



TOWN OF MILTON, NEW HAMPSHIRE

Annual Financial Statements
For the Year Ended December 31, 2020
(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Milton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Milton, New Hampshire (the Town) as of December 31, 2020, and for the year then ended, 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

The Town's 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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.

Basis for Disclaimer of Opinion on Governmental Activities

The Town did not record current year capital asset additions in the government-wide financial statements or any depreciation expense on those assets. The effects of this unrecorded activity have not been determined.

Disclaimer of Opinion on Governmental Activities

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Town's governmental activities. Accordingly, we do not express an opinion on those financial statements.

Unmodified Opinions on the General Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, and the aggregate remaining fund information of the Town of Milton, New Hampshire, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, in 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 evidence sufficient to express an opinion or provide any assurance.

Melanson

Merrimack, New Hampshire
June 24, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Milton, New Hampshire (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town of Milton, New Hampshire for the year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities include general government, public safety, highways and streets, sanitation, sewer, health, welfare, culture and recreation, and conservation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 for governmental funds with similar information presented for governmental activities 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 a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$4,902,169 (i.e., net position), a change of \$(908,960) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$3,846,061, a change of \$ (404,758) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,682,060, a change of \$(111,092) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current year.

NET POSITION

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 8,299,439	\$ 12,830,312
Capital assets	<u>6,274,177</u>	<u>6,562,012</u>
Total assets	14,573,616	19,392,324
Deferred outflows of resources	773,793	275,228
Liabilities		
Current liabilities	3,942,211	7,964,629
Noncurrent liabilities	<u>6,373,194</u>	<u>5,738,745</u>
Total liabilities	10,315,405	13,703,374
Deferred inflows of resources	129,835	153,049
Net Position		
Net investment in capital assets	4,096,803	4,085,181
Restricted	1,556,198	1,561,128
Unrestricted	<u>(750,832)</u>	<u>164,820</u>
Total net position	<u>\$ 4,902,169</u>	<u>\$ 5,811,129</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$4,902,169, a change of \$(908,960) from the prior year.

The largest portion of net position, \$4,096,803, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,556,198, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(750,832), is a deficit, primarily resulting from the Town's unfunded net pension and net OPEB liabilities.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues:		
Charges for services	\$ 672,771	\$ 370,687
Operating grants and contributions	98,665	208,038
General revenues:		
Property taxes	1,884,273	3,361,631
Licenses and permits	967,565	930,901
Penalties and other taxes	127,583	132,614
Grants and contributions not restricted to specific programs	436,243	463,780
Investment income	128,811	395,290
Miscellaneous	32,750	61,834
	4,348,661	5,924,775
Expenses		
General government	1,295,433	1,476,732
Public safety	2,249,275	1,993,019
Highways and streets	953,875	1,172,161
Sanitation	302,944	267,090
Sewer	104,453	84,886
Health	9,070	20,553
Welfare	24,861	53,803
Culture and recreation	242,379	563,637
Conservation	18,259	10,518
Redevelopment and housing	-	350
Interest on long-term debt	57,072	78,465
	5,257,621	5,721,214
Change in net position	(908,960)	203,561
Net position - beginning of year	5,811,129	5,607,568
Net position - end of year	\$ 4,902,169	\$ 5,811,129

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$(908,960). Key elements of this change are as follows:

General Fund operations	\$ (399,905)
Depreciation expense in excess of principal debt service	(136,048)
Net pension liability and related deferred outflows and inflows of resources	(253,678)
Net OPEB liability and related deferred outflows and inflows of resources	(140,064)
Other	<u>20,735</u>
Total	<u>\$ (908,960)</u>

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing 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 fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,846,061, a change of \$(404,758) in comparison to the prior year. Key elements of this change are as follows:

General Fund operations	\$ (399,905)
Nonmajor Funds activities	<u>(4,853)</u>
Total Governmental Funds	<u>\$ (404,758)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,682,060, while total fund balance was \$2,270,130. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 1,682,060	\$ 1,793,152	\$ (111,092)	39.0%
Total fund balance	\$ 2,270,130	\$ 2,670,035	\$ (399,905)	52.6%

The total fund balance of the general fund changed by \$(399,905) during the current fiscal year. Key factors in this change are as follows:

Revenues less than budgeted	\$ (162,745)
Expenditures less than budgeted	448,532
Change in encumbrances	(308,165)
Use of fund balance as a funding source	(468,500)
Change in capital reserves	(26,016)
Other	<u>116,989</u>
Total	\$ <u>(399,905)</u>

Included in the total general fund balance are the Town's capital reserve accounts with the following balances:

	<u>12/31/20</u>	<u>12/31/19</u>	<u>Change</u>
Capital reserves	\$ 489,693	\$ 515,709	\$ (26,016)

