

**TOWN OF GRANTHAM,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Grantham as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Grantham, as of June 30, 2019, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

Town of Grantham
Independent Auditor's Report

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

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

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

January 7, 2020

Plodzik & Sanderson
Professional Association

Management's Discussion and Analysis

As management of the Town of Grantham (the "Town"), we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources of the most recent year-end by \$8,844,798 (*net position*). Of this amount, \$2,734,772 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$460,385.
- As of the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$4,502,836. Approximately 51% (\$2,332,866) of this total amount is available for spending at the Town's discretion (*unassigned fund balance*).
- At the end of the current year, budgetary unassigned fund balance for the General Fund was \$2,231,057.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. In addition to the basic financial statements, this report contains other supplementary information.

Government-wide financial statements

The government-wide financial statements provide a broad view of the Town's finances. These statements (*Statement of Net Position* and the *Statement of Activities*) provide both short-term and long-term information about the Town's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the current year even if cash has not been received or paid.

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

The *Statement of Activities* presents information showing how the Town's net position changed, during the most recent year. All changes in net position are reported as soon as

the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and licenses, and earned, but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the town.

The Town participates in governmental activities and does not currently participate in business type activities. The governmental activities in this section represent most of the Town's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the town include general government, public safety, highway and streets, sanitation, health, welfare, culture and recreation, and conservation.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the Town government and report the Town's operations in more detail than the government-wide statements. The Town's funds are divided into two categories: 1) governmental and 2) fiduciary.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on hand balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide reconciliation to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five individual governmental funds. Information is presented separately in the *Governmental Fund Combining Balance Sheet* and in the *Combining Statement of Revenues, Expenditures and Changes in Fund Balances* for the non-major funds. The General Fund is considered to be a major fund. The General Fund accounts for governmental services provided to the Town's residents. Data from the governmental

funds are combined into a single, aggregated presentation termed Other Governmental Funds.

The Town's governmental funds financial statements can be found on pages 14 through 17.

Fiduciary Funds: These funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The basis of accounting used for fiduciary funds is the accrual basis of accounting.

- **Private-Purpose Trust Funds** account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town uses these types to account for scholarship donations.
- **Agency Funds** accounts for the resources held in a pure custodial capacity. This account reports information on trust funds held by the trustees that belong to other governments.

The Town's fiduciary funds statements can be found on pages 19 and 20 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the date provided in the government-wide and the fund financial statements and are required by accounting principles generally accepted in the United States.

The notes to the financial statements begin on page 21.

Required supplementary information: The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a schedule of the Town's proportionate share of net pension liability, schedule of town contributions – pensions, schedule of the town's proportionate share of net other postemployment benefits liability, schedule of town contributions – other postemployment benefits, and schedule of changes in the Town's total other postemployment benefits liability and related ratios.

Other supplementary information: Other supplementary information includes combining financial statements for non-major governmental funds, and the individual fund schedules of the general fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$8,844,798 as of June 30, 2019.

Following is a summary of the Town's net position as found on page 12 of this report.

	Governmental Activities	
	2019	2018
Current and other assets	\$ 10,766,468	\$ 10,368,475
Capital assets, not being depreciated	878,908	783,489
Capital assets, net of depreciation	5,933,239	5,881,662
Total assets	17,578,615	17,033,626
Deferred outflows of resources	352,182	384,562
Long-term liabilities outstanding	2,636,370	2,829,328
Other liabilities	5,169,209	4,847,163
Total liabilities	7,805,579	7,676,491
Deferred inflows of resources	1,280,420	1,357,284
Net position:		
Net investment in capital assets	5,982,637	5,665,733
Restricted	127,389	126,168
Unrestricted	2,734,772	2,592,512
Total net position	\$ 8,844,798	\$ 8,384,413

Net position

Net Investment in Capital Assets: A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Restricted Net Position: Approximately 1.44% of the Town's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted Net Position: The Town's unrestricted net position, totaling \$2,734,772 may be used to meet the Town's ongoing obligations. Internally imposed designations of resources are not presented as restricted net position. At the end of the year, the Town was able to report positive balances in all three categories of net position.

The following is a summary of the information presented in the Statement of Activities found on page 13.

	Governmental Activities			
	2019	2018	Change	%
Revenues:				
Program revenues:				
Charges for services	\$ 85,802	\$ 81,959	\$ 3,843	4.7%
Operating grants and contributions	91,718	127,665	(35,947)	-28.2%
General revenues:				
Taxes	2,354,978	2,110,909	244,069	11.6%
Licenses and permits	895,561	847,356	48,205	5.7%
Unrestricted grants and contributions	166,607	157,146	9,461	6.0%
Miscellaneous	139,450	114,524	24,926	21.8%
Total revenues	<u>3,734,116</u>	<u>3,439,559</u>	<u>294,557</u>	<u>8.6%</u>
Expenses:				
General government	1,387,446	1,228,531	158,915	12.9%
Public safety	774,716	742,148	32,568	4.4%
Highways and streets	381,919	343,589	38,330	11.2%
Sanitation	313,112	307,301	5,811	1.9%
Health	19,061	18,135	926	5.1%
Culture and recreation	362,027	366,087	(4,060)	-1.1%
Conservation	13,505	10,350	3,155	30.5%
Interest on long-term debt	21,945	31,366	(9,421)	-30.0%
Total expenses	<u>3,273,731</u>	<u>3,047,507</u>	<u>226,224</u>	<u>7.4%</u>
Change in net position	460,385	392,052	68,333	17.4%
Beginning net position	<u>8,384,413</u>	<u>7,992,361</u>	<u>392,052</u>	<u>4.9%</u>
Ending net position	<u>\$ 8,844,798</u>	<u>\$ 8,384,413</u>	<u>\$ 460,385</u>	<u>5.5%</u>

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The fund financial statements for the Town are provided on pages 14 through 17. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the Town's governmental funds reported a combined ending fund balance of \$4,502,836, which increased \$206,772 during the year. Of the \$4,502,836, \$79,581 is non-spendable, \$80,542 is restricted, \$1,946,756 is committed and \$63,091 is assigned. The remaining fund balance of \$2,332,866 is considered unassigned and is available for spending at the Town's discretion subject to budgetary controls.

