TOWN OF NORTHWOOD,
NEW HAMPSHIRE

ANNUAL FINANCIAL REPORT

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

TOWN OF NORTHWOOD, NEW HAMPSHIRE

ANNUAL FINANCIAL REPORT

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

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

Other Matters

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

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

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

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

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

December 29, 2020

Plodzik & Sanderson
Professional Association

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,847,191
Taxes receivables (net)	948,953
Account receivables (net)	82,549
Intergovernmental receivable	126,774
Tax deeded property, subject to resale	257,805
Capital assets:	
Land and construction in progress	2,097,048
Other capital assets, net of depreciation	2,933,120
Total assets	10,293,440
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	223,196
Amounts related to other postemployment benefits	55,619
Total deferred outflows of resources	278,815
LIABILITIES	
Accounts payable	132,198
Accrued salaries and benefits	65,826
Accrued interest payable	1,766
Intergovernmental payable	414
Long-term liabilities:	
Due within one year	39,299
Due in more than one year	2,937,028
Total liabilities	3,176,531
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - tax agreements	42,055
Unavailable revenue - property taxes	30,617
Amounts related to pensions	317,060
Amounts related to other postemployment benefits	91,703
Total deferred inflows of resources	481,435
NET POSITION	
Net investment in capital assets	4,821,828
Restricted	791,255
Unrestricted	1,301,206
Total net position	$ 6,914,289

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

EXHIBIT B

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Statement of Activities

For the Fiscal Year Ended December 31, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change In Net Position
General government	$ 885,726	$ 63,125	$ -	$ (822,601)
Public safety	1,655,433	144,309	-	(1,511,124)
Highways and streets	622,000	-	128,409	(493,591)
Sanitation	223,418	43,849	-	(179,569)
Health	35,788	-	-	(35,788)
Welfare	20,917	-	-	(20,917)
Culture and recreation	314,294	21,889	-	(292,405)
Conservation	19,910	13,875	-	(6,035)
Total governmental activities	$3,777,486	$287,047	$ 128,409	(3,362,030)
General revenues:				
Taxes:				
Property				2,247,111
Other				147,971
Motor vehicle permit fees				965,371
Licenses and other fees				131,123
Grants and contributions not restricted to specific programs				359,096
Unrestricted investment earnings				34,253
Miscellaneous				98,059
Total general revenues				3,982,984
Change in net position				620,954
Net position, beginning				6,293,335
Net position, ending				$ 6,914,289

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

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

	General	Special Revenue Funds: Ambulance Replacement	Special Revenue Funds: Police Special Details	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$2,520,075	$ 545,128	$101,661	$ 680,327	$ 3,847,191
Taxes receivable	973,953	-	-	-	973,953
Accounts receivable (net)	27,802	26,105	28,642	-	82,549
Intergovernmental receivable	126,774	-	-	-	126,774
Interfund receivable	50,575	-	-	4,140	54,715
Tax deeded property, subject to resale	257,805	-	-	-	257,805
Total assets	$3,956,984	$ 571,233	$130,303	$ 684,467	$ 5,342,987
LIABILITIES					
Accounts payable	$ 132,198	$ -	$ -	$ -	$ 132,198
Accrued salaries and benefits	65,826	-	-	-	65,826
Intergovernmental payable	414	-	-	-	414
Interfund payable	4,140	-	41,075	9,500	54,715
Total liabilities	202,578	-	41,075	9,500	253,153
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	200,021	-	-	-	200,021
Unavailable revenue - tax agreements	42,055	-	-	-	42,055
Total deferred inflows of resources	242,076	-	-	-	242,076
FUND BALANCES					
Nonspendable	257,805	-	-	394,604	652,409
Restricted	5,719	-	-	133,127	138,846
Committed	1,333,095	571,233	89,228	147,236	2,140,792
Assigned	44,160	-	-	-	44,160
Unassigned	1,871,551	-	-	-	1,871,551
Total fund balances	3,512,330	571,233	89,228	674,967	4,847,758
Total liabilities, deferred inflows of resources, and fund balances	$3,956,984	$ 571,233	$130,303	$ 684,467	$ 5,342,987