General Fund Budgetary Highlights

There were no changes between the original budget and final amended budget.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental at year-end amounted to \$6,274,177 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; machinery, equipment and furnishings; and infrastructure.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$1,999,418, all of which was backed by the full faith and credit of the Town.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Milton, New Hampshire's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Selectmen's Office
Town of Milton
424 White Mountain Highway
P.O. Box 310
Milton, NH 03851

TOWN OF MILTON, NEW HAMPSHIRE

Statement of Net Position
December 31, 2020

	Governmental <u>Activities</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 5,637,880
Investments	1,208,177
Receivables, net of allowance for uncollectible:	
Property taxes	717,102
User fees	27,499
Intergovernmental	265,226
Other assets	<u>45,368</u>
Total Current Assets	7,901,252
Noncurrent:	
Receivables, net of allowance for uncollectible:	
Property taxes	397,840
Other assets	347
Capital assets:	
Land and construction in progress	1,728,600
Other capital assets, net of accumulated depreciation	<u>4,545,577</u>
Total Noncurrent Assets	<u>6,672,364</u>
Total Assets	14,573,616
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	758,405
Related to OPEB	<u>15,388</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	773,793
LIABILITIES	
Current:	
Accounts payable	99,933
Accrued liabilities	54,235
Due to external parties	3,454,754
Other liabilities	38,479
Current portion of long-term liabilities:	
Bonds payable	156,304
Landfill	7,000
Compensated absence	9,617
Capital lease	<u>121,889</u>
Total Current Liabilities	3,942,211
Noncurrent:	
Bonds payable, net of current portion	1,843,114
Landfill, net of current portion	196,000
Compensated absence, net of current portion	86,550
Capital lease, net of current portion	75,800
Net pension liability	3,377,992
Net OPEB liability	<u>793,738</u>
Total Noncurrent Liabilities	<u>6,373,194</u>
Total Liabilities	10,315,405
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	126,612
Related to OPEB	<u>3,223</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	129,835
NET POSITION	
Net investment in capital assets	4,096,803
Restricted for:	
Grants and other statutory restrictions	1,079,427
Permanent funds:	
Nonexpendable	360,619
Expendable	116,152
Unrestricted	<u>(750,832)</u>
TOTAL NET POSITION	<u>\$ 4,902,169</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Statement of Activities
For the Year Ended December 31, 2020

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental Activities:				
General government	\$ 1,295,433	\$ 43,285	\$ 87,929	\$ (1,164,219)
Public safety	2,249,275	362,139	-	(1,887,136)
Highway and streets	953,875	-	-	(953,875)
Sanitation	302,944	75,707	-	(227,237)
Sewer	104,453	91,316	-	(13,137)
Health	9,070	100,324	-	91,254
Welfare	24,861	-	-	(24,861)
Culture and recreation	242,379	-	10,736	(231,643)
Conservation	18,259	-	-	(18,259)
Interest	57,072	-	-	(57,072)
Total Governmental Activities	\$ 5,257,621	\$ 672,771	\$ 98,665	(4,486,185)
		General Revenues:		
				1,884,273
				967,565
				127,583
				436,243
				128,811
				32,750
				3,577,225
				(908,960)
		Net Position:		
				5,811,129
				\$ 4,902,169

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
December 31, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and short-term investments	\$ 4,498,421	\$ 1,139,459	\$ 5,637,880
Investments	730,759	477,418	1,208,177
Receivables:			
Property taxes	1,175,071	-	1,175,071
User fees	-	185,168	185,168
Intergovernmental	265,226	-	265,226
Due from other funds	49,082	-	49,082
Other assets	<u>45,368</u>	<u>347</u>	<u>45,715</u>
Total Assets	<u>\$ 6,763,927</u>	<u>\$ 1,802,392</u>	<u>\$ 8,566,319</u>
Liabilities			
Accounts payable	\$ 86,432	\$ 13,501	\$ 99,933
Accrued liabilities	19,788	-	19,788
Due to other funds	3,454,754	49,082	3,503,836
Other liabilities	<u>35,092</u>	<u>3,387</u>	<u>38,479</u>
Total Liabilities	3,596,066	65,970	3,662,036
Deferred Inflows of Resources			
Unavailable revenue	897,731	160,491	1,058,222
Fund Balances			
Nonspendable	45,368	360,619	405,987
Restricted	-	1,215,312	1,215,312
Committed	489,693	-	489,693
Assigned	53,009	-	53,009
Unassigned	<u>1,682,060</u>	<u>-</u>	<u>1,682,060</u>
Total Fund Balances	<u>2,270,130</u>	<u>1,575,931</u>	<u>3,846,061</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,763,927</u>	<u>\$ 1,802,392</u>	<u>\$ 8,566,319</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
in the Statement of Net Position
December 31, 2020