The General Fund is the primary operating fund of the Town. At the end of the current year, budgetary unassigned fund balance of the General Fund was \$2,231,057. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund expenditures. Budgetary unassigned fund balance represents approximately 60% of total General Fund expenditures, and other financing uses.

Budgetary Highlights

Budget to actual schedule for the General Fund is located in the Basic Financial Statements section beginning on page 18. Actual revenues generated by the general fund in 2019 exceeded amounts budgeted by \$283,691 as shown in Exhibit D of the financial statements. The major component of this favorable variance was due to greater than anticipated motor vehicle registrations, other licenses and permit fees, as well as an increase on investment earnings.

Appropriations exceeded actual expenditures by \$378,609, as shown in Exhibit D of the basic financial statements. The major components of this favorable variance were:

- Less than anticipated general government expenditures of \$141,616 mainly due to less than expected employee benefits and general operating expenses.
- Less than anticipated public safety expenditures of \$96,782 mainly due to less than expected police and fire department costs, including but not limited to, changes in personnel, vehicle fuel and maintenance costs, as well as general operating expenses.
- Less than anticipated highways and streets expenditures of \$25,052 mainly due to less than expected general operating and maintenance costs.
- Less than anticipated sanitation expenditures of \$69,386 due to the unpredictable market of disposing of recycling and the costs for disposing of solid waste.
- Less than anticipated health and welfare expenditures of \$25,000 due to no requests being received for welfare assistance.
- Less than anticipated culture and recreation expenditures of \$26,261 mainly due to less than expected library costs, as well as general operating expenses for recreation.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$6,812,147 (net of accumulated depreciation). Additional information on the capital assets can be found in Note 5 in the Notes to the Basic Financial Statements.

The Selectmen created a Capital Improvement Plan Committee to review the Town's long-range planning of capital assets.

	2019	2018	Change
At cost:			
Not being depreciated:			
Land	\$ 823,203	\$ 758,203	\$ 65,000
Construction in progress	55,705	25,286	30,419
Total capital assets not being depreciated	<u>878,908</u>	<u>783,489</u>	<u>95,419</u>
Being depreciated:			
Land improvements	410,857	410,857	-
Buildings and building improvements	3,546,093	3,460,186	85,907
Equipment and vehicles	2,007,435	1,917,586	89,849
Infrastructure	1,583,351	1,494,378	88,973
Total capital assets being depreciated	<u>7,547,736</u>	<u>7,283,007</u>	<u>264,729</u>
Total all capital assets	<u>8,426,644</u>	<u>8,066,496</u>	<u>360,148</u>
Less accumulated depreciation			
Land improvements	(123,257)	(102,714)	(20,543)
Buildings and building improvements	(310,604)	(283,039)	(27,565)
Equipment and vehicles	(970,734)	(843,717)	(127,017)
Infrastructure	<u>(209,902)</u>	<u>(171,875)</u>	<u>(38,027)</u>
Total accumulated depreciation	<u>(1,614,497)</u>	<u>(1,401,345)</u>	<u>(213,152)</u>
Net book value, capital assets being depreciated	<u>5,933,239</u>	<u>5,881,662</u>	<u>51,577</u>
Net book value, all capital assets	<u>\$ 6,812,147</u>	<u>\$ 6,665,151</u>	<u>\$ 146,996</u>

Debt Administration

The Town's long-term debt obligations are comprised of two general obligation bonds, four capital leases, compensated absences, which are employee related benefits, and postemployment benefits, accrued landfill post closure care costs, and net position liability. Additional information on the capital leases, debt, pension plan and other postemployment benefits can be found in Notes 9 through 12 in the Notes to the Basic Financial Statements.

	2019	2018	Change
Bonds payable:			
General obligation bonds	\$ 689,600	\$ 799,600	\$ (110,000)
Premium	26,080	30,170	(4,090)
Total bonds payable	<u>715,680</u>	<u>829,770</u>	<u>(114,090)</u>
Capital leases	113,830	169,648	(55,818)
Compensated absences	38,294	18,899	19,395
Accrued landfill postclosure costs	172,000	176,000	(4,000)
Net other postemployment benefits	181,300	186,449	(5,149)
Net pension liability	1,415,266	1,448,562	(33,296)
Total long-term liabilities	<u>\$ 2,636,370</u>	<u>\$ 2,829,328</u>	<u>\$ (192,958)</u>

Economic Factors and the 2019 Budget

At the 2018 Annual Town Meeting, the Town voted \$3,861,250 for the 2019 operating budget and transfers totaling \$242,790. These appropriations were funded as follows: \$2,324,832 from taxes; \$1,080,208 from other general revenue; and \$699,000 from fund balance.

