

**TOWN OF THORNTON,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2021**

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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# PLODZIK & SANDERSON

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## ***INDEPENDENT AUDITOR'S REPORT***

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

### **Report on the Financial Statements**

#### ***Adverse and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Thornton as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

#### ***Adverse Opinion on Governmental Activities***

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the accompanying financial statements do not present fairly the financial position of the governmental activities of the Town of Thornton, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions***

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Thornton as of December 31, 2021, 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.

#### ***Basis for Opinions***

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

#### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 1-O to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the Town's single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

*Town of Thornton  
Independent Auditor's Report*

***Responsibilities of Management for the Financial Statements***

The Town of Thornton'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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Thornton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Thornton's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the 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,
- Notes to the Required Supplementary Information

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

**Town of Thornton**  
**Independent Auditor's Report**

**Supplementary Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thornton'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 19, 2023  
Concord, New Hampshire

*Plodzik & Sanderson*  
*Professional Association*

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

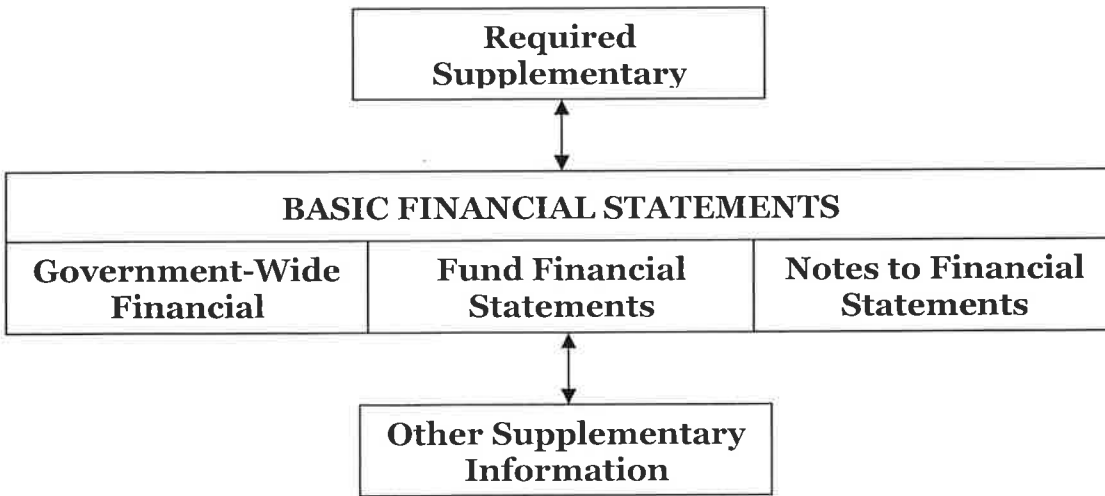
The following is a discussion and analysis of the activities of the Town of Thornton, New Hampshire (the “Town”) for the year ending December 31, 2021. Readers are encouraged to consider the information presented here in conjunction with the Town’s financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town’s financial position, and the results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town’s financial activities have been included.

**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 five components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements
4. Required supplementary information (Management’s Discussion and Analysis, Schedule of the Town’s Proportionate Share of Net Pension Liability, the Schedule of Town Contributions, Pensions, the Schedule of the Town’s Proportionate Share of Net Other Postemployment Benefits Liability and the Schedule of Town Contributions – Other Postemployment Benefits)
5. Other supplementary information



**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to most private-sector companies.

The **Statement of Net Position** presents information on all of the Town’s assets, deferred outflow of resources, liabilities and deferred inflow of resources with the difference between the four reported as net

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

position. Over time, increases and decreases in 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 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 not result in cash flows until future periods (such as uncollected taxes and earned but unused vacation leave). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, 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. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**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 report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

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 statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

**Fiduciary Funds:** These are used to account for resources held for the benefit of parties outside of the Town 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 Town's fiduciary funds include capital reserve funds held for the Thornton School District and a private purpose trust fund held for the Hubbard Brook Foundation.

### **Notes to the Basic Financial Statements**

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

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

**Budgetary Comparison Information**

The basic financial statements include required budgetary comparison information in Exhibit D. This exhibit includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes and the activity as presented in the governmental fund financial statements (Exhibit C-3). The Town's major governmental fund for 2021 is the General Fund.

The following exhibit summarizes the major features of the Town's financial statements.