Total governmental fund balances	\$	3,846,061
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		6,274,177
Revenues are reported on the accrual basis of accounting and are not deferred until collection.		840,424
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(34,447)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable		(1,999,418)
Landfill liability		(203,000)
Compensated absences		(96,167)
Capital leases payable		<u>(197,689)</u>
Net pension liability and related deferrals		(2,746,199)
Net OPEB liability and related deferrals		<u>(781,573)</u>
Net position of governmental activities	\$	<u><u>4,902,169</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2020

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues			
Property taxes	\$ 2,134,440	\$ 25,252	\$ 2,159,692
Penalties, interest, and other taxes	126,530	1,053	127,583
Charges for services	61,895	464,199	526,094
Intergovernmental	524,172	-	524,172
Licenses and permits	967,565	-	967,565
Investment income	60,380	68,431	128,811
Contributions	-	10,944	10,944
Miscellaneous	<u>32,542</u>	<u>-</u>	<u>32,542</u>
Total Revenues	3,907,524	569,879	4,477,403
Expenditures			
Current:			
General government	1,234,536	677	1,235,213
Public safety	1,458,695	300,691	1,759,386
Highway and streets	856,563	-	856,563
Sanitation	233,696	47,727	281,423
Sewer	-	104,453	104,453
Health	9,070	-	9,070
Welfare	24,853	-	24,853
Culture and recreation	129,459	102,714	232,173
Conservation	5,178	13,081	18,259
Debt service:			
Principal	270,837	-	270,837
Interest	<u>89,931</u>	<u>-</u>	<u>89,931</u>
Total Expenditures	<u>4,312,818</u>	<u>569,343</u>	<u>4,882,161</u>
Excess (deficiency) of revenues over expenditures	(405,294)	536	(404,758)
Other Financing Sources (Uses)			
Transfers in	5,389	-	5,389
Transfers out	<u>-</u>	<u>(5,389)</u>	<u>(5,389)</u>
Total Other Financing Sources (Uses)	<u>5,389</u>	<u>(5,389)</u>	<u>-</u>
Change in fund balance	(399,905)	(4,853)	(404,758)
Fund Balance, at Beginning of Year	<u>2,670,035</u>	<u>1,580,784</u>	<u>4,250,819</u>
Fund Balance, at End of Year	<u>\$ 2,270,130</u>	<u>\$ 1,575,931</u>	<u>\$ 3,846,061</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net changes in fund balances - total governmental funds	\$ (404,758)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation	(287,835)
<p>The issuance of long-term debt (e.g., bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Repayments of bonds	151,787
Repayment of capital lease	147,590
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts.</p>	
	(128,742)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Change in net pension liability and related deferred outflows and inflows	(253,678)
Change in net OPEB liability and related deferred outflows and inflows	(140,064)
Change in accrued interest on bonds payable	4,319
Change in landfill liability	7,000
Change in compensated absences	<u>(4,579)</u>
Change in net position of governmental activities	\$ <u>(908,960)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2020

	Private Purpose <u>Trust Fund</u>	Custodial <u>Fund</u>
Assets		
Investments	\$ 577,912	\$ 668,302
Due from external parties	<u>-</u>	<u>3,454,754</u>
Total Assets	577,912	4,123,056
Liabilities		
Due to other governments	<u>-</u>	<u>3,454,754</u>
Total Liabilities	-	3,454,754
Net Position		
Restricted for individuals, organizations, and other governments	<u>577,912</u>	<u>668,302</u>
Total Net Position	<u>\$ 577,912</u>	<u>\$ 668,302</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2020

	Private Purpose <u>Trust Fund</u>	Custodial <u>Fund</u>
Additions		
Contributions	\$ 6,220	\$ 128,000
Interest income	36,406	49,626
Taxes collected for School District	-	7,403,606
Taxes collected for County	-	1,234,637
Fees collected for State of New Hampshire	-	339,055
	42,626	9,154,924
Deductions		
Payment of taxes to School District	-	7,403,606
Payment of taxes to County	-	1,234,637
Payment of fees to State of New Hampshire	-	339,055
Payments made on behalf of others	7,900	56,817
	7,900	9,034,115
Total Deductions	7,900	9,034,115
Net increase	34,726	120,809
Net position		
Beginning of year	543,186	547,493
End of year	\$ 577,912	\$ 668,302

The accompanying notes are an integral part of these financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Milton, New Hampshire (the Town) conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In calendar year 2020, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial

statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

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 considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental fund:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Private Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in a permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.
- The *Custodial Fund* is used to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others.

Cash and Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash and investment 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 short-term investments”.

