

TOWN OF EFFINGHAM, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

**TOWN OF EFFINGHAM, NEW HAMPSHIRE
FINANCIAL REPORT
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and OPEB information on pages 30-34 be presented to supplement the basic financial statements. Such information,

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Town of Effingham
Independent Auditor's Report

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

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

Other Information

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

Roberts & Heene, PLLC

Concord, New Hampshire
November 26, 2021

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,571,655
Receivables, net of allowance for uncollectibles	898,451
Tax deeded property held for resale	10,319
Capital assets, not being depreciated:	
Land	826,891
Construction in progress	216,048
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	730,638
Machinery, vehicles and equipment	579,670
Infrastructure	1,724,799
Total assets	7,558,471
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	99,871
Deferred amounts related to OPEB	1,917
Total deferred outflows of resources	101,788
LIABILITIES	
Accounts payable	98,725
Accrued payroll and benefits	4,759
Intergovernmental payable	1,088,959
Noncurrent obligations:	
Due in more than one year:	
Net pension liability	419,252
Other postemployment benefits liability	40,577
Total liabilities	1,652,272
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	9,777
Deferred amounts related to pensions	83,071
Deferred amounts related to OPEB	2,106
Total deferred inflows of resources	94,954
NET POSITION	
Net investment in capital assets	4,078,046
Restricted for:	
Endowments:	
Nonexpendable	19,284
Expendable	19,197
Other purposes	2,627
Unrestricted	1,793,879
Total net position	\$ 5,913,033

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

EXHIBIT 2
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 663,325	\$ 9,677	\$ 5,181	\$ -	\$ (648,467)
Public safety	380,551	170	52,574	85,619	(242,188)
Highways and streets	889,758	-	-	81,884	(807,874)
Sanitation	153,867	34,036	-	-	(119,831)
Health	23,938	-	-	-	(23,938)
Welfare	8,216	-	-	-	(8,216)
Culture and recreation	66,012	210	10	-	(65,792)
Conservation	5,206	-	-	-	(5,206)
Capital outlay	1,568	-	-	-	(1,568)
Total primary government	<u>\$ 2,192,441</u>	<u>\$ 44,093</u>	<u>\$ 57,765</u>	<u>\$ 167,503</u>	<u>(1,923,080)</u>
General revenues:					
Property taxes					1,729,985
Other taxes					112,541
Licenses and permits					331,006
Grants and contributions not restricted to specific programs					120,131
Miscellaneous					75,309
Total general revenues					<u>2,368,972</u>
Change in net position					445,892
Net position, beginning, as restated, see Note III.D.2.					5,467,141
Net position, ending					<u>\$ 5,913,033</u>

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

EXHIBIT 3
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2020

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,103,954	\$ 392,180	\$ 75,521	\$ 2,571,655
Receivables, net of allowance for uncollectibles:				
Taxes	875,347	-	-	875,347
Accounts	23,104	-	-	23,104
Interfund receivable	-	-	1,319	1,319
Tax deeded property held for resale	10,319	-	-	10,319
Total assets	<u>\$ 3,012,724</u>	<u>\$ 392,180</u>	<u>\$ 76,840</u>	<u>\$ 3,481,744</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 97,903	\$ -	\$ 822	\$ 98,725
Accrued salaries and benefits	4,759	-	-	4,759
Intergovernmental payable	1,088,959	-	-	1,088,959
Interfund payable	1,244	-	75	1,319
Total liabilities	<u>1,192,865</u>	<u>-</u>	<u>897</u>	<u>1,193,762</u>
Deferred inflows of resources:				
Deferred revenue	<u>726,161</u>	<u>-</u>	<u>-</u>	<u>726,161</u>
Fund balances:				
Nonspendable	10,319	-	19,284	29,603
Restricted	-	-	20,586	20,586
Committed	286,376	392,180	36,073	714,629
Assigned	14,352	-	-	14,352
Unassigned	782,651	-	-	782,651
Total fund balances	<u>1,093,698</u>	<u>392,180</u>	<u>75,943</u>	<u>1,561,821</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,012,724</u>	<u>\$ 392,180</u>	<u>\$ 76,840</u>	<u>\$ 3,481,744</u>

