

# TOWN OF EFFINGHAM, NEW HAMPSHIRE

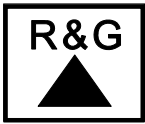
## FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2023

**TOWN OF EFFINGHAM, NEW HAMPSHIRE  
FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2023**

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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

### Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position thereof, and the budgetary comparison statement of the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, any significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the pension and OPEB information on pages 29-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The 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.

January 15, 2025

*Roberts & Heune, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF EFFINGHAM, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,845,690
Receivables, net of allowance for uncollectibles	993,750
Tax deeded property held for resale	47,999
Capital assets, not being depreciated:	
Land	826,891
Construction in progress	320,848
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	650,355
Machinery, vehicles and equipment	492,416
Infrastructure	2,964,331
Total assets	<u>9,142,280</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	181,965
Deferred amounts related to OPEB	1,886
Total deferred outflows of resources	<u>183,851</u>
<b>LIABILITIES</b>	
Accounts payable	39,837
Accrued payroll and benefits	14,101
Intergovernmental payable	1,400,106
Performance and escrow deposits	501
Noncurrent obligations:	
Due in more than one year:	
Net pension liability	423,081
Other postemployment benefits liability	32,067
Total liabilities	<u>1,909,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	117,597
Deferred amounts related to pensions	77,893
Total deferred inflows of resources	<u>195,490</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,254,841
Restricted for:	
Endowments:	
Nonexpendable	19,284
Expendable	19,180
Other purposes	23,632
Unrestricted	1,904,011
Total net position	<u>\$ 7,220,948</u>

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, 2023**

		Program Revenues			Net (Expense)
		Charges	Operating	Capital	Revenue and
		for	Grants and	Grants and	Changes in Net
	Expenses	Services	Contributions	Contributions	Position
Governmental activities:					
General government	\$ 655,782	\$ 420,313	\$ 2,644	\$ 55,323	\$ (177,502)
Public safety	563,512	21,358	595	-	(541,559)
Highways and streets	900,258	-	-	151,098	(749,160)
Sanitation	187,311	21,062	-	-	(166,249)
Health	36,139	-	-	-	(36,139)
Welfare	19,265	-	-	-	(19,265)
Culture and recreation	107,520	-	-	-	(107,520)
Conservation	10,666	-	-	-	(10,666)
Total primary government	<u>\$ 2,480,453</u>	<u>\$ 462,733</u>	<u>\$ 3,239</u>	<u>\$ 206,421</u>	<u>(1,808,060)</u>
General revenues:					
Property taxes					1,789,096
Other taxes					99,079
Grants and contributions not restricted to specific programs					161,566
Miscellaneous					112,640
Total general revenues					<u>2,162,381</u>
Change in net position					354,321
Net position, beginning					6,866,627
Net position, ending					<u>\$ 7,220,948</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, 2023**

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,170,036	\$ 505,154	\$ 171,660	\$ 2,846,850
Receivables, net of allowance for uncollectibles:				
Taxes	946,129	-	-	946,129
Accounts	13,222	-	2,360	15,582
Intergovernmental	32,039	-	-	32,039
Interfund receivable	3,687	-	6,499	10,186
Tax deeded property held for resale	47,999	-	-	47,999
Total assets	<u>\$ 3,213,112</u>	<u>\$ 505,154</u>	<u>\$ 180,519</u>	<u>\$ 3,898,785</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 39,837	\$ -	\$ -	\$ 39,837
Accrued salaries and benefits	14,101	-	-	14,101
Intergovernmental payable	1,400,106	-	-	1,400,106
Interfund payable	6,424	-	3,762	10,186
Escrow and performance deposits	1,661	-	-	1,661
Total liabilities	<u>1,462,129</u>	<u>-</u>	<u>3,762</u>	<u>1,465,891</u>
Deferred inflows of resources:				
Deferred revenue	<u>871,813</u>	<u>-</u>	<u>-</u>	<u>871,813</u>
Fund balances:				
Nonspendable	47,999	-	19,284	67,283
Restricted	-	-	42,812	42,812
Committed	19,220	505,154	114,661	639,035
Unassigned	811,951	-	-	811,951
Total fund balances	<u>879,170</u>	<u>505,154</u>	<u>176,757</u>	<u>1,561,081</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,213,112</u>	<u>\$ 505,154</u>	<u>\$ 180,519</u>	<u>\$ 3,898,785</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, 2023**