Investments for the trust funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., the current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-100
Machinery, equipment, and furnishings	5-20
Infrastructure	50

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between current assets and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Town's budget is prepared by the Selectmen's Office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Budget Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town Meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

3. Deposits and Investments

State statutes (RSA 41:29 for Towns and 31.25 for trust funds) place certain limitation on the nature of deposits and investments available to the Town. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), established pursuant to RSA 383:22, in New Hampshire Banks or banks outside the State of New Hampshire if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

State statute RSA 35:9 (for Town capital reserve funds), limits investments to federally or state-chartered banks or associations authorized by the State of New Hampshire; in bonds or notes of the State of New Hampshire; in stocks and bonds as are legal for investment by banks and associations chartered by the State of New Hampshire to engage in a banking business; in NHPDIP established pursuant to RSA 383:22; or in obligations with principal and interest fully guaranteed by the United States government.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. RSA 48:16 states "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, [except] that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank."

As of December 31, 2020, none of the Town's bank balance of \$8,147,760 was exposed to custodial credit risk as uninsured or uncollateralized.

Investment Summary

The following is a summary of the Town's investments as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 336,677
Equity mutual funds	278,633
Fixed income mutual funds	<u>1,839,081</u>
Total investments	<u>\$ 2,454,391</u>

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of December 31, 2020, \$2,454,391 of the Town's investments were subject to custodial credit risk exposure because the related securities were uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the counterparty to these securities.

Credit Risk – Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town does not have formal investment policies related to credit risk.

As of December 31, 2020 the Town's debt securities were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Unrated</u>
Fixed income mutual funds	\$ 1,839,081	\$ 1,839,081

Concentration of Credit Risk – Investments

The Town places no limit on the amount the Town may invest in any one issuer. The Town has the following investments in one issuer:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investment</u>
Vanguard Whitehall FDS High Div Yld	\$ 154,560	6%
Wisdomtree TR US Midcap Divid	\$ 70,212	3%

Interest Rate Risk – Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Foreign Currency Risk - Investments

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town has the following fair value measurements as of December 31, 2020:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate equities	\$ 336,677	\$ 336,677	\$ -	\$ -
Equity mutual funds	278,633	278,633	-	-
Fixed income mutual funds	<u>1,839,081</u>	<u>1,839,081</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,454,391</u>	<u>\$ 2,454,391</u>	<u>\$ -</u>	<u>\$ -</u>

4. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In May of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable reported in the government-wide financial statements are net of an allowance for doubtful accounts of \$ 60,129.

Property taxes receivable at December 31, 2020 consist of the following:

<u>Receivables</u>	<u>Gross Amount (fund basis)</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount (accrual basis)</u>
Real estate taxes	\$ 717,102	\$ -	\$ 717,102
Tax liens	<u>457,969</u>	<u>(60,129)</u>	<u>397,840</u>
Total property taxes	<u>\$ 1,175,071</u>	<u>\$ (60,129)</u>	<u>\$ 1,114,942</u>

Also, the Town collects taxes for the State of New Hampshire, the Milton School District, and the County of Strafford. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

5. User Fees Receivable

Receivables for user charges at December 31, 2020 consist of the following:

<u>Receivables</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount (accrual basis)</u>
Ambulance	\$ 160,491	\$ (155,201)	\$ 5,290
Sewer	24,157	(2,416)	21,741
Police detail	<u>520</u>	<u>(52)</u>	<u>468</u>
Total	<u>\$ 185,168</u>	<u>\$ (157,669)</u>	<u>\$ 27,499</u>

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in the current period.

7. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2020 interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 49,082	\$ 3,454,754
Nonmajor Funds:		
Special Revenue Funds	-	48,435
Permanent Trust Funds	<u>-</u>	<u>647</u>
Subtotal Nonmajor Funds	-	49,082
Trust and Agency Funds:		
Custodial Funds	<u>3,454,754</u>	<u>-</u>
Total	<u>\$ 3,503,836</u>	<u>\$ 3,503,836</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The Town transferred \$47,500 to capital reserves during the year as reflected on the General Fund Statement of Revenues, Expenditures and Other Financing Sources (Uses) – Budget and Actual.

8. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,619,481	\$ -	\$ -	\$ 3,619,481
Machinery, equipment, and furnishings	3,856,351	-	-	3,856,351
Infrastructure	<u>123,522</u>	<u>-</u>	<u>-</u>	<u>123,522</u>
Total capital assets, being depreciated	7,599,354	-	-	7,599,354
Less accumulated depreciation for:				
Buildings and improvements	(299,564)	(79,239)	-	(378,803)
Machinery, equipment, and furnishings	(2,426,853)	(206,125)	-	(2,632,978)
Infrastructure	<u>(39,525)</u>	<u>(2,471)</u>	<u>-</u>	<u>(41,996)</u>
Total accumulated depreciation	<u>(2,765,942)</u>	<u>(287,835)</u>	<u>-</u>	<u>(3,053,777)</u>
Total capital assets, being depreciated, net	4,833,412	(287,835)	-	4,545,577
Capital assets, not being depreciated:				
Land	<u>1,728,600</u>	<u>-</u>	<u>-</u>	<u>1,728,600</u>
Total capital assets, not being depreciated	<u>1,728,600</u>	<u>-</u>	<u>-</u>	<u>1,728,600</u>
Governmental activities capital assets, net	<u>\$ 6,562,012</u>	<u>\$ (287,835)</u>	<u>\$ -</u>	<u>\$ 6,274,177</u>

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

Governmental Activities:	
General government	\$ 3,514
Public safety	150,678
Highways and streets	102,280
Sanitation	21,335
Culture and recreation	<u>10,028</u>
Total governmental activities	<u>\$ 287,835</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that are applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent 2020 expenditures paid in 2021.

11. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in various years through 2024. Future minimum lease payments under the capital leases consisted of the following as of December 31, 2020:

Fiscal Year	Amount
2021	\$ 128,018
2022	26,792
2023	26,793
2024	<u>26,792</u>
Total minimum lease payments	208,395
Less amounts representing interest	<u>10,706</u>
Present value of minimum lease payments	<u>\$ 197,689</u>

12. Long-Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of <u>12/31/20</u>
Fire & EMS Facility	06/30/31	2.98%	\$ <u>1,999,418</u>
Total			\$ <u><u>1,999,418</u></u>

Future Debt Service

The annual payments to retire all general obligation bonds outstanding as of December 31, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 156,304	\$ 59,499	\$ 215,803
2022	160,955	54,848	215,803
2023	165,745	50,058	215,803
2024	170,677	45,126	215,803
2025	175,756	40,047	215,803
2026 - 2030	960,417	118,598	1,079,015
2031	<u>209,564</u>	<u>6,239</u>	<u>215,803</u>
Total	<u>\$ 1,999,418</u>	<u>\$ 374,415</u>	<u>\$ 2,373,833</u>

The General Fund has been designated as the source to repay the general obligation bonds outstanding as of December 31, 2020.

Changes in Long-Term Liabilities

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	<u>Balance at</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/20</u>	<u>Less</u> <u>Current</u> <u>Portion</u>	<u>Equals</u> <u>Long-Term</u> <u>Portion</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 2,151,205	\$ -	\$ (151,787)	\$ 1,999,418	\$ (156,304)	\$ 1,843,114
Landfill closure	210,000	-	(7,000)	203,000	(7,000)	196,000
Compensated absences	91,588	4,579	-	96,167	(9,617)	86,550
Capital lease	345,279	-	(147,590)	197,689	(121,889)	75,800
Net pension liability	2,601,919	776,073	-	3,377,992	-	3,377,992
Net OPEB liability	<u>654,290</u>	<u>139,448</u>	<u>-</u>	<u>793,738</u>	<u>-</u>	<u>793,738</u>
Total	<u>\$ 6,054,281</u>	<u>\$ 920,100</u>	<u>\$ (306,377)</u>	<u>\$ 6,668,004</u>	<u>\$ (294,810)</u>	<u>\$ 6,373,194</u>

13. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The \$203,000 reported as landfill closure and postclosure care liability at December 31, 2020 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

14. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net position by the Town that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

15. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2020:

Nonspendable

Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes General Fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes General Fund encumbrances for non-lapsing special article appropriations approved at Town Meeting, capital reserve funds, and various special revenue funds.

Assigned

Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

Unassigned

Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at December 31, 2020:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 45,368	\$ -	\$ 45,368
Nonexpendable permanent funds	<u>-</u>	<u>360,619</u>	<u>360,619</u>
Total Nonspendable	45,368	360,619	405,987
Restricted			
Bonded projects	-	19,733	19,733
Special revenue funds			
Ambulance	-	84,382	84,382
Conservation	-	116,652	116,652
Grants	-	5,053	5,053
Police detail	-	66,757	66,757
Recreation	-	95,152	95,152
Sewer	-	541,730	541,730
Town House	-	2,906	2,906
Transfer station	-	166,795	166,795
Expendable permanent funds	<u>-</u>	<u>116,152</u>	<u>116,152</u>
Total Restricted	-	1,215,312	1,215,312
Committed			
Capital reserve funds	<u>489,693</u>	<u>-</u>	<u>489,693</u>
Total Committed	489,693	-	489,693
Assigned			
Encumbrances:			
Public safety	<u>53,009</u>	<u>-</u>	<u>53,009</u>
Total Assigned	53,009	-	53,009
Unassigned			
Unassigned	<u>1,682,060</u>	<u>-</u>	<u>1,682,060</u>
Total Unassigned	<u>1,682,060</u>	<u>-</u>	<u>1,682,060</u>
Total Fund Balance	<u>\$ 2,270,130</u>	<u>\$ 1,575,931</u>	<u>\$ 3,846,061</u>