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

EXHIBIT 4
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2020

Total fund balances of governmental funds (Exhibit 3)		\$ 1,561,821
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 6,172,227	
Less accumulated depreciation	<u>(2,094,181)</u>	
		4,078,046
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (1,319)	
Payables	<u>1,319</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		716,384
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ 419,252	
Other postemployment benefits liability	<u>40,577</u>	
		(459,829)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 99,871	
Deferred outflows of resources related to OPEB	1,917	
Deferred inflows of resources related to pensions	(83,071)	
Deferred inflows of resources related to OPEB	<u>(2,106)</u>	
		16,611
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 5,913,033</u></u>

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

EXHIBIT 5
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,680,981	\$ -	\$ -	\$ 1,680,981
Licenses, permits and fees	331,006	-	-	331,006
Intergovernmental	345,208	-	-	345,208
Charges for services	21,594	-	22,499	44,093
Miscellaneous	70,244	3,072	2,184	75,500
Total revenues	<u>2,449,033</u>	<u>3,072</u>	<u>24,683</u>	<u>2,476,788</u>
Expenditures:				
Current:				
General government	610,280	15,000	800	626,080
Public safety	336,967	-	-	336,967
Highways and streets	732,143	-	-	732,143
Sanitation	150,488	-	-	150,488
Health	23,938	-	-	23,938
Welfare	8,216	-	-	8,216
Culture and recreation	58,815	669	6,528	66,012
Conservation	841	1,154	3,211	5,206
Capital outlay	469,774	-	-	469,774
Total expenditures	<u>2,391,462</u>	<u>16,823</u>	<u>10,539</u>	<u>2,418,824</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,571</u>	<u>(13,751)</u>	<u>14,144</u>	<u>57,964</u>
Other financing sources (uses):				
Transfers in	287,872	69,450	4,465	361,787
Transfers out	(73,905)	(287,872)	(10)	(361,787)
Total other financing sources and uses	<u>213,967</u>	<u>(218,422)</u>	<u>4,455</u>	<u>-</u>
Net change in fund balances	271,538	(232,173)	18,599	57,964
Fund balances, beginning, as restated, see Note III.D.2.	822,160	624,353	57,344	1,503,857
Fund balances, ending	<u>\$ 1,093,698</u>	<u>\$ 392,180</u>	<u>\$ 75,943</u>	<u>\$ 1,561,821</u>

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

EXHIBIT 6
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances of governmental funds (Exhibit 5)		\$ 57,964
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 468,206	
Depreciation expense	<u>(229,011)</u>	239,195
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (361,787)	
Transfers out	<u>361,787</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue		161,545
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 OPEB related balances		13,854
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 22,033	
Cost of benefits earned, net of employee contributions	<u>(48,699)</u>	<u>(26,666)</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 445,892</u></u>

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

EXHIBIT 7
TOWN OF EFFINGHAM, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,704,453	\$ 1,704,453	\$ 1,842,526	\$ 138,073
Licenses, permits and fees	200,100	200,100	331,006	130,906
Intergovernmental	202,025	287,644	345,208	57,564
Charges for services	-	-	21,594	21,594
Miscellaneous	-	-	70,244	70,244
Total revenues	<u>2,106,578</u>	<u>2,192,197</u>	<u>2,610,578</u>	<u>418,381</u>
EXPENDITURES				
Current:				
General government	610,129	610,129	590,959	19,170
Public safety	362,803	362,803	332,367	30,436
Highways and streets	1,091,751	1,091,751	1,018,519	73,232
Sanitation	174,430	174,430	150,488	23,942
Health	23,366	23,366	23,938	(572)
Welfare	16,000	16,000	8,216	7,784
Culture and recreation	73,378	73,378	58,815	14,563
Conservation	1,000	1,000	841	159
Debt service:				
Interest on long-term debt	900	900	900	-
Interest on tax anticipation note	1	1	-	1
Capital outlay	120,000	205,619	105,009	100,610
Total expenditures	<u>2,473,758</u>	<u>2,559,377</u>	<u>2,290,052</u>	<u>269,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,180)</u>	<u>(367,180)</u>	<u>320,526</u>	<u>687,706</u>
Other financing sources (uses):				
Transfers in	245,000	245,000	287,872	42,872
Transfers out	(73,905)	(73,905)	(73,905)	-
Long-term debt issued	75,000	75,000	-	(75,000)
Total other financing sources and uses	<u>246,095</u>	<u>246,095</u>	<u>213,967</u>	<u>(32,128)</u>
Net change in fund balance	<u>\$ (121,085)</u>	<u>\$ (121,085)</u>	534,493	<u>\$ 655,578</u>
Decrease in nonspendable fund balance			21,243	
Unassigned fund balance, beginning			943,299	
Unassigned fund balance, ending			<u>\$ 1,499,035</u>	