Total fund balances of governmental funds (Exhibit 3)		\$ 1,561,081
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	\$ 8,165,989	
Less accumulated depreciation	<u>(2,911,148)</u>	
		5,254,841
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (10,186)	
Payables	<u>10,186</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		754,216
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ 423,081	
Other postemployment benefits liability	<u>32,067</u>	
		(455,148)
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	\$ 181,965	
Deferred outflows of resources related to OPEB	1,886	
Deferred inflows of resources related to pensions	<u>(77,893)</u>	
		105,958
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 7,220,948</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, 2023**

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,823,619	\$ -	\$ 3,945	\$ 1,827,564
Licenses, permits and fees	410,830	-	-	410,830
Intergovernmental	371,226	-	-	371,226
Charges for services	20,740	-	31,163	51,903
Miscellaneous	90,944	12,870	13,874	117,688
Total revenues	<u>2,717,359</u>	<u>12,870</u>	<u>48,982</u>	<u>2,779,211</u>
Expenditures:				
Current:				
General government	634,155	-	-	634,155
Public safety	507,150	-	8,598	515,748
Highways and streets	1,139,064	-	-	1,139,064
Sanitation	183,932	-	-	183,932
Health	36,139	-	-	36,139
Welfare	19,265	-	-	19,265
Culture and recreation	105,972	-	1,548	107,520
Conservation	3,913	4,877	1,876	10,666
Capital outlay	15,000	-	-	15,000
Total expenditures	<u>2,644,590</u>	<u>4,877</u>	<u>12,022</u>	<u>2,661,489</u>
Excess of revenue over expenditures	<u>72,769</u>	<u>7,993</u>	<u>36,960</u>	<u>117,722</u>
Other financing sources (uses):				
Transfers in	-	75,500	4,413	79,913
Transfers out	(79,855)	-	(58)	(79,913)
Total other financing sources and uses	<u>(79,855)</u>	<u>75,500</u>	<u>4,355</u>	<u>-</u>
Net change in fund balances	(7,086)	83,493	41,315	117,722
Fund balances, beginning	886,256	421,661	135,442	1,443,359
Fund balances, ending	<u>\$ 879,170</u>	<u>\$ 505,154</u>	<u>\$ 176,757</u>	<u>\$ 1,561,081</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, 2023**

Net change in fund balances of governmental funds (Exhibit 5)		\$ 117,722
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	\$ 495,902	
Depreciation expense	<u>(315,246)</u>	
		180,656
The net effect of the disposal of capital assets decreases net position.		(5,048)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (79,913)	
Transfers out	<u>79,913</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		60,611
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		723
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	\$ 43,317	
Cost of benefits earned, net of employee contributions	<u>(43,660)</u>	
		(343)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 354,321</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, 2023**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,862,784	\$ 1,862,784	\$ 1,884,230	\$ 21,446
Licenses, permits and fees	301,853	301,853	410,830	108,977
Intergovernmental	246,928	356,385	371,226	14,841
Charges for services	-	-	20,740	20,740
Miscellaneous	18,149	38,149	90,944	52,795
Total revenues	<u>2,429,714</u>	<u>2,559,171</u>	<u>2,777,970</u>	<u>218,799</u>
<b>EXPENDITURES</b>				
Current:				
General government	673,759	673,759	627,526	46,233
Public safety	545,832	545,832	507,122	38,710
Highways and streets	973,933	1,073,390	1,117,067	(43,677)
Sanitation	188,159	188,159	183,932	4,227
Health	38,371	38,371	36,139	2,232
Welfare	16,000	16,000	19,265	(3,265)
Culture and recreation	99,985	109,985	105,972	4,013
Conservation	4,000	4,000	3,913	87
Debt service:				
Interest on tax anticipation note	1	1	-	1
Capital leases	1	1	-	1
Capital outlay	-	20,000	15,000	5,000
Total expenditures	<u>2,540,041</u>	<u>2,669,498</u>	<u>2,615,936</u>	<u>53,562</u>
Excess (deficiency) of revenues over (under) expenditures	(110,327)	(110,327)	162,034	272,361
Other financing uses:				
Transfers out	<u>(79,856)</u>	<u>(79,856)</u>	<u>(79,855)</u>	<u>1</u>
Net change in fund balance	<u>\$ (190,183)</u>	<u>\$ (190,183)</u>	82,179	<u>\$ 272,362</u>
Increase in nonspendable fund balance			(15,073)	
Unassigned fund balance, beginning			<u>1,499,061</u>	
Unassigned fund balance, ending			<u>\$ 1,566,167</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, 2023**