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
<b>SCOPE</b>	Entire Town government (except fiduciary funds)	All activities of the Town that are not proprietary or fiduciary	Instances in which the Town is the trustee or agent for someone else's resources.
<b>REQUIRED FINANCIAL STATEMENTS</b>	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Changes in Fiduciary Net Position
<b>ACCOUNTING BASIS</b>	Accrual	Modified Accrual	Accrual
<b>MEASUREMENT FOCUS</b>	Economic Resources	Current Financial Resources	Economic Resources
<b>TYPE OF INFORMATION ASSETS AND LIABILITIES</b>	All assets and liabilities, both financial and capital, short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both short-term and long-term.
<b>TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.



**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

The Town's net position totaled \$4,134,938 at the end of 2021, an increase of \$146,641 or 4% when compared to the end of the previous year. This change is primarily due to increases in asset accounts consisting of cash in the amount of \$2,755,033, investments by \$713,845 and tax deeded property, subject to resale, in the amount of \$120,507. The increases in assets were partially offset by a decrease in net investment in capital assets in the amount of (\$141,501). Deferred outflows of resources related to pensions and other postemployment benefits decreased by (\$60,261). Additionally, there were increases in liability accounts from intergovernmental payable in the amount of \$3,214,194, unavailable revenue – donations by \$132,926 and deferred inflows of resources - amounts related to pension by \$396,276. These increases in liabilities were offset by partially decreases from accounts payable in the amount of (\$57,217) and net pension liability by (\$437,012).

	<b>Governmental Activities - 2020 (Restated)</b>	<b>Governmental Activities - 2021</b>	<b>Change</b>
Current assets	\$ 2,825,177	\$ 6,427,817	\$ 3,602,640
Restricted assets	5,047	12,727	7,680
Capital assets	<u>2,892,478</u>	<u>2,750,977</u>	<u>(141,501)</u>
Total assets	<u>5,722,702</u>	<u>9,191,521</u>	<u>3,468,819</u>
Deferred outflow of resources			
	<u>541,151</u>	<u>480,890</u>	<u>(60,261)</u>
Current liabilities	177,693	3,328,272	3,150,579
Long-term liabilities	<u>2,060,442</u>	<u>1,635,376</u>	<u>(425,066)</u>
Total liabilities	<u>2,238,135</u>	<u>4,963,648</u>	<u>2,725,513</u>
Deferred inflow of resources	<u>37,421</u>	<u>573,825</u>	<u>536,404</u>
Net position:			
Net investment in			
capital assets	2,892,478	2,750,977	(141,501)
Restricted	279,747	281,501	1,754
Unrestricted	<u>816,072</u>	<u>1,102,460</u>	<u>286,388</u>
Total net position	<u>\$ 3,988,297</u>	<u>\$ 4,134,938</u>	<u>\$ 146,641</u>

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

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

spending. Although the Town's investment in its capital assets is reported net of any 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.

**Statement of Activities**

During the current year the Town's net position increased by \$146,641. Total expenses of \$3,450,120 were exceeded by revenues of 3,596,761.

Property and other taxes generated \$1,961,387 in revenues for the Town. Motor vehicle, permit fees, licenses and other fees generated \$687,542 in revenues. Other general revenues consisted of grants and contributions and miscellaneous revenues. Program revenue consisted of operating grants and contributions and charges for services which had \$302,690 and \$237,994 in revenue, respectively.

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

Changes in net position for the year ending December 31, 2021 are as follows:

	<b>Governmental Activities - 2020 (Restated)</b>	<b>Governmental Activities - 2021</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 156,567	\$ 237,994	\$ 81,427
Operating grants and contributions	505,225	302,690	(202,535)
Capital grants and contributions	-	-	-
General revenues:			
Property and other taxes	1,907,866	1,961,387	53,521
Licenses and permits	650,307	687,542	37,235
Grants and contributions	173,293	192,141	18,848
Unrestricted investment earnings	20,140	-	(20,140)
Miscellaneous	144,415	215,007	70,592
Total revenues	<u>3,557,813</u>	<u>3,596,761</u>	<u>38,948</u>
<b>Expenditures:</b>			
General government	749,772	689,377	(60,395)
Public safety	1,292,944	1,294,096	1,152
Highways and streets	580,916	772,949	192,033
Sanitation	540,046	527,332	(12,714)
Health and welfare	73,747	74,170	423
Culture and recreation	88,314	91,439	3,125
Conservation	335	757	422
Total expenditures	<u>3,326,074</u>	<u>3,450,120</u>	<u>124,046</u>
Increase in net position	231,739	146,641	(85,098)
Net position, beginning of year	<u>3,756,558</u>	<u>3,988,297</u>	<u>231,739</u>
Net position, end of year	<u>\$ 3,988,297</u>	<u>\$ 4,134,938</u>	<u>\$ 146,641</u>

The Town's expenses cover a range of services. The largest expenses were for public safety (37.51%), general government (19.98%), highway and streets (22.40%), and sanitation (15.28%), which accounted for 95.18% of total expenditures.