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

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

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		$4,847,758
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	$10,040,773	
Less accumulated depreciation	(5,010,605)	
		5,030,168
Pension and other postemployment benefit (OPEB) related deferred outflows of current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	$ 223,196	
Deferred inflows of resources related to pensions	(317,060)	
Deferred outflows of resources related to OPEB	55,619	
Deferred inflows of resources related to OPEB	(91,703)	
		(129,948)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	$ (54,715)	
Payables	54,715	
		-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		169,404
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(25,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(1,766)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Capital leases	$ 208,340	
Compensated absences	69,731	
Net pension liability	2,136,124	
Other postemployment benefits	562,132	
		(2,976,327)
Net position of governmental activities (Exhibit A)		$6,914,289

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

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

	General	Special Revenue Funds: Ambulance Replacement	Special Revenue Funds: Police Special Details	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$2,417,996	$ -	$ -	$ 4,140	$ 2,422,136
Licenses and permits	1,096,494	-	-	-	1,096,494
Intergovernmental	487,505	-	-	-	487,505
Charges for services	110,063	41,823	99,397	35,764	287,047
Miscellaneous	101,191	5,043	1,363	24,715	132,312
Total revenues	4,213,249	46,866	100,760	64,619	4,425,494
EXPENDITURES					
Current:					
General government	871,346	-	-	10,775	882,121
Public safety	1,509,808	-	78,289	-	1,588,097
Highways and streets	659,412	-	-	-	659,412
Sanitation	213,793	-	-	7,200	220,993
Health	35,788	-	-	-	35,788
Welfare	20,917	-	-	-	20,917
Culture and recreation	271,793	-	-	14,578	286,371
Conservation	19,910	-	-	-	19,910
Capital outlay	322,849	-	-	-	322,849
Total expenditures	3,925,616	-	78,289	32,553	4,036,458
Excess of revenues over expenditures	287,633	46,866	22,471	32,066	389,036
OTHER FINANCING SOURCES (USES)					
Transfers in	71,537	-	-	-	71,537
Transfers out	-	(56,912)	-	(14,625)	(71,537)
Inception of capital leases	162,900	-	-	-	162,900
Total other financing sources (uses)	234,437	(56,912)	-	(14,625)	162,900
Net change in fund balances	522,070	(10,046)	22,471	17,441	551,936
Fund balances, beginning	2,990,260	581,279	66,757	657,526	4,295,822
Fund balances, ending	$3,512,330	$ 571,233	$89,228	$ 674,967	$ 4,847,758

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

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

Net change in fund balances of governmental funds (Exhibit C-3)		$551,936
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	$ 559,956	
Depreciation expense	(397,506)	
		162,450
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	$ (71,537)	
Transfers out	71,537	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Increase in deferred tax revenue		(27,054)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital leases	$(162,900)	
Repayment of capital leases	84,582	
		(78,318)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	$ 1,181	
Decrease in compensated absences	11,273	
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	3,685	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	(4,199)	
		11,940
Changes in net position of governmental activities (Exhibit B)		$620,954

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

EXHIBIT D

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

For the Fiscal Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	$2,340,380	$2,390,942	$ 50,562
Licenses and permits	1,080,951	1,096,494	15,543
Intergovernmental	373,138	487,505	114,367
Charges for services	70,000	110,063	40,063
Miscellaneous	17,000	65,547	48,547
Total revenues	3,881,469	4,150,551	269,082
EXPENDITURES			
Current:			
General government	815,952	837,016	(21,064)
Public safety	1,569,978	1,476,662	93,316
Highways and streets	686,612	477,322	209,290
Sanitation	168,677	208,969	(40,292)
Health	53,037	35,788	17,249
Welfare	25,760	20,917	4,843
Culture and recreation	292,642	247,011	45,631
Conservation	3,552	910	2,642
Economic development	604	-	604
Debt service:			
Interest	1	-	1
Capital outlay	248,316	322,849	(74,533)
Total expenditures	3,865,131	3,627,444	237,687
Excess of revenues over expenditures	16,338	523,107	506,769
OTHER FINANCING SOURCES (USES)			
Transfers in	71,537	71,537	-
Transfers out	(128,761)	(128,761)	-
Total other financing sources (uses)	(57,224)	(57,224)	-
Net change in fund balances	$ (40,886)	465,883	$506,769
Increase in nonspendable fund balance		(33,867)	
Decrease in committed fund balance		125,512	
Unassigned fund balance, beginning		1,458,427	
Unassigned fund balance, ending		$2,015,955	