Requests for Information

This financial report is designed to provide a general overview of the Town of Grantham's finances for all the citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

Town of Grantham, Selectmen's Office
300 Route 10 South
Grantham, NH 03753
Phone: (603) 863-6021
Email: admin@granthamnh.net

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF GRANTHAM, NEW HAMPSHIRE
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,695,161
Taxes receivables (net)	4,038,573
Tax deeded property, subject to resale	32,734
Capital assets:	
Land and construction in progress	878,908
Other capital assets, net of depreciation	5,933,239
Total assets	17,578,615
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	330,864
Amounts related to other postemployment benefits	21,318
Total deferred outflows of resources	352,182
LIABILITIES	
Accounts payable	37,223
Accrued interest payable	13,269
Intergovernmental payable	5,118,717
Long-term liabilities:	
Due within one year	213,859
Due in more than one year	2,422,511
Total liabilities	7,805,579
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	1,209,501
Amounts related to pensions	64,211
Amounts related to other postemployment benefits	6,708
Total deferred inflows of resources	1,280,420
NET POSITION	
Net investment in capital assets	5,982,637
Restricted	127,389
Unrestricted	2,734,772
Total net position	\$ 8,844,798

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

EXHIBIT B
TOWN OF GRANTHAM, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 1,387,446	\$ 4,891	\$ -	\$ (1,382,555)
Public safety	774,716	2,399	22,664	(749,653)
Highways and streets	381,919	-	69,054	(312,865)
Sanitation	313,112	62,688	-	(250,424)
Health	19,061	-	-	(19,061)
Culture and recreation	362,027	15,824	-	(346,203)
Conservation	13,505	-	-	(13,505)
Interest on long-term debt	21,945	-	-	(21,945)
Total governmental activities	<u>\$ 3,273,731</u>	<u>\$ 85,802</u>	<u>\$ 91,718</u>	<u>(3,096,211)</u>
General revenues:				
Taxes:				
Property				2,294,749
Other				60,229
Motor vehicle permit fees				862,443
Licenses and other fees				33,118
Grants and contributions not restricted to specific programs				166,607
Unrestricted investment earnings				99,642
Miscellaneous				39,808
Total general revenues				<u>3,556,596</u>
Change in net position				460,385
Net position, beginning				8,384,413
Net position, ending				<u>\$ 8,844,798</u>

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

EXHIBIT C-1
TOWN OF GRANTHAM, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,487,889	\$ 207,272	\$ 6,695,161
Taxes receivable	4,177,784	-	4,177,784
Interfund receivable	61	16,861	16,922
Tax dedeed property, subject to resale	32,734	-	32,734
Total assets	<u>\$ 10,698,468</u>	<u>\$ 224,133</u>	<u>\$ 10,922,601</u>
LIABILITIES			
Accounts payable	\$ 37,223	\$ -	\$ 37,223
Intergovernmental payable	5,118,717	-	5,118,717
Interfund payable	16,861	61	16,922
Total liabilities	<u>5,172,801</u>	<u>61</u>	<u>5,172,862</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	1,246,903	-	1,246,903
FUND BALANCES			
Nonspendable	32,734	46,847	79,581
Restricted	62,689	17,853	80,542
Committed	1,787,384	159,372	1,946,756
Assigned	63,091	-	63,091
Unassigned	2,332,866	-	2,332,866
Total fund balances	<u>4,278,764</u>	<u>224,072</u>	<u>4,502,836</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,698,468</u>	<u>\$ 224,133</u>	<u>\$ 10,922,601</u>

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

EXHIBIT C-2
TOWN OF GRANTHAM, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 4,502,836
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 8,426,644	
Less accumulated depreciation	<u>(1,614,497)</u>	
		6,812,147
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 330,864	
Deferred inflows of resources related to pensions	(64,211)	
Deferred outflows of resources related to OPEB	21,318	
Deferred inflows of resources related to OPEB	<u>(6,708)</u>	
		281,263
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (16,922)	
Payables	<u>16,922</u>	
		-
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(139,211)
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		37,402
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(13,269)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 689,600	
Unamortized bond premium	26,080	
Capital leases	113,830	
Compensated absences	38,294	
Accrued landfill postclosure care costs	172,000	
Net pension liability	1,415,266	
Other postemployment benefits	<u>181,300</u>	
		<u>(2,636,370)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 8,844,798</u></u>

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

EXHIBIT C-3
TOWN OF GRANTHAM, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,393,382	\$ 17,670	\$ 2,411,052
Licenses and permits	895,561	-	895,561
Intergovernmental receivable	258,325	-	258,325
Charges for services	60,781	25,021	85,802
Miscellaneous	132,300	7,150	139,450
Total revenues	<u>3,740,349</u>	<u>49,841</u>	<u>3,790,190</u>
EXPENDITURES			
Current:			
General government	1,333,792	-	1,333,792
Public safety	731,508	-	731,508
Highways and streets	394,793	-	394,793
Sanitation	298,629	3,953	302,582
Health	19,061	-	19,061
Culture and recreation	303,564	11,561	315,125
Conservation	2,804	10,701	13,505
Debt service:			
Principal	110,000	-	110,000
Interest	29,188	-	29,188
Capital outlay	386,214	12,650	398,864
Total expenditures	<u>3,609,553</u>	<u>38,865</u>	<u>3,648,418</u>
Excess of revenues over expenditures	<u>130,796</u>	<u>10,976</u>	<u>141,772</u>
OTHER FINANCING SOURCES			
Capital lease inception	65,000	-	65,000
Net change in fund balances	195,796	10,976	206,772
Fund balances, beginning	4,082,968	213,096	4,296,064
Fund balances, ending	<u>\$ 4,278,764</u>	<u>\$ 224,072</u>	<u>\$ 4,502,836</u>

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

EXHIBIT C-4
TOWN OF GRANTHAM, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 206,772
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 389,751	
Depreciation expense	<u>(241,275)</u>	148,476
The net effect of various miscellaneous transactions involving capital assets disposals is to decrease net position.		(1,480)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in 60-day property tax deferred inflow	\$ (30,317)	
Change in allowance for uncollectible property taxes	<u>(25,757)</u>	(56,074)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital lease	\$ (65,000)	
Repayment of bond principal	110,000	
Repayment of capital leases	120,818	
Amortization of bond premium	<u>4,090</u>	169,908
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,153	
Increase in compensated absences payable	(19,395)	
Decrease in accrued landfill postclosure care costs	4,000	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(3,968)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>8,993</u>	(7,217)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 460,385</u>