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

EXHIBIT 8
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Private Purpose Trust
Assets:	
Cash and cash equivalents	\$ 1,561
Liabilities	-
Net position:	
Held in trust for specific purposes	<u>\$ 1,561</u>

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

EXHIBIT 9
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Private Purpose Trust
Addition:	
Interest	\$ 8
Net position, beginning	1,553
Net position, ending	<u>\$ 1,561</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF EFFINGHAM, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Effingham (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the year ended December 31, 2020.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

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

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

Government-Wide Financial Statements

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

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

**TOWN OF EFFINGHAM, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual, governmental funds are reported in separate columns with composite columns for nonmajor funds.

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. However, for the purposes of setting the tax rate, property taxes are not so deferred in accordance with the direction of the New Hampshire Department of Revenue Administration. Expenditures are recorded when the related fund liability is incurred.

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

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental funds:

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

Expendable Trust Fund – Reports as a Capital Project Fund, and was established by Town Meeting to hold investments that are used for the purchase of capital assets and improvements.

**TOWN OF EFFINGHAM, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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The Town also reports four nonmajor governmental funds.

Fiduciary Fund

The Town reports the following fiduciary fund:

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

I.C. Assets and Net Position or Fund Equity

I.C.1. Cash and Investments

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

Investments are stated at fair value based on quoted market prices.

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

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. Capital Assets and Depreciation

Capital assets, which include property, plant and equipment are reported in the governmental activities. Capital assets are defined by the Town as assets with useful lives of more than ten years, and are stated at historical cost and reported in the government-wide financial statements. Donated assets are recorded at their estimated acquisition costs on the date of donation. The Town normally capitalizes

**TOWN OF EFFINGHAM, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

assets with cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Buildings and building improvements	40
Machinery, vehicles and equipment	10-30
Infrastructure	20

I.C.3. Equity

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the Permanent Fund created through endowments and lot sales to be used only for cemetery care.
- Restricted for other purposes, which consists of the balance of funds for the library, whose use is restricted by State law.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of tax deeded property held for resale in the General Fund, and endowments in the Permanent Fund.
- Restricted, which represents the expendable income of the Permanent Fund and the Library Fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen through the creation of a special revenue fund, and would require an equally formal action to remove those commitments.

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- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2020, none of the unassigned fund balance from 2019 was so used, but \$121,085 was appropriated from fund balance.

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

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

II.B. Reconciliation of Budgetary Basis to GAAP

The following reconciles the budgetary basis to the GAAP basis for the General Fund.

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 2,898,450
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	554,839
Tax revenue deferred in the current year	(716,384)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,736,905</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,363,957
Adjustments:	
Basis difference:	
Encumbrances, beginning	402,138
Encumbrances, ending	(300,728)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,465,367</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,499,035
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(716,384)
Per Exhibit 3 (GAAP basis)	<u>\$ 782,651</u>

The Expendable Trust Fund was not budgeted.

III. Detailed Notes on Funds and Government-Wide Statements

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

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes levied prior to 2019, and 14% per annum for the redemption of taxes levied thereafter. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2019 property taxes on June 20th.