	Private Purpose Trust
Assets:	
Cash and cash equivalents	\$ 1,623
Liabilities	-
Net position:	
Held in trust for specific purposes	\$ 1,623

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, 2023**

	Private Purpose Trust
Addition:	
Interest	\$      48
Net position, beginning	1,575
Net position, ending	<u>\$    1,623</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, 2023**

**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, 2023.

**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  
DECEMBER 31, 2023**

*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 purpose 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  
DECEMBER 31, 2023**

The Town also reports five 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 Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

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**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 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	5-30
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.

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- 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.
- 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 2023, none of the unassigned fund balance from 2022 was so used, but \$190,183 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, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

### **II.B. Reconciliation of Budgetary Basis to GAAP**

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

Revenues:	
Per Exhibit 7 (budgetary basis)	\$ 2,777,970
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	693,605
Tax revenue deferred in the current year	(754,216)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,717,359</u>

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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,695,791
Adjustments:	
Basis difference:	
Encumbrances, beginning	47,874
Encumbrances, ending	(19,220)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,724,445</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,566,167
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(754,216)
Per Exhibit 3 (GAAP basis)	<u>\$ 811,951</u>

The Expendable Trust Fund is not formally budgeted.

### **III. Detailed Notes on Funds and Government-Wide Statements**

#### **III.A. Assets**

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

###### *Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on those 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 14% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2022 property taxes on July 13.

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, 2023, upon which the 2023 property tax levy was based was:

For the New Hampshire education tax	\$ 212,226,643
For all other taxes	\$ 215,621,843

The tax rates and amounts assessed for the year ended December 31, 2023 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	<u>\$8.87</u>	\$ 1,912,790
School portion:		
State of New Hampshire	\$1.79	379,995
Local	\$12.63	2,723,257
County portion	\$1.40	301,585
Total property taxes assessed		<u><u>\$ 5,317,627</u></u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2023	\$ 725,997
Levy of 2022	3,139
Levy of 2021	4,196
Unredeemed (under tax lien):	
Levy of 2022	152,274
Levy of 2021	80,919
Levy of 2020	4,604
Less: allowance for estimated uncollectible taxes	(25,000)
Net taxes receivable	<u><u>\$ 946,129</u></u>