16. General Fund Unassigned Fund Balance

The unassigned General Fund balance reported on the balance sheet is stated in accordance with Generally Accepted Accounting Principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is that the State of New Hampshire considers revenues in connection

with property tax receivables to be available to liquidate liabilities when billed rather than when received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the General Fund unassigned fund balance:

GAAP basis balance	\$ 1,682,060
Unavailable revenue	897,731
Allowance for doubtful accounts	(60,129)
Tax deeded property	30,813
Other GAAP differences	<u>(158,181)</u>
Tax rate setting balance	<u>\$ 2,392,294</u>

17. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan provides service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Benefits Provided

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Service</u>	<u>Minimum Age</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	21	46	2.4%
At least 6 but less than 8 years	22	47	2.3%
At least 4 but less than 6 years	23	48	2.2%
Less than 4 years	24	49	2.1%

Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and teachers, 11.55% for police, and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.88% to 26.43% of covered compensation. The Town’s contribution to NHRS for the year ended December 31, 2020 was \$232,507, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS’ fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2020, the Town reported a liability of \$3,377,992 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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 employers, actuarially determined. At June 30, 2020, the Town's proportion was .05281288%.

For the year ended December 31, 2020, the Town recognized pension expense of \$485,494. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 91,222	\$ (36,270)
Changes of assumptions	334,150	-
Net difference between projected and actual earnings on pension plan investments	208,932	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(90,342)
Contributions subsequent to the measurement date	<u>124,101</u>	<u>-</u>
Total	<u>\$ 758,405</u>	<u>\$ (126,612)</u>

The amounts reported as deferred outflows and deferred inflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2021	\$ 80,042
2022	131,166
2023	151,342
2024	<u>145,142</u>
Total	<u>\$ 507,692</u>

Actuarial Assumptions

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

Price inflation	2.00% per year
Wage inflation	2.75% per year (2.25% for Teachers)
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation (prior year 7.25%)

Mortality rates were based on the Pub-2010 healthy retiree mortality tables with credibility adjustments for each group (police and fire combined) and projected fully generational mortality improvements using scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

The long-term expected rate of return on pension plan investments 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 rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table.

Actuarial assumptions reflect benefit changes resulting from CH 340 laws of 2019 (HB616), which grants a one-time 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020.

Asset Class	Target Allocation Percentage	Weighted Average Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.71%
Small/Mid Cap Equities	7.50	4.15%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	3.96%
Emerging Int'l Equities	7.00	6.20%
Total international equities	20.00	
Core Bonds	9.00	0.42%
Global Multi-Sector Fixed Income	10.00	1.66%
Absolute return fixed income	6.00	0.92%
Total fixed income	25.00	
Private equity	10.00	7.71%
Private debt	5.00	4.81%
Total alternatives investments	15.00	
Real estate	10.00	2.95%
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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 and 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 4,373,124	\$ 3,377,992	\$ 2,564,836

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued NHRS financial report.

18. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Town OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2020.

General Information about the OPEB Plan

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

The Town’s OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	2
Active employees	<u>19</u>
Total	<u>21</u>

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the alternative method as of as of December 31, 2020, in accordance with the parameters of GASB Statement No. 75. Alternative measurement method valuations of an ongoing plan are allowed for a sole employer with fewer than one hundred total plan members and involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future, similar to broad measurement steps as would be used by an actuarial valuation for plans whose members exceed one hundred. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The alternative measurement method used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	5.60% , average, including inflation
Discount rate	2.45%
Healthcare cost trend rates	8.5% for 2020, fluctuating 0.5% , to an ultimate rate of 4.5% as of 2027 and later years
Retirees' share of benefit-related costs	100%

The discount rate was based on the Fidelity General Obligation AA 20 Year Bond at December 31, 2020.

Mortality rates were based on the mortality tables at the National Center for Health Statistics. The 2014 United States Life Tables for Males and Females were used.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town’s total OPEB liability of \$561,536 was measured as of December 31, 2020, was determined by an alternative method as of December 31, 2020.

Changes in the Total OPEB Liability

Balance, beginning of year	\$ 401,230
Changes for the year:	
Service cost	45,940
Interest	13,758
Changes in assumptions or other inputs	158,557
Benefit payments	<u>(57,949)</u>
Net change	<u>160,306</u>
Balance, end of year	\$ <u><u>561,536</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13% in 2019 to 2.45% in 2020. All other assumptions were the same as those used in the previous measurement.