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

EXHIBIT D
TOWN OF GRANTHAM, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,324,832	\$ 2,324,832	\$ 2,337,308	\$ 12,476
Licenses and permits	727,000	727,000	895,561	168,561
Intergovernmental receivable	230,605	230,605	258,325	27,720
Charges for services	40,000	40,000	60,781	20,781
Miscellaneous	51,000	51,000	105,153	54,153
Total revenues	<u>3,373,437</u>	<u>3,373,437</u>	<u>3,657,128</u>	<u>283,691</u>
EXPENDITURES				
Current:				
General government	1,479,008	1,479,008	1,337,392	141,616
Public safety	785,824	785,824	689,042	96,782
Highways and streets	421,295	421,295	396,243	25,052
Sanitation	368,015	368,015	298,629	69,386
Health	20,900	20,900	19,061	1,839
Welfare	25,000	25,000	-	25,000
Culture and recreation	316,810	263,020	236,759	26,261
Conservation	2,500	2,500	2,804	(304)
Debt service:				
Principal	110,000	110,000	110,000	-
Interest	29,328	29,328	29,188	140
Capital outlay	356,360	356,360	363,523	(7,163)
Total expenditures	<u>3,915,040</u>	<u>3,861,250</u>	<u>3,482,641</u>	<u>378,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(541,603)</u>	<u>(487,813)</u>	<u>174,487</u>	<u>662,300</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	31,603	31,603	43,754	12,151
Transfers out	(189,000)	(242,790)	(242,790)	-
Total other financing sources (uses)	<u>(157,397)</u>	<u>(211,187)</u>	<u>(199,036)</u>	<u>12,151</u>
Net change in fund balances	<u>\$ (699,000)</u>	<u>\$ (699,000)</u>	(24,549)	<u>\$ 674,451</u>
Increase in nonspendable fund balance			(510)	
Increase in committed fund balance (non-encumbrances)			(131,000)	
Increase in assigned fund balance (non-encumbrances)			(6)	
Unassigned fund balance, beginning			2,387,122	
Unassigned fund balance, ending			<u>\$ 2,231,057</u>	

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

EXHIBIT E-1
TOWN OF GRANTHAM, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
June 30, 2019

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 8,526	\$ 1,785,243
LIABILITIES		
Intergovernmental payable	-	\$ 1,785,243
NET POSITION		
Held in trust for specific purposes	\$ 8,526	

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

EXHIBIT E-2
TOWN OF GRANTHAM, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
ADDITIONS	
Interest	\$ 139
DEDUCTIONS	
Scholarships	900
Change in net position	(761)
Net position, beginning	9,287
Net position, ending	\$ 8,526

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

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

1-B Basis of Accounting, and Measurement Focus

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

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

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

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

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

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

Fiduciary Fund Financial Statements – Include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s fiduciary funds are private purpose trust and agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town also reports the following fiduciary funds:

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

Agency Fund – are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets held on behalf of outside parties, including other governments.

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

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

1-D Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

1-E Capital Assets

Capital assets are reported in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The Town has established a threshold of \$5,000 or more and an estimate useful life in excess of one year for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Capital Asset Classes:	<u>Years</u>
Land improvements	20
Buildings and building improvements	20-50
Equipment and vehicles	5-25
Infrastructure	15-50

1-F Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-G Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 29, 2018 and November 13, 2018, and due on July 5, 2018 and December 13, 2018. Effective April 1, 2019 for any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. Prior to April 1, 2019 the rates were 12% and 18% respectively.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at June 30, 2019 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

The Town net assessed valuation as of April 1, 2018 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 462,552,106
For all other taxes	\$ 467,648,406

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

The tax rates and amounts assessed for the year ended June 30, 2019 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.12	\$ 2,393,344
School portion:		
State of New Hampshire	\$2.26	1,045,030
Local	\$15.74	7,360,359
County portion	\$2.97	1,390,697
Precinct portions:		
Eastman Village	\$1.70	527,430
Total	\$27.79	\$ 12,716,860

1-H Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2019.

1-I Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

1-J Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium. In the fund financial statements, governmental fund types recognize bond premiums during the current period.

1-K Compensated Absences

General leave for the Town includes vacation pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

1-L Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains two separate other postemployment benefit plans, as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

1-M Defined Benefit Pension Plan

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

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

1-N Net Position/Fund Balances

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

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

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

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

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

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

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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

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

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

1-O Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2019, \$300,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$399,000 was voted from unassigned fund balance to fund current year appropriations.