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

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The net assessed valuation as of April 1, 2020, upon which the 2020 property tax levy was based was:

For the New Hampshire education tax	\$ 204,720,016
For all other taxes	\$ 210,314,816

The tax rates and amounts assessed for the year ended December 31, 2020 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$8.81	\$ 1,851,638
School portion:		
State of New Hampshire	\$1.66	340,306
Local	\$9.71	2,042,459
County portion	\$1.07	225,500
Total property taxes assessed		\$ 4,459,903

The following details the taxes receivable at year-end:

Property:	
Levy of 2020	\$ 640,942
Unredeemed (under tax lien):	
Levy of 2019	191,022
Levy of 2018	67,422
Levy of 2017	294
Levy of 2016	667
Less: allowance for estimated uncollectible taxes	(25,000)
Net taxes receivable	\$ 875,347

Deferred Revenue

Deferred revenue of \$7226,161 at December 31, 2020 represents \$716,384 in 2020 property taxes not received within 60 days of year-end, and \$9,777 in prepayments of 2021 property taxes. In the governmental activities, the prepayments are considered unearned revenue.

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III.A.2. Capital Assets

Changes in Capital Assets

Capital asset activity for the year ended December 31, 2020 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 826,891	\$ -	\$ 826,891
Construction in progress	2,500	213,548	216,048
Total capital assets not being depreciated	<u>829,391</u>	<u>213,548</u>	<u>1,042,939</u>
Being depreciated:			
Buildings and building improvements	1,070,422	-	1,070,422
Machinery, vehicles and equipment	790,304	121,291	911,595
Infrastructure	3,013,904	133,367	3,147,271
Total capital assets being depreciated	<u>4,874,630</u>	<u>254,658</u>	<u>5,129,288</u>
Total all capital assets	<u>5,704,021</u>	<u>468,206</u>	<u>6,172,227</u>
Less accumulated depreciation:			
Buildings and building improvements	(313,023)	(26,761)	(339,784)
Machinery, vehicles and equipment	(287,040)	(44,885)	(331,925)
Infrastructure	(1,265,107)	(157,365)	(1,422,472)
Total accumulated depreciation	<u>(1,865,170)</u>	<u>(229,011)</u>	<u>(2,094,181)</u>
Net book value, capital assets being depreciated	<u>3,009,460</u>	<u>25,647</u>	<u>3,035,107</u>
Net book value, all capital assets	<u>\$ 3,838,851</u>	<u>\$ 239,195</u>	<u>\$ 4,078,046</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 24,433
Public safety	43,584
Highways and streets	157,615
Total depreciation expense	<u>\$ 229,011</u>

III.B Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2020 consists of the balance of the 2020-2021 district assessment due to the Governor Wentworth Regional School District in the amount of \$1,088,959.

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III.B.2. Changes in Long-Term Liabilities

The following is a summary of changes in the net pension liability and OPEB liability for the year ended December 31, 2020:

	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 402,518	\$ 56,612	\$ 459,130
Additions	16,734	-	16,734
Reductions	-	(16,035)	(16,035)
Balance, ending	\$ 419,252	\$ 40,577	\$ 459,829

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

III.C.1. Receivables and Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor	General	\$ 1,244
Nonmajor	Nonmajor	75
		\$ 1,319

The amount due to the Nonmajor Funds from the General Fund represents land use change tax collected due to the Conservation Commission. The amount due to the Nonmajor Funds from Nonmajor Funds represents income earned on endowments due from the Permanent Fund to the Library Fund.

III.C.2. Transfers – Payments Within the Reporting Entity

Transfers within the reporting entity were mostly voted by Town Meeting. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

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The following schedule reports transfers within the reporting entity:

	Transfers In:			Total
	General Fund	Expendable Trust Fund	Nonmajor Funds	
Transfers out:				
General fund	\$ -	\$ 69,450	\$ 4,455	\$ 73,905
Expendable trust fund	287,872	-	-	287,872
Nonmajor funds	-	-	10	10
	<u>\$ 287,872</u>	<u>\$ 69,450</u>	<u>\$ 4,465</u>	<u>\$ 361,787</u>

The amounts transferred to the Expendable Trust Fund and Nonmajor Funds from the General Fund represent voted appropriations. The amount transferred to the General Fund from the Expendable Trust Fund represents reimbursement of expenditures. The amount transferred between Nonmajor Funds represents interest earned in the Permanent Fund transferred to the Library Fund.