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

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

	Private Purpose Trust Funds	Other Custodial Funds	Total
ASSETS			
Cash and cash equivalents	$ 41,436	$3,833,153	$3,874,589
LIABILITIES			
Due to school district	$ -	$3,202,514	$3,202,514
NET POSITION			
Restricted	41,436	630,639	672,075
Total liabilities and net position	$ 41,436	$3,833,153	$3,874,589

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

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

	Private Purpose Trust Funds	Other Custodial Funds	Total
ADDITIONS			
Contributions	$ -	$ 12,200	$ 12,200
Investment earnings	689	9,954	10,643
Tax collections for other governments	-	8,530,851	8,530,851
Other	-	15,350	15,350
Total additions	689	8,568,355	8,569,044
DEDUCTIONS			
Benefits paid	150	-	150
Administrative expenses	-	1,623	1,623
Payments of taxes to other governments	-	8,530,851	8,530,851
Payments for escrow purposes	-	13,385	13,385
Total deductions	150	8,545,859	8,546,009
Change in net position	539	22,496	23,035
Net position, beginning, as restated (see Note 17)	40,897	608,143	649,040
Net position, ending	$ 41,436	$ 630,639	$ 672,075

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

TOWN OF NORTHWOOD, NEW HAMPSHIRE

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1-A Reporting Entity

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

1-B Basis of Accounting, and Measurement Focus

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

Ambulance Replacement Fund – the ambulance replacement fund is used to account for ambulance billing and costs related to ambulance replacement and maintenance.

Police Special Details Fund – the police special details fund is used to account for police special detail billing and costs related to special detail payroll.

Additionally, the Town reports the following fund types:

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

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

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

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

The Town also reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

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

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

1-D Receivables

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

1-E Capital Assets

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

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

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

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

	Years
Capital Asset Classes:	
Land improvements	20
Buildings and building improvements	5-50
Infrastructure	5-7
Machinery, equipment, and vehicles	5-20

1-F Interfund Activities

Interfund activities are reported as follows:

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

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

1-G Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 1, 2019 and November 19, 2019, and due on July 2, 2019 and December 1, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on May 28, 2019.

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

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

For the New Hampshire education tax	$ 481,597,253
For all other taxes	$ 474,899,953

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

	Per $1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	$ 4.77	$ 2,299,383
School portion:		
State of New Hampshire	2.29	1,086,693
Local	14.36	6,915,821
County portion	1.10	528,337
Precinct portions:		
Northwood Cove	1.36	12,983
Gulf Village District	1.04	16,153
Total	$ 24.92	$10,859,370

1-H Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

1-I Deferred Outflows/Inflows of Resources

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

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

1-J Long-term Obligations

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

1-K Compensated Absences

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

Sick Leave – The Town's policy allows certain employees to earn varying amounts of sick time as set forth by the Town's personnel policy. A liability for those amounts is recorded in the government-wide financial statements.

1-L Defined Benefit Pension Plan

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

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

1-M Postemployment Benefits Other Than Pensions

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

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

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

1-N Net Position/Fund Balances

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

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

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

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

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

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

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

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

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

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

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

In the general fund, the Town strives to maintain an unassigned fund balance of 6% of the general fund's annual budget including Town, School, and County appropriations.

1-O Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, none of the beginning general fund unassigned fund balance was applied for this purpose and $40,886 was voted from unassigned fund balance as a transfer to the capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	$4,222,088
Adjustment:	
Basis difference:	
Inception of capital leases	162,900
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	35,644
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	27,054
Per Exhibit C-3 (GAAP basis)	$4,447,686
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	$3,756,205
Adjustment:	
Basis differences:	
Inception of capital leases	162,900
Encumbrances, beginning	90,659
Encumbrances, ending	(44,160)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	88,773
To eliminate transfers between general and blended funds	(128,761)
Per Exhibit C-3 (GAAP basis)	$3,925,616

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 17.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first $250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over $250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was $7,721,650 and the bank balances totaled $7,926,613. Petty cash totaled $130.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	$3,847,191
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	3,874,589
Total cash and cash equivalents	$7,721,780