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. A major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 3,700,882
Adjustment:	
Basis difference:	
Inception of capital lease	65,000
GASB Statement No. 54:	
To record revenue of the blended funds	27,147
To eliminate transfers between general and blended funds	(43,754)
Change in deferred tax revenue relating to 60-day revenue recognition	30,317
Change in allowance for uncollectible property taxes	25,757
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 3,805,349</u></u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,725,431
Adjustment:	
Basis differences:	
Inception of capital lease	65,000
Encumbrances, beginning	109,809
Encumbrances, ending	(121,865)
GASB Statement No. 54:	
To record expenditures of the blended funds	73,968
To eliminate transfers between general and blended funds	(242,790)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 3,609,553</u></u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$8,488,930 and the bank balances totaled \$8,406,523. Petty cash totaled \$650. The Town held \$46,782 in a certificate of deposit at a local bank at year-end.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 6,695,161
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	1,793,769
Total cash and cash equivalents	<u><u>\$ 8,488,930</u></u>

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NOTE 4 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$139,211. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2018	\$ 3,978,270	\$ 3,978,270
Unredeemed (under tax lien):		
Levy of 2017	85,724	85,724
Levy of 2016	32,922	32,922
Levies of 2015 and prior	80,868	80,868
Less: allowance for estimated uncollectible taxes	(139,211) *	-
Net taxes receivable	<u>\$ 4,038,573</u>	<u>\$ 4,177,784</u>

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 758,203	\$ 65,000	\$ -	\$ 823,203
Construction in progress	25,286	55,705	(25,286)	55,705
Total capital assets not being depreciated	<u>783,489</u>	<u>120,705</u>	<u>(25,286)</u>	<u>878,908</u>
Being depreciated:				
Land improvements	410,857	-	-	410,857
Buildings and building improvements	3,460,186	85,907	-	3,546,093
Equipment and vehicles	1,917,586	119,452	(29,603)	2,007,435
Infrastructure	1,494,378	88,973	-	1,583,351
Total capital assets being depreciated	<u>7,283,007</u>	<u>294,332</u>	<u>(29,603)</u>	<u>7,547,736</u>
Total all capital assets	<u>8,066,496</u>	<u>415,037</u>	<u>(54,889)</u>	<u>8,426,644</u>
Less accumulated depreciation:				
Land improvements	(102,714)	(20,543)	-	(123,257)
Buildings and building improvements	(283,039)	(27,565)	-	(310,604)
Equipment and vehicles	(843,717)	(155,140)	28,123	(970,734)
Infrastructure	(171,875)	(38,027)	-	(209,902)
Total accumulated depreciation	<u>(1,401,345)</u>	<u>(241,275)</u>	<u>28,123</u>	<u>(1,614,497)</u>
Net book value, capital assets being depreciated	5,881,662	53,057	(1,480)	5,933,239
Net book value, all governmental activities capital assets	<u>\$ 6,665,151</u>	<u>\$ 173,762</u>	<u>\$ (26,766)</u>	<u>\$ 6,812,147</u>

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

General government	\$ 6,785
Public safety	107,353
Highways and streets	72,390
Sanitation	12,281
Culture and recreation	42,466
Total depreciation expense	<u>\$ 241,275</u>

NOTE 6 – INTERFUND BALANCES

The composition of interfund balances as of June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 61
Nonmajor	General	16,861
		<u>\$ 16,922</u>

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

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$6,903,960 at June 30, 2019 consist of:

General fund:	
Balance of the 2019-2020 assessment due to Grantham School District	\$ 4,166,471
Balance of the 2019 assessment due to Sullivan County	687,881
Balance of the 2019-2020 assessment due to Eastman Village District	262,839
Other miscellaneous balances	1,526
Total general fund	<u>5,118,717</u>
Agency fund:	
Balance of the expendable trusts due to Grantham School District	712,711
Balance of the expendable trusts due to Eastman Village District	1,072,532
Total agency fund	<u>1,785,243</u>
Total intergovernmental payables due	<u>\$ 6,903,960</u>

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2019 consists of:

	<u>Governmental</u>
	<u>Activities</u>
Amounts related to pensions, see Note 11	\$ 330,864
Amounts related to OPEB, see Note 12	21,318
Total deferred inflows of resources	<u>\$ 352,182</u>

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Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 37,402
Property tax warrant issued but not due until subsequent fiscal year	1,185,842	1,185,842
Property taxes collected in advance	23,659	23,659
Amounts related to pensions, see Note 11	64,211	-
Amounts related to OPEB, see Note 12	6,708	-
Total deferred inflows of resources	<u>\$ 1,280,420</u>	<u>\$ 1,246,903</u>

NOTE 9 – CAPITAL LEASES

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

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2019
Capital lease obligations:		
SCBA's and other equipment	3.11%	\$ 36,065
Police cruiser	3.62%	14,225
One ton truck	3.27%	20,290
Ford Expedition	6.77%	43,250
Total capital lease obligations		<u>\$ 113,830</u>

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

	Governmental Activities
Equipment:	
SCBA's and other equipment	\$ 175,000
Police cruiser	42,000
One ton truck	60,000
Ford Expedition	65,000
Total equipment	<u>342,000</u>
Less: accumulated depreciation	<u>90,267</u>
Total capital lease equipment	<u>\$ 251,733</u>

The annual requirements to amortize the capital leases payable as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
<u>2020</u>	<u>\$ 95,862</u>
2021	22,970
Total requirements	118,832
Less: interest	5,002
Present value of remaining payments	<u>\$ 113,830</u>

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

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NOTE 10 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 799,600	\$ -	\$ (110,000)	\$ 689,600	\$ 110,000
Premium	30,170	-	(4,090)	26,080	4,090
Total bonds payable	829,770	-	(114,090)	715,680	114,090
Capital leases	169,648	65,000	(120,818)	113,830	91,769
Compensated absences	18,899	19,395	-	38,294	-
Accrued landfill postclosure care costs	176,000	-	(4,000)	172,000	8,000
Net pension liability	1,448,562	-	(33,296)	1,415,266	-
Net other postemployment benefits	186,449	38,985	(44,134)	181,300	-
Total long-term liabilities	<u>\$ 2,829,328</u>	<u>\$ 123,380</u>	<u>\$ (316,338)</u>	<u>\$ 2,636,370</u>	<u>\$ 213,859</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2019
General obligation bonds payable:					
Town Building	\$ 1,219,000	2005	2025	3.0 - 5.0%	\$ 360,000
Dunbar Free Library	\$ 479,600	2015	2026	4.40%	329,600
					<u>689,600</u>
Bond premium					26,080
Total					<u>\$ 715,680</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 110,000	\$ 24,213	\$ 134,213
2021	110,000	20,780	130,780
2022	110,000	16,055	126,055
2023	105,000	11,808	116,808
2024	105,000	7,806	112,806
2025-2026	149,600	4,271	153,871
Totals	<u>\$ 689,600</u>	<u>\$ 84,933</u>	<u>\$ 774,533</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 1984. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$172,000 as of June 30, 2019. The estimated total current cost of the landfill postclosure care (\$8,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2019. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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NOTE 11 – DEFINED BENEFIT PENSION PLAN

