832 | - | - |
| Total general government | <u>3,500</u> | <u>1,148,642</u> | <u>1,074,496</u> | <u>39,677</u> | <u>37,969</u> |
| Public safety: | | | | | |
| Police | 3,875 | 1,122,592 | 1,116,505 | - | 9,962 |
| Ambulance | - | 99,002 | 97,098 | - | 1,904 |
| Fire | 2,200 | 456,003 | 386,043 | - | 72,160 |
| Building inspection | - | 106,986 | 86,211 | - | 20,775 |
| Emergency management | - | 200 | 198 | - | 2 |
| Other | - | 44,889 | 44,889 | - | - |
| Total public safety | <u>6,075</u> | <u>1,829,672</u> | <u>1,730,944</u> | <u>-</u> | <u>104,803</u> |
| Highways and streets: | | | | | |
| Administration | - | 199,458 | 194,253 | - | 5,205 |
| Highways and streets | 41,145 | 794,324 | 791,857 | 36,000 | 7,612 |
| Street lighting | - | 46,000 | 46,404 | - | (404) |
| Total highways and streets | <u>41,145</u> | <u>1,039,782</u> | <u>1,032,514</u> | <u>36,000</u> | <u>12,413</u> |
| Sanitation: | | | | | |
| Solid waste disposal | - | 38,924 | 37,880 | - | 1,044 |
| Solid waste clean-up | - | 586,000 | 562,125 | - | 23,875 |
| Total sanitation | <u>-</u> | <u>624,924</u> | <u>600,005</u> | <u>-</u> | <u>24,919</u> |
| Health: | | | | | |
| Administration | - | 9,473 | 7,449 | - | 2,024 |
| Health agencies and hospitals | - | 22,226 | 22,225 | - | 1 |
| Other | - | 13,039 | 6,597 | - | 6,442 |
| Total health | <u>-</u> | <u>44,738</u> | <u>36,271</u> | <u>-</u> | <u>8,467</u> |
| Welfare: | | | | | |
| Administration and direct assistance | - | 10,000 | 4,574 | - | 5,426 |

(continued)

EXHIBIT 17 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|--|-------------------------------------|----------------|--------------|--|------------------------------------|
| Culture and recreation: | | | | | |
| Parks and recreation | - | 195,376 | 178,408 | 3,000 | 13,968 |
| Public library | - | 499,370 | 493,635 | - | 5,735 |
| Patriotic purposes | - | 3,775 | 1,911 | - | 1,864 |
| Other | - | 61,681 | 41,968 | - | 19,713 |
| Total culture and recreation | - | 760,202 | 715,922 | 3,000 | 41,280 |
| Conservation | - | 9,027 | 9,326 | - | (299) |
| Debt service: | | | | | |
| Principal | - | 85,000 | 85,000 | - | - |
| Interest | - | 36,550 | 31,050 | - | 5,500 |
| Total debt service | - | 121,550 | 116,050 | - | 5,500 |
| Capital outlay: | | | | | |
| Land | 150,500 | - | 129,155 | 21,345 | - |
| Machinery, vehicles and equipment | 52,913 | 35,000 | 51,840 | 35,932 | 141 |
| Buildings | 238,841 | - | 239,593 | 681 | (1,433) |
| Total capital outlay | 442,254 | 35,000 | 420,588 | 57,958 | (1,292) |
| Other financing uses: | | | | | |
| Transfers out: | | | | | |
| Expendable trust fund | - | 166,000 | 166,000 | - | - |
| Total encumbrances, appropriations, expenditures and other financing uses | \$ 492,974 | \$ 5,789,537 | \$ 5,906,690 | \$ 136,635 | \$ 239,186 |

EXHIBIT 18
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2019

| | | |
|---|------------|--------------|
| Unassigned fund balance, beginning | | \$ 1,585,960 |
| Changes: | | |
| Budget summary: | | |
| Revenue surplus (Exhibit 16) | \$ 109,551 | |
| Unexpended balance of appropriations (Exhibit 17) | 239,186 | |
| Budget surplus | | 348,737 |
| Increase in nonspendable fund balance | | (108,470) |
| Unassigned fund balance, ending | | \$ 1,826,227 |



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

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

Roberts & Greene, PLLC

Concord, New Hampshire
May 26, 2020