NOTE 4 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019 The amount has been reduced by an allowance for an estimated uncollectible amount of $25,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	$ 623,055	$ 623,055
Unredeemed (under tax lien):		
Levy of 2018	198,693	198,693
Levy of 2017	125,256	125,256
Levies of 2016 and prior	26,949	26,949
Less: allowance for estimated uncollectible taxes	(25,000) *	-
Net taxes receivable	$ 948,953	$ 973,953

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

NOTE 5 – OTHER RECEIVABLES

Receivables at December 31, 2019, consisted of accounts (billings for police details, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2019 for the Town's individual major funds including applicable allowances for uncollectible accounts are as follows:

	General Fund	Ambulance Replacement Fund	Police Special Detail Fund	Total
Receivables:				
Accounts	$ 27,802	$ 156,699	$ 28,642	$ 213,143
Intergovernmental	126,774	-	-	126,774
Gross receivables	154,576	156,699	28,642	339,917
Less: allowance for uncollectibles	-	(130,594)	-	(130,594)
Net total receivables	$ 154,576	$ 26,105	$ 28,642	$ 209,323

NOTE 6 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	$2,097,048	$ -	$ 2,097,048
Being depreciated:			
Land improvements	590,448	-	590,448
Buildings and building improvements	891,155	-	891,155
Infrastructure	3,057,825	349,697	3,407,522
Machinery, equipment, and vehicles	2,844,341	210,259	3,054,600
Total capital assets being depreciated	7,383,769	559,956	7,943,725
Total all capital assets	9,480,817	559,956	10,040,773

(Continued)

Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Less accumulated depreciation:			
Land improvements	(249,803)	(28,322)	(278,125)
Buildings and building improvements	(455,388)	(21,638)	(477,026)
Infrastructure	(2,007,764)	(243,822)	(2,251,586)
Machinery, equipment, and vehicles	(1,900,144)	(103,724)	(2,003,868)
Total accumulated depreciation	(4,613,099)	(397,506)	(5,010,605)
Net book value, capital assets being depreciated	2,770,670	162,450	2,933,120
Net book value, all capital assets	$4,867,718	$162,450	$ 5,030,168

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

General government	$ 9,116
Public safety	76,508
Highways and streets	286,834
Sanitation	4,005
Culture and recreation	21,043
Total depreciation expense	$ 397,506

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor	$ 50,575
Nonmajor	General	4,140
		$ 54,715

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

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

	Transfers In: General Fund
Transfers out:	
Nonmajor fund	$ 71,537

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

NOTE 8 – ACCRUED LIABILITIES

Accrued liabilities reported by the governmental funds in the amount of $65,826 at December 31, 2019, were for salary and employee benefits.

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2019 consist of amounts related to pensions totaling $223,196 and amounts related to OPEB totaling $55,619. For further discussion on these amounts, see Note 12 and 13 respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Prepaid property taxes	$ 30,617	$ 30,617
Tax agreements	42,055	42,055
Deferred property taxes not collected within 60 days of fiscal year-end	-	169,404
Amounts related to pensions (see Note 12)	317,060	-
Amounts related to other postemployment benefits (see Note 13)	91,703	-
Total deferred inflows of resources	$ 481,435	$ 242,076

NOTE 10 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2019
Capital lease obligations:		
Backhoe	3.25%	$ 57,140
Dump truck	3.89%	151,200
Total capital lease obligations		$ 208,340

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

	Governmental Activities
Vehicles:	
Backhoe	$ 75,000
Dump truck	162,900
Total equipment	237,900
Less: accumulated depreciation	(16,462)
Total capital lease equipment	$ 221,438

The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2020	$ 46,736
2021	46,736
2022	46,736
2023	26,439
2024	26,439
2025-2026	39,659
Total requirements	232,745
Less: interest	(24,405)
Present value of remaining payments	$ 208,340

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

NOTE 11 – LONG-TERM LIABILITIES

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

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Capital leases	$ 130,022	$ 162,900	$ (84,582)	$ 208,340	$ 39,299
Compensated absences	81,004	-	(11,273)	69,731	-
Net pension liability	2,200,518	-	(64,394)	2,136,124	-
Net other postemployment benefits	597,355	-	(35,223)	562,132	-
Total long-term liabilities	$ 3,008,899	$ 162,900	$ (195,472)	$ 2,976,327	$ 39,299