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

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

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees. The contribution requirement for the fiscal year 2019 was \$135,742, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2019 the Town reported a liability of \$1,415,266 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2018, the Town's proportion was .02939163% which was an decrease of .00006271% from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the Town recognized pension expense of \$161,337. At June 30, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 73,522	\$ 20,001
Changes in assumptions	97,943	-
Net difference between projected and actual investment earnings on pension plan investments	-	32,751
Differences between expected and actual experience	11,296	11,459
Contributions subsequent to the measurement date	148,103	-
Total	<u>\$ 330,864</u>	<u>\$ 64,211</u>

The \$148,103 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2020	\$ 73,462
2021	59,308
2022	(8,351)
2023	(5,869)
2024	-
Thereafter	-
Totals	<u>\$ 118,550</u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions which, accordingly apply to 2018 measurements:

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

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

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

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

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Following is a table presenting target allocations and long-term rates of return for 2018:

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

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$ 1,883,024	\$ 1,415,266	\$ 1,023,272

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

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NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2018 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal year 2018 were as follows:

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

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees. The contribution requirement for the fiscal year 2019 was \$12,360, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2019, the Town reported a liability of \$118,320 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2018, the Town’s proportion was .02584271% which was an increase of .00849163% from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the Town recognized OPEB expense of \$44,065. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 8,263	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	376
Differences between expected and actual experience	695	-
Contributions subsequent to the measurement date	12,360	-
Total	\$ 21,318	\$ 376

The \$12,360 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2020	\$ 8,840
2021	(117)
2022	(117)
2023	(24)
2024	-
Thereafter	-
Totals	\$ 8,582

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

- Price inflation: 2.5 % per year
- Wage inflation: 3.25 % per year
- Salary increases: 5.6 % average, including inflation
- Investment rate of return: 7.25 % net of OPEB plan investment expense, including inflation
- Health care trend rate: Not applicable, given that the benefits are fixed stipends

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

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

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

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Following is a table presenting target allocations and long-term rates of return for 2018:

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

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$ 123,148	\$ 118,320	\$ 104,796

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

12-B Town of Grantham Retiree Health Benefit Program

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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

Employees Covered by Benefit Terms – At June 30, 2019, 17 active employees were covered by the benefit terms.

Total OPEB Liability – The Town’s total OPEB liability of \$62,980 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$62,980 in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.50%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	3.90%
Year Ultimate Trend is Reached	2075
Salary Increases	2.60%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 27, 2019.

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

Changes in the Total OPEB Liability

	June 30,	
	2018	2019
OPEB liability beginning of year	\$ 97,848	\$ 107,114
Changes for the year:		
Service cost	11,442	11,428
Interest	3,854	4,577
Changes in benefit terms	-	(53,956)
Assumption changes and difference between actual and expected experience	(2,769)	(5,661)
Benefit payments	(3,261)	(522)
OPEB liability end of year	<u>\$ 107,114</u>	<u>\$ 62,980</u>

Sensitivity of the Town’s OPEB Liability to Changes in the Discount Rate – The July 1, 2018 actuarial valuation was prepared using a discount rate of 3.50%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$57,694 or by (8.39%). If the discount rate were 1% lower than what was used the OPEB liability would increase to \$68,818 or by 9.27%.

	Discount Rate		
	1% Decrease	Baseline 3.50%	1% Increase
Total OPEB Liability	<u>\$ 68,818</u>	<u>\$ 62,980</u>	<u>\$ 57,694</u>

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2018 actuarial valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$72,535 or by 15.17%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$54,970 or by (12.72%).

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	\$ 54,970	\$ 62,980	\$ 72,535

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the Town recognized OPEB benefit of \$39,538. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes in assumptions	\$ 3,970
Differences between expected and actual experience	2,362
Total	\$ 6,332

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

Fiscal Year Ending June 30,		
2020	\$	(1,587)
2021		(1,587)
2022		(1,587)
2023		(1,290)
2024		(281)
Totals	\$	(6,332)

NOTE 13 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2019 and are as follows:

General fund:		
General government	\$	3,600
Public safety		27,520
Highways and streets		1,450
Capital outlay		89,295
Total encumbrances	\$	121,865

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2019 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value, all governmental activities capital assets	\$ 6,812,147
Less:	
General obligation bonds payable	(689,600)
Unamortized bond premiums	(26,080)
Capital leases payable	(113,830)
Total net investment in capital assets	5,982,637
Restricted net position:	
Dunbar Free Library	62,689
Nonexpendable permanent funds (principal balance)	46,847
Expendable permanent funds (income balance)	17,853
Total restricted net position	127,389
Unrestricted	2,734,772
Total net position	\$ 8,844,798