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

**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 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, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of each year.

**General Fund**

The General Fund is the operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$1,423,918 while total General Fund equity was \$2,622,200. The total fund equity includes nonspendable, restricted, committed and unassigned fund balances at year-end. The General Fund unassigned fund balance increased by \$6,821 from December 31, 2020.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues on the budgetary basis were over the budgeted amount by \$249,491. This is primarily due to increased revenues from the following budgeted sources: \$37,444 from property and other taxes, \$35,042 from licenses, permits, and fees, \$77,994 from charges for services and \$100,820 from miscellaneous. The revenue increase was partially offset by decreased revenue from intergovernmental sources in the amount of (\$1,809).

The Town under expended its budget by \$221,876. This is primarily due to savings realized in general government of \$28,784, public safety of \$106,095, highway and streets of \$31,042, sanitation of \$33,943, welfare – direct assistance of \$9,049, culture and recreation of \$8,405, interest on tax anticipation notes of \$1,000, and capital outlay of \$3,389.

**OTHER FINANCIAL HIGHLIGHTS**

None of the 2020 appropriations were remaining or encumbered to offset 2021 expenditures and none of the 2021 appropriations were remaining or encumbered to offset 2022 expenditures.

**CAPITAL ASSET AND LONG-TERM OBLIGATIONS**

**Capital Assets**

The Town considers a capital asset to be an asset whose cost exceeds \$10,000 and has an estimated minimum useful life in excess of one year. Capital assets are depreciated using the straight-line method over the course of the assets estimated useful life.

The Town's gross investment in capital assets for its governmental activities as of December 31, 2021 amounts to \$4,531,996 with \$1,781,019 in accumulated depreciation. The net book value of capital assets for governmental activities is \$2,750,977 as of December 31, 2021. This investment in capital assets includes vehicles and equipment, building and building improvements and land and land improvements. See Note 8 of the Notes to the Basic Financial Statements for a summary of all capital assets.

**TOWN OF THORNTON, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2021**

**Long-Term Obligations**

During 2021, the Town made long-term obligation additions in the amount of \$11,946 and payments totaling \$437,012. See Note 12 of the Notes to the Basic Financial Statements for a summary of all outstanding long-term obligations. GASB #34 requires that these liabilities be reflected as a reduction in net position.

**ECONOMIC CONDITIONS**

The Town is not planning any new building projects at this time.

The Town is not considering any major changes in staffing levels at this time.

The Town is continuing to actively pursue the use of capital reserve accounts to save monies incrementally that will be used toward the payment of future purchases. Several new capital reserves were requested and approved in 2021.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all of Thornton citizens, taxpayers, 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 to: Town of Thornton, Selectmen's Office, 16 Merrill Access Road, Thornton, NH 03285.

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2021*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,611,153
Investments	1,832,537
Taxes receivables (net)	757,950
Account receivables	18,102
Intergovernmental receivable	45,902
Tax dedeed property, subject to resale	162,173
Restricted assets:	
Cash and cash equivalents	12,727
Capital assets:	
Land and construction in progress	154,045
Other capital assets, net of depreciation	2,596,932
Total assets	9,191,521
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	473,925
Amounts related to other postemployment benefits	6,965
Total deferred outflows of resources	480,890
<b>LIABILITIES</b>	
Accounts payable	50,079
Accrued salaries and benefits	41,028
Intergovernmental payable	3,235,005
Long-term liabilities:	
Due within one year	2,160
Due in more than one year	1,635,376
Total liabilities	4,963,648
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	22,823
Unavailable revenue - donations	132,926
Amounts related to pensions	416,570
Amounts related to other postemployment benefits	1,506
Total deferred inflows of resources	573,825
<b>NET POSITION</b>	
Net investment in capital assets	2,750,977
Restricted	281,501
Unrestricted	1,102,460
Total net position	\$ 4,134,938