*Deferred Revenue*

Deferred revenue of \$871,813 at December 31, 2023 represents \$754,216 in 2023 property taxes not received within 60 days of year-end, \$115,620 of unspent grant funds, and \$1,977 in prepayments of 2024 property taxes. In the governmental activities, the grants and 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, 2023 consisted of the following:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 826,891	\$ -	\$ -	\$ 826,891
Construction in progress	744,321	17,426	(440,899)	320,848
Total capital assets not being depreciated	<u>1,571,212</u>	<u>17,426</u>	<u>(440,899)</u>	<u>1,147,739</u>
Being depreciated:				
Buildings and building improvements	1,070,422	-	-	1,070,422
Machinery, vehicles and equipment	975,771	-	(33,667)	942,104
Infrastructure	4,086,349	919,375	-	5,005,724
Total capital assets being depreciated	<u>6,132,542</u>	<u>919,375</u>	<u>(33,667)</u>	<u>7,018,250</u>
Total all capital assets	<u>7,703,754</u>	<u>936,801</u>	<u>(474,566)</u>	<u>8,165,989</u>
Less accumulated depreciation:				
Buildings and building improvements	(393,306)	(26,761)	-	(420,067)
Machinery, vehicles and equipment	(429,242)	(49,065)	28,619	(449,688)
Infrastructure	(1,801,973)	(239,420)	-	(2,041,393)
Total accumulated depreciation	<u>(2,624,521)</u>	<u>(315,246)</u>	<u>28,619</u>	<u>(2,911,148)</u>
Net book value, capital assets being depreciated	<u>3,508,021</u>	<u>604,129</u>	<u>(5,048)</u>	<u>4,107,102</u>
Net book value, all capital assets	<u>\$ 5,079,233</u>	<u>\$ 621,555</u>	<u>\$ (445,947)</u>	<u>\$ 5,254,841</u>

*Depreciation Expense*

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

Governmental activities:	
General government	\$ 24,433
Public safety	47,764
Highways and streets	239,670
Sanitation	3,379
Total depreciation expense	<u>\$ 315,246</u>

**III.B. Liabilities**

**III.B.1. Intergovernmental Payable**

The amount due to other governments at December 31, 2023 consists of the balance of the 2023-2024 district assessment due to the Governor Wentworth Regional School District in the amount of \$1,400,106.

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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, 2023:

	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 381,904	\$ 33,267	\$ 415,171
Additions	41,177	-	41,177
Reductions	-	(1,200)	(1,200)
Balance, ending	<u>\$ 423,081</u>	<u>\$ 32,067</u>	<u>\$ 455,148</u>

**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>	Amount
General	Nonmajor	\$ 3,687
Nonmajor	General	6,424
Nonmajor	Nonmajor	75
		<u>\$ 10,186</u>

The amount due to the General Fund represents excess appropriation to the Library Fund and reimbursement of expenditures from the Police Detail Fund. 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 are substantially for the purposes of moving voted amounts, and distributing trust income to the applicable fund. 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:		
	Expendable Trust Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ 75,500	\$ 4,355	\$ 79,855
Nonmajor funds	-	58	58
	<u>\$ 75,500</u>	<u>\$ 4,413</u>	<u>\$ 79,913</u>

The amounts transferred to the Expendable Trust Fund represent voted appropriations. The amount transferred to the Nonmajor Funds from the General Fund represents voted appropriations. 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 \$38,464 for public trust funds reported as restricted for perpetual care and \$23,632 for library funds restricted in accordance with State law.

*The notes continue on the following page.*

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**III.D.2. Components of Fund Balance**

The components of fund balance, as described in Note I.C.3., are classified for the following purposes:

	General Fund	Expendable Trust Fund	Nonmajor Funds
Nonspendable:			
Endowments	\$ -	\$ -	\$ 19,284
Tax deeded property	47,999	-	-
Total nonspendable	<u>47,999</u>	<u>-</u>	<u>19,284</u>
Restricted:			
General government	-	-	19,180
Culture and recreation	-	-	23,632
Total restricted	<u>-</u>	<u>-</u>	<u>42,812</u>
Committed:			
General government	7,614	-	-
Public safety	-	-	1,825
Highways and streets	11,606	-	-
Sanitation	-	-	89,449
Conservation	-	-	23,387
Capital outlay	-	505,154	-
Total committed	<u>19,220</u>	<u>505,154</u>	<u>114,661</u>
Unassigned	811,951	-	-
Total fund balance	<u><u>\$ 879,170</u></u>	<u><u>\$ 505,154</u></u>	<u><u>\$ 176,757</u></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 2023 to be recorded as an insurance expenditure/expense totaled \$22,297 for property/liability insurance and \$9,344 for workers' compensation. There were no unpaid contributions for the year ended December 31, 2023.