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2019 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Tax deeded property	\$ 32,734	\$ -	\$ 32,734
Permanent fund - principal balance	-	46,847	46,847
Total nonspendable fund balance	32,734	46,847	79,581
Restricted:			
Library	62,689	-	62,689
Permanent - income balance	-	17,853	17,853
Total restricted fund balance	62,689	17,853	80,542
Committed:			
Expendable trust	1,168,089	-	1,168,089
Voted appropriations - March 2019	530,000	-	530,000
Encumbrances	89,295	-	89,295
Conservation commission	-	62,806	62,806
Reclamation trust	-	66,017	66,017
Recreation Revolving	-	30,549	30,549
Total committed fund balance	1,787,384	159,372	1,946,756
Assigned:			
Encumbrances	32,570	-	32,570
Abatement contingency	30,000	-	30,000
Hastings recreation	521	-	521
Total assigned fund balance	63,091	-	63,091
Unassigned	2,332,866	-	2,332,866
Total governmental fund balances	\$ 4,278,764	\$ 224,072	\$ 4,502,836

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

NOTE 16 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2018 to June 30, 2019 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2018-19 the Town paid \$33,641 and \$18,754 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 17 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The Town of Grantham did not have any such arrangements or agreements.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through January 7, 2020, the date the June 30, 2019 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2019

	June 30,					
	2014	2015	2016	2017	2018	2019
Town's:						
Proportion of the net pension liability	0.02700020%	0.02843898%	0.02681654%	0.02707866%	0.02945434%	0.02939163%
Proportionate share of the net pension liability	\$ 1,162,030	\$ 1,067,482	\$ 1,062,344	\$ 1,439,934	\$ 1,448,562	\$ 1,415,266
Covered payroll	\$ 645,806	\$ 669,787	\$ 663,033	\$ 680,101	\$ 748,227	\$ 809,252
Proportionate share of the net pension liability as a percentage of its covered payroll	179.93%	159.38%	160.22%	211.72%	193.60%	174.89%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%

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

EXHIBIT G
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2019

	June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 67,137	\$ 92,263	\$ 89,966	\$ 96,963	\$ 107,904	\$ 124,226
Contributions in relation to the contractually required contributions	67,137	92,263	89,966	96,963	107,904	124,226
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered payroll	<u>\$ 645,806</u>	<u>\$ 669,787</u>	<u>\$ 663,033</u>	<u>\$ 680,101</u>	<u>\$ 748,227</u>	<u>\$ 809,252</u>
Contributions as a percentage of covered payroll	10.40%	13.77%	13.57%	14.26%	14.42%	15.35%

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

TOWN OF GRANTHAM, NEW HAMPSHIRE

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at June 30, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2018:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

Other Information:

Notes	Contribution rates for Fiscal Year 2018 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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EXHIBIT H
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2019

	June 30,		
	2017	2018	2019
Town's proportion of the net OPEB liability	0.01564551%	0.01735108%	0.02584271%
Town's proportionate share of the net OPEB liability (asset)	\$ 75,741	\$ 79,335	\$ 118,320
Town's covered payroll	\$ 680,101	\$ 748,227	\$ 809,252
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	11.14%	10.60%	14.62%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%

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

EXHIBIT I
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2019

	June 30,		
	2017	2018	2019
Contractually required contribution	\$ 9,091	\$ 10,284	\$ 11,431
Contributions in relation to the contractually required contribution	9,091	10,284	11,431
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered payroll	\$ 680,101	\$ 748,227	\$ 809,252
Contributions as a percentage of covered payroll	1.34%	1.37%	1.41%

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

EXHIBIT J
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended June 30, 2019

	June 30,	
	2018	2019
OPEB liability, beginning of year	\$ 97,848	\$ 107,114
Changes for the year:		
Service cost	11,442	11,428
Interest	3,854	4,577
Changes to benefit terms	-	(53,956)
Assumption changes and difference between actual and expected experience	(2,769)	(5,661)
Benefit payments	(3,261)	(522)
OPEB liability, end of year	<u>\$ 107,114</u>	<u>\$ 62,980</u>
Covered payroll	<u>\$ 837,393</u>	<u>\$ 896,167</u>
Total OPEB liability as a percentage of covered payroll	12.79%	7.03%

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at June 30, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town’s other postemployment benefits at June 30, 2019. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,294,332	\$ 2,294,749	\$ 417
Yield	500	515	15
Interest and penalties on taxes	30,000	42,044	12,044
Total from taxes	<u>2,324,832</u>	<u>2,337,308</u>	<u>12,476</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	-	675	675
Motor vehicle permit fees	700,000	862,443	162,443
Building permits	9,000	12,676	3,676
Other	18,000	19,767	1,767
Total from licenses, permits, and fees	<u>727,000</u>	<u>895,561</u>	<u>168,561</u>
Intergovernmental:			
State:			
Meals and rooms distribution	155,002	155,002	-
Highway block grant	69,159	69,054	(105)
Other	-	34,269	34,269
Federal:			
Other	6,444	-	(6,444)
Total from intergovernmental	<u>230,605</u>	<u>258,325</u>	<u>27,720</u>
Charges for services:			
Income from departments	40,000	60,781	20,781
Miscellaneous:			
Interest on investments	50,000	98,247	48,247
Other	1,000	6,906	5,906
Total from miscellaneous	<u>51,000</u>	<u>105,153</u>	<u>54,153</u>
Other financing sources:			
Transfers in	31,603	43,754	12,151
Total revenues and other financing sources	3,405,040	<u>\$ 3,700,882</u>	<u>\$ 295,842</u>
Unassigned fund balance used to reduce tax rate	300,000		
Amounts voted from fund balance	399,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,104,040</u>		