NOTE 12 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was $193,198, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2019 the Town reported a liability of $2,136,124 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town's proportion was 0.04% which was an decrease of 0.01% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of $203,439. At December 31, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	$ 25,923	$253,678
Changes in assumptions	76,643	-
Net difference between projected and actual investment earnings on pension plan investments	-	17,449
Differences between expected and actual experience	11,811	45,933
Contributions subsequent to the measurement date	108,819	-
Total	$ 223,196	$317,060

The $108,819 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2020	$ (2,266)
2021	(130,747)
2022	(64,464)
2023	(5,206)
Totals	$(202,683)

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

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

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

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

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

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	$2,860,359	$ 2,136,124	$1,537,551

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

13-A New Hampshire Retirement System (NHRS)

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

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

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

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

> For qualified retirees not eligible for Medicare, the amounts were $375.56 for a single-person plan and $751.12 for a two-person plan.
>
> For those qualified retirees eligible for Medicare, the amounts were $236.84 for a single-person plan and $473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lessor of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was $26,515, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At December 31, 2019, the Town reported a liability of $254,722 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town's proportion was 0.06% from which there was no change from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of $25,181. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	$ -	$ 570
Net difference between projected and actual investment earnings on OPEB plan investments	-	286
Differences between expected and actual experience	-	443
Contributions subsequent to the measurement date	13,735	-
Total	$ 13,735	$ 1,299

The $13,735 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	$(1,203)
2021	(190)
2022	20
2023	74
Totals	$(1,299)

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

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

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

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

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

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	$ 276,284	$ 254,722	$ 235,985

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

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

13-B Town of Northwood Retiree Health Benefit Program

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	16
Total participants covered by OPEB plan	17

Total OPEB Liability – The Town's total OPEB liability of $307,410 was measured as of January 1, 2019 and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of $307,410 in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.74%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	3.90%
Year Ultimate Trend is Reached	2075
Salary Increases:	2.60%

The discount rate used to measure the total OPEB liability was 2.74%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.74% municipal bond rate was applied to all periods to determine the total OPEB liability.

RP-2014 Employees Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015.

Changes in the Total OPEB Liability

	December 31, 2018	December 31, 2019
OPEB liability beginning of year	$ 325,539	$ 325,978
Changes for the year:		
Service cost	16,409	15,429
Interest	11,681	13,820
Assumption changes and difference between actual and expected experience	(22,904)	(39,138)
Benefit payments	(4,747)	(8,679)
OPEB liability end of year	$ 325,978	$ 307,410

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The January 1, 2019 actuarial valuation was prepared using a discount rate of 2.74%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to $279,669 or by 9.02%. If the discount rate were 1% lower than what was used the OPEB liability would increase to $338,968 or by 10.27%.

	Discount Rate		
	1% Decrease	Baseline 2.74%	1% Increase
Total OPEB Liability	$ 338,968	$ 307,410	$ 279,669

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The January 1, 2019 actuarial valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to $348,588 or by 13.40%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to $272,659 or by 11.30%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	$ 272,659	$ 307,410	$ 348,588

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Town recognized OPEB expense of $19,306. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 41,884	$ 15,746
Differences between expected and actual experience	-	74,658
Total	$ 41,884	$ 90,404

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

Fiscal Year Ending December 31,	
2020	$ (9,943)
2021	(9,943)
2022	(9,943)
2023	(9,943)
2024	(7,794)
Thereafter	(954)
Totals	$(48,520)

NOTE 14 – ENCUMBRANCES

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

General fund:	
General government	$44,160

NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Net investment in capital assets:	
Net book value, all capital assets	$ 5,030,168
Less:	
Capital leases payable	(208,340)
Total net investment in capital assets	4,821,828
Restricted net position:	
Perpetual care - nonexpendable	394,604
Perpetual care - income balance	133,127
Library	5,719
Tax deeded property	257,805
Total restricted net position	791,255
Unrestricted	1,301,206
Total net position	$ 6,914,289