III.D. Fund Equity

III.D.1. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$38,481 for public trust funds reported as restricted for perpetual care and \$2,627 for library funds restricted in accordance with State law.

III.D.2. Restatement of Beginning Equity

Equity at January 1, 2020 was restated as follows:

	Governmental Activities	General Fund	Expendable Trust Fund
To record capital assets and accumulated depreciation	\$ 3,838,851	\$ -	\$ -
To adjust interfund	-	4,250	-
To record reimbursement	-	(700)	700
Net position/fund balance, as previously reported	1,628,290	818,610	623,653
Net position/fund balance, as restated	<u>\$ 5,467,141</u>	<u>\$ 822,160</u>	<u>\$ 624,353</u>

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III.D.3. Components of Fund Balance

The components of fund balance, as described in Note I.C.2., are classified for the following purposes:

	General Fund	Expendable Trust Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ -	\$ 19,284
Tax deeded property	10,319	-	-
Total nonspendable	<u>10,319</u>	<u>-</u>	<u>19,284</u>
Restricted:			
General government	-	-	17,960
Culture and recreation	-	-	2,626
Total restricted	<u>-</u>	<u>-</u>	<u>20,586</u>
Committed:			
Sanitation	-	-	22,499
Conservation	-	-	13,574
Capital outlay	286,376	392,180	-
Total committed	<u>286,376</u>	<u>392,180</u>	<u>36,073</u>
Assigned to general government	14,352	-	-
Unassigned	782,651	-	-
Total fund balance	<u>\$ 1,093,698</u>	<u>\$ 392,180</u>	<u>\$ 75,943</u>

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex), which is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of Primex, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program.

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage were provided from January 1 to December 31, with property and employer's liability coverage in varying amounts, and statutory coverage for workers' compensation. Contributions paid in 2020 to be recorded as an insurance expenditure/expense totaled \$31,093 for property/liability insurance and workers' compensation. There were no unpaid contributions for the year ended December 31, 2020.

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IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. Both member and employer rates are applied to gross earnings. For the year 2020, the member rate of contribution was 11.55% for police officers. The rate of contribution from the Town was 28.43%. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions for pension and the medical subsidy from the Town during the years 2018, 2019, and 2020 were \$48,030, \$35,064, and \$24,442, respectively. The amounts were paid on a monthly basis as due.

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

At December 31, 2020, the Town reported a liability of \$419,252 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2019 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2020. The roll-forward of the total pension liability from June 30, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2020, the Town's proportion was 0.0066%, which was a decrease of 0.0018% from its proportion measured as of June 30, 2019.

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For 2020, the Town recognized pension expense of \$48,699. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 10,969	\$ 78,569
Net differences between projected and actual earnings on pension plan investments	25,931	-
Changes in assumptions	41,472	-
Differences between expected and actual experience	11,322	4,502
Town contributions subsequent to the measurement date	10,177	-
	\$ 99,871	\$ 83,071

The Town reported \$10,177 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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

Year Ending December 31,	
2021	\$ (1,996)
2022	4,053
2023	1,440
2024	3,126
	\$ 6,623

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Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	19 years beginning July 1, 2020
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation

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 of July 1, 2010 – June 30, 2015.

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 542,761	\$ 419,252	\$ 318,329

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

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IV.C. Contingent Liabilities

The Town has received federal and state grants for specific purposes that are subject to review and possible audit by the grantor agencies. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The Town does not feel the chance of disallowance is likely, and that if it should occur, the amount would not be material.

IV.D. Other Postemployment Benefits (OPEB)

Plan Description

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

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

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town’s medical coverage after the death of the retired employee as long as they pay the required premium. As of June 30, 2020, the actuarial valuation date, there is only one participant of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

Medical Insurance Subsidy

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds

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the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

Total OPEB Liability

The Town's total OPEB liability of \$40,577 for the medical insurance subsidy was determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020. The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

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

For the year ended December 31, 2020, the Town recognized a credit to OPEB expense of \$13,854. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 1,988
Net differences between projected and actual earnings on pension plan investments	152	-
Changes in assumptions	261	-
Differences between expected and actual experience	-	118
Town contributions subsequent to the measurement date	1,504	-
	<u>\$ 1,917</u>	<u>\$ 2,106</u>

The Town reported \$2,372 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in the following year.