SCHEDULE 2
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 249,150	\$ 226,618	\$ 3,600	\$ 18,932
Election and registration	-	132,709	118,220	-	14,489
Financial administration	-	41,200	35,125	-	6,075
Revaluation of property	-	41,000	18,950	-	22,050
Legal	-	35,000	38,353	-	(3,353)
Personnel administration	-	784,192	716,637	-	67,555
Planning and zoning	-	6,650	2,851	-	3,799
General government buildings	-	126,200	129,657	-	(3,457)
Cemeteries	-	19,800	9,491	-	10,309
Insurance, not otherwise allocated	-	38,050	33,733	-	4,317
Advertising and regional associations	-	4,057	4,057	-	-
Other	-	1,000	100	-	900
Total general government	-	1,479,008	1,333,792	3,600	141,616
Public safety:					
Police	-	535,910	468,162	4,881	62,867
Ambulance	-	98,630	89,314	6,695	2,621
Fire	4,986	131,784	99,465	15,944	21,361
Building inspection	-	10,000	5,657	-	4,343
Emergency management	-	9,500	3,910	-	5,590
Total public safety	4,986	785,824	666,508	27,520	96,782
Highways and streets:					
Administration	-	242,595	230,497	1,450	10,648
Highways and streets	-	175,700	161,689	-	14,011
Street lighting	-	3,000	2,607	-	393
Total highways and streets	-	421,295	394,793	1,450	25,052
Sanitation:					
Solid waste collection	-	151,515	130,663	-	20,852
Solid waste disposal	-	210,000	163,050	-	46,950
Solid waste clean-up	-	6,500	4,916	-	1,584
Total sanitation	-	368,015	298,629	-	69,386
Health:					
Administration	-	1,700	61	-	1,639
Pest control	-	700	500	-	200
Health agencies	-	18,500	18,500	-	-
Total health	-	20,900	19,061	-	1,839
Welfare:					
Administration and direct assistance	-	25,000	-	-	25,000
Culture and recreation:					
Parks and recreation	2,823	49,200	45,792	-	6,231
Library	-	178,810	163,928	-	14,882
Patriotic purposes	-	33,510	29,862	-	3,648
Other	-	1,500	-	-	1,500
Total culture and recreation	2,823	263,020	239,582	-	26,261

(continued)

SCHEDULE 2 (Continued)
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Conservation	-	2,500	2,804	-	(304)
Debt service:					
Principal of long-term debt	-	110,000	110,000	-	-
Interest on long-term debt	-	29,228	29,188	-	40
Interest on tax anticipation notes	-	100	-	-	100
Total debt service	-	139,328	139,188	-	140
Capital outlay	102,000	356,360	376,228	89,295	(7,163)
Other financing uses:					
Transfers out	-	242,790	242,790	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 109,809</u>	<u>\$ 4,104,040</u>	<u>\$ 3,713,375</u>	<u>\$ 121,865</u>	<u>\$ 378,609</u>

SCHEDULE 3
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2019

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,387,122
Changes:		
Unassigned fund balance used to reduce 2018-2019 tax rate		(300,000)
Amounts voted from fund balance		(399,000)
2018 Budget summary:		
Revenue surplus (Schedule 1)	\$ 295,842	
Unexpended balance of appropriations (Schedule 2)	<u>378,609</u>	
2018 Budget surplus		674,451
Increase in nonspendable fund balance		(510)
Increase in committed fund balance (non-encumbrances)		(131,000)
Increase in assigned fund balance (non-encumbrances)		<u>(6)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,231,057
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(37,402)
Elimination of the allowance for uncollectible taxes		<u>139,211</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,332,866</u></u>

SCHEDULE 4
TOWN OF GRANTHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds				Total
	Conservation Commission	Reclamation Trust	Recreation Revolving	Permanent Fund	
ASSETS					
Cash and cash equivalents	\$ 45,945	\$ 66,017	\$ 30,610	\$ 64,700	\$ 207,272
Interfund receivable	16,861	-	-	-	16,861
Total assets	<u>\$ 62,806</u>	<u>\$ 66,017</u>	<u>\$ 30,610</u>	<u>\$ 64,700</u>	<u>\$ 224,133</u>
LIABILITIES					
Interfund payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 61</u>
FUND BALANCES					
Nonspendable	-	-	-	46,847	46,847
Restricted	-	-	-	17,853	17,853
Committed	62,806	66,017	30,549	-	159,372
Total fund balances	<u>62,806</u>	<u>66,017</u>	<u>30,549</u>	<u>64,700</u>	<u>224,072</u>
Total liabilities and fund balances	<u>\$ 62,806</u>	<u>\$ 66,017</u>	<u>\$ 30,610</u>	<u>\$ 64,700</u>	<u>\$ 224,133</u>

SCHEDULE 5
TOWN OF GRANTHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds				Total
	Conservation Commission	Reclamation Trust	Recreation Revolving	Permanent Fund	
REVENUES					
Taxes	\$ 17,670	\$ -	\$ -	\$ -	\$ 17,670
Charges for services	-	9,197	15,824	-	25,021
Miscellaneous	591	804	3,600	2,155	7,150
Total revenues	<u>18,261</u>	<u>10,001</u>	<u>19,424</u>	<u>2,155</u>	<u>49,841</u>
EXPENDITURES					
Current:					
Sanitation	-	3,953	-	-	3,953
Culture and recreation	-	-	11,561	-	11,561
Conservation	10,701	-	-	-	10,701
Capital outlay	-	12,650	-	-	12,650
Total expenditures	<u>10,701</u>	<u>16,603</u>	<u>11,561</u>	<u>-</u>	<u>38,865</u>
Net change in fund balances	7,560	(6,602)	7,863	2,155	10,976
Fund balances, beginning	55,246	72,619	22,686	62,545	213,096
Fund balances, ending	<u>\$ 62,806</u>	<u>\$ 66,017</u>	<u>\$ 30,549</u>	<u>\$ 64,700</u>	<u>\$ 224,072</u>