NOTE 16 – GOVERNMENTAL FUND BALANCES

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

	General Fund	Ambulance Replacement Fund	Police Special Details Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Tax deeded property	$ 257,805	$ -	$ -	$ -	$ 257,805
Permanent fund - principal balance	-	-	-	394,604	394,604
Total nonspendable fund balance	257,805	-	-	394,604	652,409
Restricted:					
Library	5,719	-	-	-	5,719
Permanent - income balance	-	-	-	133,127	133,127
Total restricted fund balance	5,719	-	-	133,127	138,846
Committed:					
Expendable trust	793,563	-	-	-	793,563
Nonlapsing appropriations - encumbrance	539,532	-	-	-	539,532
Special revenue funds	-	571,233	89,228	147,236	807,697
Total committed fund balance	1,333,095	571,233	89,228	147,236	2,140,792
Assigned:					
Encumbrances	44,160	-	-	-	44,160
Unassigned	1,871,551	-	-	-	1,871,551
Total governmental fund balances	$ 3,512,330	$ 571,233	$ 89,228	$ 674,967	$ 4,847,758

NOTE 17 – PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2019 was restated to give retroactive effect to the following prior period adjustment:

	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	$ 608,143
Net position, as previously reported	40,897
Net position, as restated	$ 649,040

NOTE 18 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex^3) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex^3) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex^3, which retained $1,000,000 of each workers' compensation loss, $500,000 of each liability loss, and $200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex^3 to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid $41,131 and $20,535 respectively, to Primex for property, liability and worker's compensation. At this time, Primex^3 foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through December 29, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following event occurred that require recognition or disclosure.

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F

TOWN OF NORTHWOOD, NEW HAMPSHIRE

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

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.04%
Town's proportionate share of the net pension liability	$2,146,887	$1,922,913	$2,035,204	$2,885,807	$2,560,745	$2,200,518	$2,136,124
Town's covered payroll	$ 824,686	$ 852,611	$ 885,212	$ 989,590	$1,587,143	$ 912,799	$ 956,480
Town's proportionate share of the net pension liability as a percentage of its covered payroll	260.33%	225.53%	229.91%	291.62%	161.34%	241.07%	223.33%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

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

EXHIBIT G

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Schedule of Town Contributions - Pensions

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended December 31, 2019

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	$143,523	$169,515	$184,539	$194,326	$ 190,751	$193,152	$193,198
Contributions in relation to the contractually required contributions	(143,523)	(169,515)	(184,539)	(194,326)	(190,751)	(193,152)	(193,198)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$824,686	$852,611	$885,212	$989,590	$1,587,143	$912,799	$956,480
Contributions as a percentage of covered payroll	17.40%	19.88%	20.85%	19.64%	12.02%	21.16%	20.20%

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

TOWN OF NORTHWOOD, NEW HAMPSHIRE

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.
Other Information:	
Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

EXHIBIT H

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan Liability

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.05%	0.05%	0.06%	0.06%
Town's proportionate share of the net OPEB liability	$ 229,163	$ 208,567	$ 271,377	$ 254,722
Town's covered payroll	$ 989,590	$ 1,587,143	$ 912,799	$ 956,480
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.16%	13.14%	29.73%	26.63%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

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

EXHIBIT I

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Schedule of Town Contributions - Other Postemployment Benefits

New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan

For the Fiscal Year Ended December 31, 2019

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	$ 27,506	$ 27,036	$ 26,218	$ 26,515
Contributions in relation to the contractually required contribution	(27,506)	(27,036)	(26,218)	(26,515)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Town's covered payroll	$ 989,590	$ 1,587,143	$ 912,799	$ 956,480
Contributions as a percentage of covered payroll	2.78%	1.70%	2.87%	2.77%

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

EXHIBIT J

TOWN OF NORTHWOOD, NEW HAMPSHIRE

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

Retiree Health Benefit Program

For the Fiscal Year Ended December 31, 2019

	December 31,	
	2018	2019
OPEB liability, beginning of year	$325,539	$325,978
Changes for the year:		
Service cost	16,409	15,429
Interest	11,681	13,820
Assumption changes and difference between actual and expected experience	(22,904)	(39,138)
Benefit payments	(4,747)	(8,679)
OPEB liability, end of year	$325,978	$307,410
Covered payroll	$686,524	$861,973
Total OPEB liability as a percentage of covered payroll	47.48%	35.66%

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

TOWN OF NORTHWOOD, NEW HAMPSHIRE

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFIT LIABILITY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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

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

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

Methods and Assumptions:

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

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

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	$2,200,455	$2,247,111	$ 46,656
Land use change	-	4,140	4,140
Yield	10,000	9,337	(663)
Excavation	282	281	(1)
Payment in lieu of taxes	9,643	10,134	491
Interest and penalties on taxes	120,000	119,939	(61)
Total from taxes	2,340,380	2,390,942	50,562
Licenses, permits, and fees:			
Business licenses, permits, and fees	5,600	5,581	(19)
Motor vehicle permit fees	925,000	964,653	39,653
Building permits	38,000	45,097	7,097
Other	112,351	81,163	(31,188)
Total from licenses, permits, and fees	1,080,951	1,096,494	15,543
Intergovernmental:			
State:			
Shared revenues	49,655	22,708	(26,947)
Meals and rooms distribution	217,251	217,251	-
Highway block grant	105,860	105,701	(159)
State and federal forest land reimbursement	372	372	-
Other	-	141,373	141,373
Federal:			
FEMA	-	100	100
Total from intergovernmental	373,138	487,505	114,367
Charges for services:			
Income from departments	70,000	110,063	40,063
Miscellaneous:			
Sale of municipal property	-	34,203	34,203
Interest on investments	16,000	18,716	2,716
Other	1,000	12,628	11,628
Total from miscellaneous	17,000	65,547	48,547
Other financing sources:			
Transfers in	71,537	71,537	-
Total revenues and other financing sources	3,953,006	$4,222,088	$269,082
Amounts voted from fund balance	40,886		
Total revenues, other financing sources, and use of fund balance	$3,993,892		

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	$ 6,933	$ 299,336	$ 316,458	$ 16,160	$ (26,349)
Election and registration	-	10,878	4,075	-	6,803
Financial administration	14,836	276,446	294,174	-	(2,892)
Legal	1,000	15,001	37,901	-	(21,900)
Personnel administration	1,297	52,791	24,839	28,000	1,249
Planning and zoning	5,914	41,790	42,001	-	5,703
General government buildings	1,324	57,956	60,354	-	(1,074)
Cemeteries	-	3,100	3,227	-	(127)
Insurance, not otherwise allocated	-	56,401	41,131	-	15,270
Other	-	2,253	-	-	2,253
Total general government	31,304	815,952	824,160	44,160	(21,064)
Public safety:					
Police	3,442	904,200	829,217	-	78,425
Fire	29,639	628,700	643,182	-	15,157
Building inspection	65	34,156	35,988	-	(1,767)
Emergency management	-	2,922	1,421	-	1,501
Total public safety	33,146	1,569,978	1,509,808	-	93,316
Highways and streets:					
Administration	2,723	228,297	185,169	-	45,851
Highways and streets	16,467	458,314	311,343	-	163,438
Street lighting	-	1	-	-	1
Total highways and streets	19,190	686,612	496,512	-	209,290
Sanitation:					
Administration	294	72,577	65,991	-	6,880
Solid waste disposal	2,810	96,100	146,082	-	(47,172)
Total sanitation	3,104	168,677	212,073	-	(40,292)
Health:					
Administration	-	8,388	390	-	7,998
Pest control	-	14,356	6,405	-	7,951
Health agencies	-	30,293	28,993	-	1,300
Total health	-	53,037	35,788	-	17,249
Welfare:					
Administration and direct assistance	-	16,259	13,597	-	2,662
Intergovernmental welfare payments	-	9,501	7,320	-	2,181
Total welfare	-	25,760	20,917	-	4,843
Culture and recreation:					
Parks and recreation	463	67,154	41,028	-	26,589
Library	2,252	222,687	207,849	-	17,090
Patriotic purposes	-	1,800	1,549	-	251
Other	-	1,001	500	-	501
Total culture and recreation	2,715	292,642	250,926	-	44,431
Conservation	1,200	3,552	910	-	3,842
Economic development	-	604	-	-	604
Debt service:					
Interest on tax anticipation notes	-	1	-	-	1

(Continued)

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	-	248,316	322,849	-	(74,533)
Other financing uses:					
Transfers out	-	128,761	128,761	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	$ 90,659	$ 3,993,892	$ 3,802,704	$ 44,160	$ 237,687