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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](http://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 2023, the member rate of contribution was 11.55% for police officers and 7.00% for other employees. The employer rate of contribution through June 30<sup>th</sup> was 33.88% for police and 14.06% for other employees, decreasing on July 1 to 31.28% for police and 13.53% for other employees. 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 2021, 2022, and 2023 were \$23,651, \$49,670, and \$43,317, 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, 2023, the Town reported a liability of \$423,081 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2022 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2023. The roll-forward of the total pension liability from June 30, 2022 to June 30, 2023 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, 2023, the Town's proportion was 0.0076%, which was an increase of 0.0009% from its proportion measured as of June 30, 2022.

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For 2023, the Town recognized pension expense of \$43,660. 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	\$ 131,270	\$ 77,723
Net differences between projected and actual earnings on pension plan investments	6,118	-
Changes in assumptions	11,135	-
Differences between expected and actual experience	10,811	170
Town contributions subsequent to the measurement date	22,631	-
	<u>\$ 181,965</u>	<u>\$ 77,893</u>

The Town reported \$22,631 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,	
2024	\$ 8,163
2025	6,570
2026	60,330
2027	6,378
	<u>\$ 81,441</u>

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*Actuarial Assumptions*

The pension liability in the June 30, 2023 actuarial valuation was determined using the actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023, 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	Multiple periods of 17-20 years
Asset Valuation Method	5-year smoothed market for funding purposes; 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.4% average, including inflation
Municipal Bond Rate	3.86% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2015 – June 30, 2019.

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

*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	\$ 574,070	\$ 423,081	\$ 294,070

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:

<u>Years of Creditable Service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>
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, 2022, 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 who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds the Medical Subsidy

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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 \$32,067 for the medical insurance subsidy was determined by an actuarial valuation as of June 30, 2022 with roll-forward procedures used to determine the liability as of June 30, 2023. The roll-forward of the total OPEB liability from June 30, 2022 to June 30, 2023 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

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

For the year ended December 31, 2023, the Town recognized a credit to OPEB expense of \$2,959. At year-end, the Town reported deferred outflows of resources related to OPEB from the following sources:

Net differences between projected and actual earnings on pension plan investments	\$ 39
Town contributions subsequent to the measurement date	1,847
	<u>\$ 1,886</u>

The Town reported \$1,847 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.

The other amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ending December 31,	
2024	\$ (6)
2025	(49)
2026	104
2027	(10)
	<u>\$ 39</u>

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*Methods and Assumptions*

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

Medical Insurance Subsidy	
Payroll Growth	2.75%
Discount Rate	6.75%
Long-term municipal bond rate	3.86%
Inflation	2.00%
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation
Mortality	Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) adjusted for fully generational mortality improvements using Scale MP-2019
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 point higher than the stated rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	\$ 34,828	\$ 32,067	\$ 29,658



## **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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0076%	0.0067%	0.0035%	0.0066%	0.0084%	0.0086%	0.0080%	0.0083%	0.0079%	0.0077%
Town's proportionate share of the net pension liability	\$ 423,081	\$ 381,904	\$ 155,533	\$ 419,252	\$ 402,518	\$ 416,004	\$ 393,635	\$ 441,411	\$ 311,049	\$ 289,715
Town's covered-employee payroll	\$ 174,136	\$ 164,310	\$ 83,407	\$ 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	242.96%	232.43%	186.47%	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	67.18%	65.12%	72.22%	58.72%	65.59%	64.77%	6266.00%	58.30%	65.47%	66.32%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 43,317	\$ 49,670	\$ 23,651	\$ 24,442	\$ 30,374	\$ 48,030	\$ 36,029	\$ 33,714	\$ 34,365	\$ 30,367
Contribution in relation to the contractually required contribution	(43,317)	(49,670)	(23,651)	(24,442)	(30,374)	(48,030)	(36,029)	(33,714)	(34,365)	(30,367)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 174,136	\$ 164,310	\$ 83,407	\$ 88,950	\$ 121,347	\$ 166,001	\$ 129,023	\$ 127,803	\$ 132,821	\$ 120,028
Contributions as a percentage of covered-employee payroll	24.88%	30.23%	28.36%	27.48%	25.03%	28.93%	27.92%	26.38%	25.87%	25.30%