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

**EXHIBIT B**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change In Net Position
General government	\$ 689,377	\$ 194	\$ -	\$ (689,183)
Public safety	1,294,096	99,276	3,166	(1,191,654)
Highways and streets	772,949	-	102,943	(670,006)
Sanitation	527,332	138,524	196,581	(192,227)
Health	65,957	-	-	(65,957)
Welfare	8,213	-	-	(8,213)
Culture and recreation	91,439	-	-	(91,439)
Conservation	757	-	-	(757)
Total governmental activities	<u>\$3,450,120</u>	<u>\$ 237,994</u>	<u>\$ 302,690</u>	<u>(2,909,436)</u>
General revenues:				
Taxes:				
Property				1,794,849
Other				166,538
Motor vehicle permit fees				657,727
Licenses and other fees				29,815
Grants and contributions not restricted to specific programs				192,141
Miscellaneous				215,007
Total general revenues				<u>3,056,077</u>
Change in net position				146,641
Net position, beginning, as restated (see Note 17)				3,988,297
Net position, ending				<u>\$ 4,134,938</u>

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



**EXHIBIT C-1**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,354,084	\$ 257,069	\$ 3,611,153
Investments	1,802,028	30,509	1,832,537
Taxes receivable	822,950	-	822,950
Accounts receivable	18,102	-	18,102
Intergovernmental receivable	45,902	-	45,902
Interfund receivable	-	8,775	8,775
Tax deeded property, subject to resale	162,173	-	162,173
Restricted assets:			
Cash and cash equivalents	12,727	-	12,727
Total assets	<u>\$ 6,217,966</u>	<u>\$ 296,353</u>	<u>\$ 6,514,319</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 50,079	\$ -	\$ 50,079
Accrued salaries and benefits	41,028	-	41,028
Intergovernmental payable	3,235,005	-	3,235,005
Interfund payable	8,775	-	8,775
Total liabilities	<u>3,334,887</u>	<u>-</u>	<u>3,334,887</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	127,953	-	127,953
Unavailable revenue - donations	132,926	-	132,926
Total deferred inflows of resources	<u>260,879</u>	<u>-</u>	<u>260,879</u>
<b>FUND BALANCES</b>			
Nonspendable	162,173	279,447	441,620
Restricted	1,575	2,054	3,629
Committed	1,034,534	14,852	1,049,386
Unassigned	1,423,918	-	1,423,918
Total fund balances	<u>2,622,200</u>	<u>296,353</u>	<u>2,918,553</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,217,966</u>	<u>\$ 296,353</u>	<u>\$ 6,514,319</u>

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

*EXHIBIT C-2*  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*December 31, 2021*

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$2,918,553
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$4,531,996	
Less accumulated depreciation	<u>(1,781,019)</u>	
		2,750,977
Pension and other postemployment benefit (OPEB) related deferred outflows of current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 473,925	
Deferred inflows of resources related to pensions	(416,570)	
Deferred outflows of resources related to OPEB	6,965	
Deferred inflows of resources related to OPEB	<u>(1,506)</u>	
		62,814
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (8,775)	
Payables	<u>8,775</u>	
		-
Long-term revenues (taxes) is not available to pay current period expenditures and therefore, is deferred in governmental funds.		105,130
Allowance for uncollectible property taxes that is recognized on the full accrual basis, but not on the modified accrual basis.		(65,000)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 21,596	
Accrued landfill postclosure care costs	64,800	
Net pension liability	1,432,641	
Other postemployment benefits	<u>118,499</u>	
		<u>(1,637,536)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$4,134,938</u></u>

**EXHIBIT C-3**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2021**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,965,848	\$ 1,500	\$ 1,967,348
Licenses and permits	687,542	-	687,542
Intergovernmental	497,794	-	497,794
Charges for services	237,994	-	237,994
Miscellaneous	208,235	3,809	212,044
Total revenues	<u>3,597,413</u>	<u>5,309</u>	<u>3,602,722</u>
<b>EXPENDITURES</b>			
Current:			
General government	673,332	2,054	675,386
Public safety	1,247,635	-	1,247,635
Highways and streets	683,555	-	683,555
Sanitation	501,072	-	501,072
Health	65,957	-	65,957
Welfare	8,213	-	8,213
Culture and recreation	89,633	-	89,633
Conservation	757	-	757
Capital outlay	4,611	-	4,611
Total expenditures	<u>3,274,765</u>	<u>2,054</u>	<u>3,276,819</u>
Net change in fund balances	322,648	3,255	325,903
Fund balances, beginning, as restated (see Note 17)	<u>2,299,552</u>	<u>293,098</u>	<u>2,592,650</u>
Fund balances, ending	<u>\$ 2,622,200</u>	<u>\$ 296,353</u>	<u>\$ 2,918,553</u>