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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		$ 1,458,427
Changes:		
Amounts voted from fund balance		(40,886)
2019 Budget summary:		
Revenue surplus (Schedule 1)	$ 269,082	
Unexpended balance of appropriations (Schedule 2)	237,687	
2019 Budget surplus		506,769
Increase in nonspendable fund balance		(33,867)
Decrease in committed fund balance		125,512
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,015,955
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(169,404)
Elimination of the allowance for uncollectible taxes		25,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		$ 1,871,551

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

	Special Revenue Funds					
	Conservation Commission	Recreation Revolving	Lagoon Fees	Forest Maintenance	Permanent Fund	Total
ASSETS						
Cash and cash equivalents	$ 105,455	$ 26,066	$ 15,262	$ 3,513	$ 530,031	$ 680,327
Interfund receivable	4,140	-	-	-	-	4,140
Total assets	$ 109,595	$ 26,066	$ 15,262	$ 3,513	$ 530,031	$ 684,467
LIABILITIES						
Interfund payable	$ -	$ -	$ 7,200	$ -	$ 2,300	$ 9,500
FUND BALANCES						
Nonspendable	-	-	-	-	394,604	394,604
Restricted	-	-	-	-	133,127	133,127
Committed	109,595	26,066	8,062	3,513	-	147,236
Total fund balances	109,595	26,066	8,062	3,513	527,731	674,967
Total liabilities and fund balances	$ 109,595	$ 26,066	$ 15,262	$ 3,513	$ 530,031	$ 684,467

SCHEDULE 5

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended December 31, 2019

	Special Revenue Funds					
	Conservation Commission	Recreation Revolving	Lagoon Fees	Forest Maintenance	Permanent Fund	Total
REVENUES						
Taxes	$ 4,140	$ -	$ -	$ -	$ -	$ 4,140
Charges for services	-	21,889	13,875	-	-	35,764
Miscellaneous	1,169	276	216	40	23,014	24,715
Total revenues	5,309	22,165	14,091	40	23,014	64,619
EXPENDITURES						
Current:						
General government	-	-	-	-	10,775	10,775
Sanitation	-	-	7,200	-	-	7,200
Culture and recreation	-	14,578	-	-	-	14,578
Total expenditures	-	14,578	7,200	-	10,775	32,553
Excess of revenues over expenditures	5,309	7,587	6,891	40	12,239	32,066
OTHER FINANCING USES						
Transfers out	-	-	(14,625)	-	-	(14,625)
Net change in fund balances	5,309	7,587	(7,734)	40	12,239	17,441
Fund balances, beginning	104,286	18,479	15,796	3,473	515,492	657,526
Fund balances, ending	$ 109,595	$ 26,066	$ 8,062	$ 3,513	$ 527,731	$ 674,967

SCHEDULE 6

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Custodial Funds

Combining Schedule of Fiduciary Net Position

December 31, 2019

	Custodial Funds			
	Taxes	Trust Funds	Other Custodial	Total
ASSETS				
Cash and cash equivalents	$3,202,514	$ 617,752	$ 12,887	$3,833,153
LIABILITIES				
Due to school district	$3,202,514	$ -	$ -	$3,202,514
NET POSITION				
Restricted	-	617,752	12,887	630,639
Total liabilities and net position	$3,202,514	$ 617,752	$ 12,887	$3,833,153

SCHEDULE 7

TOWN OF NORTHWOOD, NEW HAMPSHIRE

Custodial Funds

Combining Schedule of Changes in Fiduciary Net Position

For the Fiscal Year Ended December 31, 2019

	Custodial Funds			
	Taxes	Trust Funds	Other Custodial	Total
Additions:				
Contributions	$ -	$ 12,200	$ -	$ 12,200
Investment earnings	-	9,804	150	9,954
Tax collections for other governments	8,530,851	-	-	8,530,851
Other	-	-	15,350	15,350
Total additions	8,530,851	22,004	15,500	8,568,355
Deductions:				
Administrative expenses	-	1,623	-	1,623
Payments of taxes to other governments	8,530,851	-	-	8,530,851
Payments for escrow purposes	-	-	13,385	13,385
Total deductions	8,530,851	1,623	13,385	8,545,859
Change in net position	-	20,381	2,115	22,496
Net position, beginning, as restated (see Note 17)	-	597,371	10,772	608,143
Net position, ending	$ -	$ 617,752	$ 12,887	$ 630,639