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1%	Current	1%
	Decrease	Discount	Increase
	(1.45%)	Rate	(3.45%)
	<u> </u>	<u>(2.45%)</u>	<u> </u>
\$	761,959	\$ 561,536	\$ 418,304

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (7.5%)	Current Healthcare Cost Trend Rates (8.5%)	1% Increase (9.5%)
\$ 524,534	\$ 561,536	\$ 601,656

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

For the year ended December 31, 2020, the Town recognized an OPEB expense of \$(16,520). At December 31, 2020, the Town did not have any deferred outflows or (inflows) of resources related to the total OPEB liability.

New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The OPEB plan is closed to new entrants. The monthly Medical Subsidy rates are:

- 1 Person - \$375.56
- 2 Person - \$751.12
- 1 Person Medicare Supplement - \$236.84
- 2 person Medicare Supplement - \$473.68

Contributions

Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the Medical Subsidy payment is via the employer contributions rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Town contributed 0.29% of gross payroll for Group I employees, and 3.66% and 3.66% of gross payroll for Group II fire and police department members, respectively. Employees are not required to contribute. The State Legislature has the authority to establish, amend, and discontinue the contribution requirements of the Medical Subsidy plan.

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same as in the Retirement System footnote.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2020 was \$232,202 representing .05304929%.

For the year ended December 31, 2020, the Town recognized OPEB expense related to the NHRS Medical Subsidy of \$3,664. At December 31, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 13,026	\$ -
Change in assumptions	1,493	-
Difference between expected and actual experience	-	(673)
Changes in proportion	-	(2,550)
Net difference between projected and actual OPEB investment earnings	<u>869</u>	<u>-</u>
Total	<u>\$ 15,388</u>	<u>\$ (3,223)</u>

The \$13,026 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

<u>Year ended December 31:</u>	
2021	\$ (1,664)
2022	257
2023	307
2024	<u>239</u>
Total	\$ <u>(861)</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
\$ 252,147	\$ 232,202	\$ 214,885

Healthcare Cost Trend Rate

Healthcare cost trend rates are not applicable given that the benefits are fixed stipends.

Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at December 31, 2020:

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred (Inflows) of Resources</u>	<u>Total OPEB Expense</u>
Town OPEB Plan	\$ 561,536	\$ -	\$ -	\$ (16,520)
Proportionate share of NHRS Medical Subsidy Plan	<u>232,202</u>	<u>15,388</u>	<u>(3,223)</u>	<u>3,664</u>
Total	\$ <u>793,738</u>	\$ <u>15,388</u>	\$ <u>(3,223)</u>	\$ <u>(12,856)</u>

19. Change in Accounting Principle

During 2020, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a general fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

20. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end the Town's General Fund has \$53,009 in encumbrances that will be honored in the next fiscal year.

21. Subsequent Events

Management has evaluated subsequent events through June 24, 2022, which is the date the financial statements were available to be issued.

22. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending December 31, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not evaluated the effect this standard will have on the financial statements.

TOWN OF MILTON, NEW HAMPSHIRE

Required Supplementary Information
General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources/(Uses) - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	Original <u>Budget</u>	Final <u>Budget</u>		
Revenues:				
Property taxes	\$ 2,550,150	\$ 2,550,150	\$ 2,134,440	\$ (415,710)
Penalties, interest and other taxes	145,594	145,594	126,530	(19,064)
Charges for services	18,500	18,500	61,895	43,395
Intergovernmental	435,285	435,285	524,172	88,887
Licenses and permits	835,800	835,800	967,565	131,765
Investment income	15,000	15,000	10,670	(4,330)
Miscellaneous	16,500	16,500	28,812	12,312
	4,016,829	4,016,829	3,854,084	(162,745)
Total Revenues				
Expenditures:				
General government	1,425,027	1,425,027	1,166,614	258,413
Public safety	1,496,941	1,496,941	1,488,543	8,398
Highways and streets	669,933	669,933	521,971	147,962
Sanitation	205,532	205,532	233,696	(28,164)
Health	22,602	22,602	9,070	13,532
Welfare	66,396	66,396	24,853	41,543
Culture and recreation	122,288	122,288	129,459	(7,171)
Conservation	16,123	16,123	5,178	10,945
Redevelopment and housing	2,500	2,500	-	2,500
Debt service:				
Principal	270,838	270,838	270,838	-
Interest	91,404	91,404	89,930	1,474
Capital outlay	63,601	63,601	64,501	(900)
	4,453,185	4,453,185	4,004,653	448,532
Total Expenditures				
Other Financing sources/uses				
Transfers in	15,356	15,356	132,345	116,989
Use of fund balance:				
To reduce tax rate	225,000	225,000	225,000	-
To fund warrant articles	243,500	243,500	243,500	-
Transfers out:				
Transfer to capital reserves	(47,500)	(47,500)	(47,500)	-
	436,356	436,356	553,345	116,989
Total Other Financing sources/uses				
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 402,776</u>	\$ <u> 402,776</u>

See Independent Auditor's Report and notes to Required Supplementary Information.