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

*EXHIBIT C-4*  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2021*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 325,903
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. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 65,094	
Depreciation expense	<u>(206,595)</u>	(141,501)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		(5,961)
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.		
Increase in compensated absences payable	\$ (8,256)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(18,161)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(5,383)</u>	<u>(31,800)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 146,641</u></u>

**EXHIBIT D**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
*For the Fiscal Year Ended December 31, 2021*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,922,443	\$ 1,959,887	\$ 37,444
Licenses and permits	652,500	687,542	35,042
Intergovernmental receivable	496,640	494,831	(1,809)
Charges for services	160,000	237,994	77,994
Miscellaneous	110,000	210,820	100,820
Total revenues	<u>3,341,583</u>	<u>3,591,074</u>	<u>249,491</u>
<b>EXPENDITURES</b>			
Current:			
General government	702,116	673,332	28,784
Public safety	1,287,903	1,181,808	106,095
Highways and streets	682,030	650,988	31,042
Sanitation	535,015	501,072	33,943
Health	66,158	65,957	201
Welfare	17,262	8,213	9,049
Culture and recreation	91,374	82,969	8,405
Conservation	725	757	(32)
Debt service:			
Interest	1,000	-	1,000
Capital outlay	8,000	4,611	3,389
Total expenditures	<u>3,391,583</u>	<u>3,169,707</u>	<u>221,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>421,367</u>	<u>471,367</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (350,000)</u>	<u>121,367</u>	<u>\$ 471,367</u>
Increase in nonspendable fund balance		(120,507)	
Unassigned fund balance, beginning		<u>1,463,188</u>	
Unassigned fund balance, ending		<u>\$ 1,464,048</u>	

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

**EXHIBIT E-1**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2021**

	Private Purpose Trust Funds	All Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,220	\$ 1,109
Intergovernmental receivable	-	3,196,381
Total assets	<u>3,220</u>	<u>3,197,490</u>
<b>LIABILITIES</b>		
Intergovernmental payables:		
School	-	3,196,381
<b>NET POSITION</b>		
Restricted	<u>\$ 3,220</u>	<u>\$ 1,109</u>

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

**EXHIBIT E-2**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2021**

	Private Purpose Trust Funds	All Custodial Funds
<b>ADDITIONS</b>		
Contributions	\$ 1,700	\$ -
Investment earnings	11	(4)
Change in fair market value	(23)	-
Tax collections for other governments	-	7,628,673
Collection of State motor vehicle fees	-	205,948
Total additions	<u>1,688</u>	<u>7,834,617</u>
<b>DEDUCTIONS</b>		
Scholarships	1,500	-
Payments of taxes to other governments	-	7,628,673
Payments of motor vehicle fees to State	-	205,948
Total deductions	<u>1,500</u>	<u>7,834,621</u>
Change in net position	188	(4)
Net position, beginning	3,032	1,113
Net position, ending	<u>\$ 3,220</u>	<u>\$ 1,109</u>

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

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**DECEMBER 31, 2021**

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**TOWN OF THORNTON, NEW HAMPSHIRE**  
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**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Thornton, 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 Thornton is a municipal corporation governed by an elected 5-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.

***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, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town's single employer plan have been omitted because the liability and expense have not been determined. 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. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense of the Town's single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

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

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

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

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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 Funds** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

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

The Town reports the following fiduciary funds:

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

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

### ***1-C Cash and Cash Equivalents***

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

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

### ***1-D Restricted Assets***

Certain Town assets are classified as restricted assets because they are earmarked for a specific purpose such as developer’s cash deposits.

### ***1-E Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

- New Hampshire law authorizes the Town to invest in the following type of obligations:
- Obligations of the United States government,
  - The public deposit investment pool established pursuant to RSA 383:22,

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

**Level 3** – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

### ***1-F Receivables***

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

### ***1-G Capital Assets***

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

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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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 one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

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

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

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Land improvements	30
Buildings and building improvements	10-50
Machinery, equipment, and vehicles	3-20
Infrastructure	20

***1-H 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-I Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 19, 2021 and November 18, 2021, and due on July 1, 2021 and December 28, 2021. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2020 on May 25, 2021.