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 43	\$ 52	\$ 36	\$ 69	\$ 71	\$ 132
Interest	2,547	2,547	1,512	304	2,861	4,589
Projected earnings on plan investments	(1,572)	(248)	(531)	(37)	(166)	(357)
OPEB plan administrative expenses	22	21	9	16	24	5,644
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	1,688	14,902	(19,498)	(12,047)	2,973	17,410
Benefit payments	(3,928)	(3,857)	(2,255)	(4,340)	(10,324)	(4,778)
Net change in total OPEB liability	(1,200)	13,417	(20,727)	(16,035)	(4,561)	22,640
Total OPEB liability, beginning	33,267	19,850	40,577	56,612	61,173	38,533
Total OPEB liability, ending	<u>\$ 32,067</u>	<u>\$ 33,267</u>	<u>\$ 19,850</u>	<u>\$ 40,577</u>	<u>\$ 56,612</u>	<u>\$ 61,173</u>
Covered-employee payroll	\$ 174,136	\$ 164,310	\$ 83,407	\$ 88,950	\$ 121,347	\$ 166,001
Total OPEB liability as a percentage of covered-employee payroll	18.41%	20.25%	23.80%	45.62%	46.65%	36.85%
Town's proportion of total OPEB liability	0.0094%	0.0088%	0.0050%	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**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 4,107	\$ 4,390	\$ 2,382	\$ 3,256	\$ 5,893	\$ 5,910
Contributions in relation to the actuarially determined contribution	(4,107)	(4,390)	(2,382)	(3,256)	(5,893)	(5,910)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 174,136	\$ 164,310	\$ 83,407	\$ 88,950	\$ 121,347	\$ 166,001
Contributions as a percentage of covered-employee payroll	2.36%	2.67%	2.86%	3.66%	4.86%	3.56%

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

**TOWN OF EFFINGHAM  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2023**

The OPEB Schedules are meant to present related information for ten years. Because this is the fifth year for the OPEB information under the current measurement standard, only six years 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, 2023**

	Special Revenue Funds					
	Library	Conservation Commission	Solid Waste Facility	Police Detail	Permanent Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,709	\$ 16,963	\$ 89,449	\$ -	\$ 38,539	\$ 171,660
Accounts receivable	-	-	-	2,360	-	2,360
Interfund receivable	75	6,424	-	-	-	6,499
Total assets	<u>\$ 26,784</u>	<u>\$ 23,387</u>	<u>\$ 89,449</u>	<u>\$ 2,360</u>	<u>\$ 38,539</u>	<u>\$ 180,519</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Interfund payable	\$ 3,152	\$ -	\$ -	\$ 535	\$ 75	\$ 3,762
Fund balances:						
Nonspendable	-	-	-	-	19,284	19,284
Restricted	23,632	-	-	-	19,180	42,812
Committed	-	23,387	89,449	1,825	-	114,661
Total fund balances	<u>23,632</u>	<u>23,387</u>	<u>89,449</u>	<u>1,825</u>	<u>38,464</u>	<u>176,757</u>
Total liabilities and fund balances	<u>\$ 26,784</u>	<u>\$ 23,387</u>	<u>\$ 89,449</u>	<u>\$ 2,360</u>	<u>\$ 38,539</u>	<u>\$ 180,519</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, 2023**