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

Year Ending <u>December 31,</u>	
2021	\$ (1,833)
2022	45
2023	54
2024	41
	<u>\$ (1,693)</u>

Methods and Assumptions

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

Medical Insurance Subsidy	
Payroll Growth	3.25%
Discount Rate	3.25%
Long-term municipal bond rate	2.45%
Inflation	2.50%
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study
Healthcare Cost Trend Rates	N/A, given that benefits are fixed stipends

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

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate. The following presents the Town's total OPEB liability calculated using the stated discount rate, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage rate higher than the stated rate.

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Town's total OPEB liability	\$ 44,062	\$ 40,577	\$ 37,551

REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0066%	0.0084%	0.0086%	0.0080%	0.0083%	0.0079%	0.0077%
Town's proportionate share of the net pension liability	\$ 419,252	\$ 402,518	\$ 416,004	\$ 393,635	\$ 441,411	\$ 311,049	\$ 289,715
Town's covered-employee payroll	\$ 88,950	\$ 121,347	\$ 166,001	\$ 129,023	\$ 127,803	\$ 132,821	\$ 120,028
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	471.33%	331.71%	250.60%	305.09%	345.38%	234.19%	241.37%
Plan fiduciary position as a percentage of the total pension liability	58.72%	65.59%	64.77%	6266.00%	58.30%	65.47%	66.32%

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

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 24,442	\$ 30,374	\$ 48,030	\$ 36,029	\$ 33,714	\$ 34,365	\$ 30,367
Contribution in relation to the contractually required contribution	(24,442)	(30,374)	(48,030)	(36,029)	(33,714)	(34,365)	(30,367)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 88,950	\$ 121,347	\$ 166,001	\$ 129,023	\$ 127,803	\$ 132,821	\$ 120,028
Contributions as a percentage of covered-employee payroll	27.48%	25.03%	28.93%	27.92%	26.38%	25.87%	25.30%

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

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

	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 69	\$ 71	\$ 132
Interest	304	2,861	4,589
Projected earnings on plan investments	(37)	(166)	(357)
OPEB plan administrative expenses	16	24	5,644
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	(12,047)	2,973	17,410
Benefit payments	(4,340)	(10,324)	(4,778)
Net change in total OPEB liability	(16,035)	(4,561)	22,640
Total OPEB liability, beginning	56,612	61,173	38,533
Total OPEB liability, ending	<u>\$ 40,577</u>	<u>\$ 56,612</u>	<u>\$ 61,173</u>
Covered-employee payroll	\$ 88,950	\$ 121,347	\$ 166,001
Total OPEB liability as a percentage of covered-employee payroll	45.62%	46.65%	36.85%
Town's proportion of total OPEB liability	0.0093%	0.0129%	0.0134%

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

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

	2020	2019	2018
Actuarially determined contribution	\$ 3,256	\$ 5,893	\$ 5,910
Contributions in relation to the actuarially determined contribution	(3,256)	(5,893)	(5,910)
Contribution deficiency	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 88,950	\$ 121,347	\$ 166,001
Contributions as a percentage of covered-employee payroll	3.66%	4.86%	3.56%

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

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AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

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

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 14
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Funds				Total
	Library	Conservation Commission	Solid Waste Facility	Permanent Fund	
ASSETS					
Cash and cash equivalents	\$ 3,373	\$ 12,330	\$ 22,499	\$ 37,319	\$ 75,521
Interfund receivable	75	1,244	-	-	1,319
Total assets	<u>\$ 3,448</u>	<u>\$ 13,574</u>	<u>\$ 22,499</u>	<u>\$ 37,319</u>	<u>\$ 76,840</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 822	\$ -	\$ -	\$ -	\$ 822
Interfund payable	-	-	-	75	75
Total liabilities	<u>822</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>897</u>
Fund balances:					
Nonspendable	-	-	-	19,284	19,284
Restricted	2,626	-	-	17,960	20,586
Committed	-	13,574	22,499	-	36,073
Total fund balances	<u>2,626</u>	<u>13,574</u>	<u>22,499</u>	<u>37,244</u>	<u>75,943</u>
Total liabilities and fund balances	<u>\$ 3,448</u>	<u>\$ 13,574</u>	<u>\$ 22,499</u>	<u>\$ 37,319</u>	<u>\$ 76,840</u>