**Notes to Required Supplementary Information
For General Fund Budget**

Budgetary Basis

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

Budget/GAAP Reconciliation

The budgetary data for the General Fund is based upon accounting principles that differ from Generally Accepted Accounting Principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/Uses</u>
GAAP Basis	\$ 3,907,524	\$ 4,312,818	\$ 5,389
Reverse beginning of year appropriation carryforwards from expenditures	-	(361,174)	-
Add end-of-year appropriation carryforwards from expenditures	-	53,009	-
To eliminate capital reserve activity	(53,440)	-	79,456
Recognize use of fund balance as funding source	-	-	468,500
Budgetary Basis	<u>\$ 3,854,084</u>	<u>\$ 4,004,653</u>	<u>\$ 553,345</u>

See Independent Auditor's Report and notes to Required Supplementary Information.

TOWN OF MILTON, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2020	June 30, 2020	0.05281288%	\$3,377,992	\$ 1,361,543	248.10%	58.72%
December 31, 2019	June 30, 2019	0.05407535%	\$2,601,919	\$ 1,346,911	193.18%	65.59%
December 31, 2018	June 30, 2018	0.05480771%	\$2,639,102	\$ 1,326,705	198.92%	64.73%
December 31, 2017	June 30, 2017	0.05571358%	\$2,739,990	\$ 1,272,699	215.29%	62.66%
December 31, 2016	June 30, 2016	0.05650512%	\$3,004,714	\$ 1,192,001	252.07%	58.30%
December 31, 2015	June 30, 2015	0.05770494%	\$2,285,997	\$ 1,217,505	187.76%	65.50%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions

See Independent Auditor's Report.

TOWN OF MILTON, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

New Hampshire Retirement System							
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>	
December 31, 2020	June 30, 2020	\$ 232,507	\$ 232,507	\$ -	\$ 1,382,208	16.82%	
December 31, 2019	June 30, 2019	\$ 242,278	\$ 242,278	\$ -	\$ 1,370,001	17.68%	
December 31, 2018	June 30, 2018	\$ 239,005	\$ 239,005	\$ -	\$ 1,382,208	17.29%	
December 31, 2017	June 30, 2017	\$ 210,500	\$ 210,500	\$ -	\$ 1,267,414	16.61%	
December 31, 2016	June 30, 2016	\$ 201,927	\$ 201,927	\$ -	\$ 1,229,560	16.42%	
December 31, 2015	June 30, 2015	\$ 197,491	\$ 197,491	\$ -	\$ 1,210,436	16.32%	

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions

See Independent Auditor's Report.

TOWN OF MILTON, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Proportionate Share and Contributions of the Net OPEB Liability

(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2020	June 30, 2020	0.05304929%	\$232,202	\$ 1,361,543	17.05%	7.74%
December 31, 2019	June 30, 2019	0.05772204%	\$253,060	\$ 1,346,911	18.79%	7.75%
December 31, 2018	June 30, 2018	0.05821222%	\$266,522	\$ 1,326,705	20.09%	7.53%
December 31, 2017	June 30, 2017	0.03931494%	\$179,761	\$ 1,272,699	0.00%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
December 31, 2020	June 30, 2020	\$ 23,925	\$ 23,925	\$ -	\$ 1,382,208	1.73%
December 31, 2019	June 30, 2019	\$ 26,784	\$ 26,784	\$ -	\$ 1,370,001	1.96%
December 31, 2018	June 30, 2018	\$ 26,293	\$ 26,293	\$ -	\$ 1,382,208	1.90%
December 31, 2017	June 30, 2017	\$ 23,422	\$ 23,422	\$ -	\$ 1,267,414	1.85%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions

See Independent Auditor's Report.

TOWN OF MILTON, NEW HAMPSHIRE

Required Supplementary Information
Schedules of Changes in the Total OPEB Liability

(Unaudited)

Changes in Total OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 45,940	\$ 54,468	\$ 35,885
Interest on unfunded liability	13,758	12,558	12,700
Changes of assumptions	158,557	42,251	(59,663)
Benefit payments, including refunds of member contributions	<u>(57,949)</u>	<u>(50,305)</u>	<u>(39,561)</u>
Net change in total OPEB liability	160,306	58,972	(50,639)
Total OPEB liability - beginning	<u>401,230</u>	<u>342,258</u>	<u>392,897</u>
Total OPEB liability - ending	<u>\$ 561,536</u>	<u>\$ 401,230</u>	<u>\$ 342,258</u>

Above does not include New Hampshire Retirement System Medical Subsidy.

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