	Special Revenue Funds					
	Library	Conservation Commission	Solid Waste Facility	Police Detail	Permanent Fund	Total
<b>REVENUES</b>						
Taxes	\$ -	\$ 3,945	\$ -	\$ -	\$ -	\$ 3,945
Charges for services	-	-	20,740	10,423	-	31,163
Miscellaneous	12,726	2	11	-	1,135	13,874
Total revenues	<u>12,726</u>	<u>3,947</u>	<u>20,751</u>	<u>10,423</u>	<u>1,135</u>	<u>48,982</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	-	-	8,598	-	8,598
Culture and recreation	1,548	-	-	-	-	1,548
Conservation	-	1,876	-	-	-	1,876
Total expenditures	<u>1,548</u>	<u>1,876</u>	<u>-</u>	<u>8,598</u>	<u>-</u>	<u>12,022</u>
Excess of revenues over expenditures	<u>11,178</u>	<u>2,071</u>	<u>20,751</u>	<u>1,825</u>	<u>1,135</u>	<u>36,960</u>
Other financing sources (uses):						
Transfers in	58	4,355	-	-	-	4,413
Transfers out	-	-	-	-	(58)	(58)
Total other financing sources and uses	<u>58</u>	<u>4,355</u>	<u>-</u>	<u>-</u>	<u>(58)</u>	<u>4,355</u>
Net change in fund balances	11,236	6,426	20,751	1,825	1,077	41,315
Fund balances, beginning	12,396	16,961	68,698	-	37,387	135,442
Fund balances, ending	<u>\$ 23,632</u>	<u>\$ 23,387</u>	<u>\$ 89,449</u>	<u>\$ 1,825</u>	<u>\$ 38,464</u>	<u>\$ 176,757</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, 2023**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,778,614	\$ 1,789,096	\$ 10,482
Land use change	7,890	3,945	(3,945)
Timber	19,669	27,557	7,888
Interest and penalties on delinquent taxes	56,611	63,632	7,021
Total taxes	<u>1,862,784</u>	<u>1,884,230</u>	<u>21,446</u>
<b>Licenses, permits and fees:</b>			
Motor vehicle permits	290,000	399,517	109,517
Building permits	4,853	10,603	5,750
Other	7,000	710	(6,290)
Total licenses, permits and fees	<u>301,853</u>	<u>410,830</u>	<u>108,977</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	161,566	161,566	-
Highway block grant	83,690	83,680	(10)
State and federal forest land	1,672	-	(1,672)
LCHIP	-	13,284	13,284
Bridge aid	67,418	68,013	595
Moose plates	10,000	10,000	-
Federal sources:			
ARPA	32,039	32,039	-
Other government sources:			
Parsonfield mutual aid	-	2,644	2,644
Total intergovernmental	<u>356,385</u>	<u>371,226</u>	<u>14,841</u>
<b>Charges for services:</b>			
Income from departments	-	20,740	20,740
<b>Miscellaneous:</b>			
Sale of property	-	7,300	7,300
Interest on investments	15,953	23,376	7,423
Contributions and donations	20,000	20,000	-
Other	2,196	40,268	38,072
Total miscellaneous	<u>38,149</u>	<u>90,944</u>	<u>52,795</u>
<b>Total revenues</b>	<u>2,559,171</u>	<u>\$ 2,777,970</u>	<u>\$ 218,799</u>
<b>Fund balance appropriated</b>	<u>190,183</u>		
<b>Total revenues and use of fund balance</b>	<u>\$ 2,749,354</u>		