EXHIBIT 15
TOWN OF EFFINGHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	Special Revenue Funds				Total
	Library	Conservation Commission	Solid Waste Facility	Permanent Fund	
REVENUES					
Charges for services	\$ -	\$ -	\$ 22,499	\$ -	\$ 22,499
Miscellaneous	1,991	2	-	191	2,184
Total revenues	<u>1,991</u>	<u>2</u>	<u>22,499</u>	<u>191</u>	<u>24,683</u>
EXPENDITURES					
Current:					
General government	-	-	-	800	800
Culture and recreation	6,528	-	-	-	6,528
Conservation	-	3,211	-	-	3,211
Total expenditures	<u>6,528</u>	<u>3,211</u>	<u>-</u>	<u>800</u>	<u>10,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,537)</u>	<u>(3,209)</u>	<u>22,499</u>	<u>(609)</u>	<u>14,144</u>
Other financing sources (uses):					
Transfers in	10	4,455	-	-	4,465
Transfers out	-	-	-	(10)	(10)
Total other financing sources and uses	<u>10</u>	<u>4,455</u>	<u>-</u>	<u>(10)</u>	<u>4,455</u>
Net change in fund balances	(4,527)	1,246	22,499	(619)	18,599
Fund balances, beginning	7,153	12,328	-	37,863	57,344
Fund balances, ending	<u>\$ 2,626</u>	<u>\$ 13,574</u>	<u>\$ 22,499</u>	<u>\$ 37,244</u>	<u>\$ 75,943</u>

EXHIBIT 16
TOWN OF EFFINGHAM, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,659,403	\$ 1,729,985	\$ 70,582
Timber	5,000	46,636	41,636
Excavation	50	104	54
Interest and penalties on delinquent taxes	40,000	65,801	25,801
Total taxes	1,704,453	1,842,526	138,073
Licenses, permits and fees:			
Business licenses and permits	5,000	450	(4,550)
Motor vehicle permits	190,000	328,361	138,361
Building permits	1,600	2,195	595
Other	3,500	-	(3,500)
Total licenses, permits and fees	200,100	331,006	130,906
Intergovernmental:			
State sources:			
Municipal aid	42,194	42,194	-
Meals and rooms distributions	75,803	75,803	-
Highway block grant	81,894	81,884	(10)
State and federal forest land	2,134	2,134	-
Fire	-	5,000	5,000
Federal sources:			
FEMA	85,619	87,500	1,881
GOFFER	-	35,250	35,250
First Responder stipend	-	14,443	14,443
Other government sources:			
Parsonfield mutual aid	-	1,000	1,000
Total intergovernmental	287,644	345,208	57,564
Charges for services:			
Income from departments	-	21,594	21,594
Miscellaneous:			
Sale of property	-	30,344	30,344
Interest on investments	-	13,759	13,759
Insurance dividends and reimbursements	-	1,978	1,978
Contributions and donations	-	10,000	10,000
Other	-	14,163	14,163
Total miscellaneous	-	70,244	70,244
Other financing sources:			
Transfers in:			
Expendable trust fund	245,000	287,872	42,872
Long-term debt issued	75,000	-	(75,000)
Total other financing sources	320,000	287,872	(32,128)
Total revenues and other financing sources	2,512,197	\$ 2,898,450	\$ 386,253
Fund balance appropriated	121,085		
Total revenues, other financing sources and use of fund balance	\$ 2,633,282		

EXHIBIT 17
TOWN OF EFFINGHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 1,398	\$ 148,820	\$ 157,117	\$ -	\$ (6,899)
Election and registration	-	44,099	43,120	-	979
Financial administration	-	54,023	55,275	-	(1,252)
Revaluation of property	27,000	57,250	70,702	13,452	96
Legal	-	40,000	60,110	-	(20,110)
Personnel administration	-	70,000	51,069	-	18,931
Planning and zoning	-	24,937	25,431	-	(494)
General government buildings	4,375	74,000	74,238	-	4,137
Cemeteries	-	2,000	2,300	-	(300)
Insurance, not otherwise allocated	-	92,000	68,139	-	23,861
Advertising and regional associations	-	3,000	2,779	-	221
Total general government	<u>32,773</u>	<u>610,129</u>	<u>610,280</u>	<u>13,452</u>	<u>19,170</u>
Public safety:					
Police	4,600	192,413	133,382	-	63,631
Ambulance	-	85,000	77,656	-	7,344
Fire	-	79,400	70,254	-	9,146
Emergency management	-	5,990	55,675	-	(49,685)
Total public safety	<u>4,600</u>	<u>362,803</u>	<u>336,967</u>	<u>-</u>	<u>30,436</u>
Highways and streets:					
Highways and streets	-	784,000	709,960	-	74,040
Bridges	-	300,001	13,624	286,376	1
Street lighting	-	7,750	8,559	-	(809)
Total highways and streets	<u>-</u>	<u>1,091,751</u>	<u>732,143</u>	<u>286,376</u>	<u>73,232</u>
Sanitation:					
Solid waste collection	-	83,430	69,677	-	13,753
Solid waste disposal	-	84,000	72,264	-	11,736
Solid waste clean-up	-	7,000	8,547	-	(1,547)
Total sanitation	<u>-</u>	<u>174,430</u>	<u>150,488</u>	<u>-</u>	<u>23,942</u>
Health:					
Pest control	-	2,400	2,972	-	(572)
Health agencies and hospitals	-	20,966	20,966	-	-
Total health	<u>-</u>	<u>23,366</u>	<u>23,938</u>	<u>-</u>	<u>(572)</u>
Welfare:					
Direct assistance	-	12,000	4,154	-	7,846
Vendor payments	-	4,000	4,062	-	(62)
Total welfare	<u>-</u>	<u>16,000</u>	<u>8,216</u>	<u>-</u>	<u>7,784</u>

(continued)

EXHIBIT 17 (continued)
TOWN OF EFFINGHAM, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	10,000	2,000	-	8,000
Public library	-	62,448	56,338	-	6,110
Patriotic purposes	-	930	477	-	453
Total culture and recreation	-	<u>73,378</u>	<u>58,815</u>	-	<u>14,563</u>
Conservation	-	<u>1,000</u>	<u>841</u>	-	<u>159</u>
Debt service:					
Interest on long-term debt	-	900	-	900	-
Interest on tax anticipation note	-	1	-	-	1
Total debt service	-	<u>901</u>	<u>-</u>	<u>900</u>	<u>1</u>
Capital outlay:					
Machinery, vehicles and equipment	-	130,619	121,291	-	9,328
Improvements other than buildings	364,765	75,000	348,483	-	91,282
Total capital outlay	<u>364,765</u>	<u>205,619</u>	<u>469,774</u>	-	<u>100,610</u>
Other financing uses:					
Transfers out:					
Expendable trust fund	-	69,450	69,450	-	-
Nonmajor funds	-	4,455	4,455	-	-
Total other financing uses	-	<u>73,905</u>	<u>73,905</u>	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 402,138</u>	<u>\$ 2,633,282</u>	<u>\$ 2,465,367</u>	<u>\$ 300,728</u>	<u>\$ 269,325</u>

EXHIBIT 18
TOWN OF EFFINGHAM, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2020

Unassigned fund balance, beginning, as restated		\$ 943,299
Changes:		
Unassigned fund balance appropriated		(121,085)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 386,253	
Unexpended balance of appropriations (Exhibit 17)	<u>269,325</u>	
Budget surplus		655,578
Decrease in nonspendable fund balance		<u>21,243</u>
Unassigned fund balance, ending		<u><u>\$ 1,499,035</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

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

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

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

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

November 26, 2021

Roberts & Greene, PLLC