**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, 2023**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 167,844	\$ 141,000	\$ -	\$ 26,844
Election and registration	-	45,863	31,298	-	14,565
Financial administration	-	60,025	50,363	-	9,662
Revaluation of property	2,851	39,250	28,835	7,614	5,652
Legal	-	44,000	72,157	-	(28,157)
Personnel administration	-	106,550	113,299	-	(6,749)
Planning and zoning	-	38,735	33,658	-	5,077
General government buildings	11,392	76,600	74,603	-	13,389
Cemeteries	-	2,000	500	-	1,500
Insurance, not otherwise allocated	-	89,392	84,328	-	5,064
Advertising and regional associations	-	3,500	4,114	-	(614)
Total general government	14,243	673,759	634,155	7,614	46,233
Public safety:					
Police	28	234,267	224,316	-	9,979
Ambulance	-	125,450	125,440	-	10
Fire	-	181,615	154,959	-	26,656
Emergency management	-	4,500	2,435	-	2,065
Total public safety	28	545,832	507,150	-	38,710
Highways and streets:					
Highways and streets	33,603	1,067,890	1,135,500	11,606	(45,613)
Bridges	-	1,000	-	-	1,000
Street lighting	-	4,500	3,564	-	936
Total highways and streets	33,603	1,073,390	1,139,064	11,606	(43,677)
Sanitation:					
Solid waste collection	-	98,069	80,083	-	17,986
Solid waste disposal	-	77,090	93,350	-	(16,260)
Solid waste clean-up	-	13,000	10,499	-	2,501
Total sanitation	-	188,159	183,932	-	4,227
Health:					
Administration	-	5,050	3,405	-	1,645
Pest control	-	10,050	9,463	-	587
Health agencies and hospitals	-	23,271	23,271	-	-
Total health	-	38,371	36,139	-	2,232
Welfare:					
Administration and direct assistance	-	12,000	13,927	-	(1,927)
Vendor payments	-	4,000	5,338	-	(1,338)
Total welfare	-	16,000	19,265	-	(3,265)

(continued)

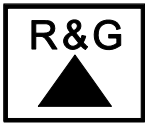
**EXHIBIT 17 (continued)**  
**TOWN OF EFFINGHAM, NEW HAMPSHIRE**  
**General Fund**

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2023**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	35,000	35,000	-	-
Public library	-	74,285	70,209	-	4,076
Patriotic purposes	-	700	763	-	(63)
Total culture and recreation	-	109,985	105,972	-	4,013
Conservation	-	4,000	3,913	-	87
Debt service:					
Interest on tax anticipation note	-	1	-	-	1
Capital leases	-	1	-	-	1
Total debt service	-	2	-	-	2
Capital outlay:					
Buildings	-	20,000	15,000	-	5,000
Other financing uses:					
Transfers out:					
Expendable trust fund	-	65,500	65,500	-	-
Nonmajor funds	-	14,356	14,355	-	1
Total other financing uses	-	79,856	79,855	-	1
Total encumbrances, appropriations, expenditures and other financing uses	\$ 47,874	\$ 2,749,354	\$ 2,724,445	\$ 19,220	\$ 53,563

**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, 2023**

Unassigned fund balance, beginning, as restated		\$ 1,499,061
Changes:		
Unassigned fund balance appropriated		(190,183)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 218,799	
Unexpended balance of appropriations (Exhibit 17)	<u>53,563</u>	
Budget surplus		272,362
Increase in nonspendable fund balance		<u>(15,073)</u>
Unassigned fund balance, ending		<u><u>\$ 1,566,167</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, 2023, 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.

However, we wish to communicate the following other matter:

### ***Cash Reconciliation***

We noted improvement during 2023 in the cash reconciliation process between the Treasurer's reconciliation and the general ledger. However, there were various corrections identified through audit procedures. We noted unrecorded state agency fees, unrecorded interest on sweep accounts, and unrecorded tax deposits at year-end. We recommend that the Town continue to improve the monthly reconciliation process between the Treasurer's reconciliation and the general ledger, and investigate any discrepancies in a timely manner. Deposits should be entered into Quickbooks on a timely basis, using sequential numbering matching the Tax Collector/Town Clerk deposit number. Electronic deposits can be entered separately from cash/checks received to assist in month end reconciliation.

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.

January 15, 2025

*Roberts & Greene, PLLC*