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, Thornton School District, Pemi-Baker Regional School District, Waterville Estates Village District, and Grafton County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2021 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$431,122,754
For all other taxes	\$440,374,654

The tax rates and amounts assessed for the year ended December 31, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 4.34	\$1,912,074
School portion:		
State of New Hampshire	1.77	762,463
Local	13.02	5,733,456
County portion	1.64	722,212
Precinct portion	14.57	410,542
Total	<u>\$ 35.34</u>	<u>\$9,540,747</u>

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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***1-J Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2021.

***1-K 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-L Long-term Obligations***

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

***1-M Compensated Absences***

General leave for the Town includes vacation and sick 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 the Town's personnel policy/handbook.

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-N 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-O Postemployment Benefits Other Than Pensions***

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

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

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**Single Employer Plan** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

**1-P 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.

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

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

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

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

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

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

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

**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.

The Board of Selectmen have adopted a fund balance policy with regards to maintaining an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (NHGFOA), which are as follow:

- 5% to 15% of the regular general fund operating revenues or
- 8% to 17% of the regular general fund operating expenditures.

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***1-Q Use of Estimates***

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

***NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

***2-A Budgetary Information***

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$350,000 of the beginning general fund unassigned fund balance was applied for this purpose.

***2-B Budgetary Reconciliation to GAAP Basis***

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

Revenues:	
Per Exhibit D (budgetary basis)	\$ 3,591,074
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	378
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	5,961
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,597,413</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,469,707
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	105,058
To eliminate transfers between general and blended funds	(300,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,274,765</u>



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**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town's deposits are entirely covered by Federal Depository Insurance Corporation (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 \$3,628,209 and the bank balances totaled \$4,129,364. Petty cash totaled \$350.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$3,623,880
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	4,329
Total cash and cash equivalents	<u>\$3,628,209</u>

**NOTE 4 – RESTRICTED ASSETS**

Cash is classified as restricted for the following purposes:

Cash and cash equivalents:	
General fund:	
Escrow accounts	<u>\$ 12,727</u>

**NOTE 5 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2021:

	Valuation Measurement Method	Reported Balance	Exempt from Disclosure
Investments type:			
Fixed income mutual funds	Level 2	<u>\$ 30,509</u>	<u>\$ 30,509</u>
Investments carried at amortized cost:			
New Hampshire Public Deposit Investment Pool		<u>1,802,028</u>	
		<u>\$ 1,832,537</u>	

**Interest Rate Risk** – This 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 Board of Selectmen investment policy states that investment of assets held in the common cash fund and any other investments shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity. The Trustees of Trust Funds investment policy does not directly address this risk.

**Credit Risk** – The Board of Selectmen investment policy manages credit risk by investing in obligations of the U.S. government, such as U.S. Treasury securities managing in less than one year and short-term obligations of the U.S. Government agencies approved for investment purposes by the State of New Hampshire. The Trustees of Trust Funds investment policy states that assets shall be invested only in such instruments as may be specifically authorized by the Revised Statutes Annotated by the State of New Hampshire.

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The Town's investment pool had the following credit risk structure:

Investments Type	Reported Balance	Exempt from Disclosure
Fixed income mutual funds	\$ 30,509	\$ 30,509
New Hampshire Public Deposit Investment Pool	1,802,028	1,802,028
Total	<u>\$ 1,832,537</u>	<u>\$ 1,832,537</u>

*\*Per Moody's*

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board of Selectmen investment policy states that some form of collateral must secure funds on deposit, in excess of FDIC limits, witnessed by a written agreement and held at an independent third-party institution in the name of the municipality. The Trustees of Trust Funds investment policy does not directly address this risk.

**Concentration of Credit Risk** – Both the Board of Selectmen and Trustees of Trust Funds investment policies place no limit on the amount it may invest in any one issuer. No more than 5% of the Town's investments are held in any one issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)     \$1,832,537

**NOTE 6 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$65,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2021	\$ 691,332	\$ 691,332
Unredeemed (under tax lien):		
Levy of 2020	76,403	76,403
Levy of 2019	48,415	48,415
Land use change	6,800	6,800
Less: allowance for estimated uncollectible taxes	(65,000) *	-
Net taxes receivable	<u>\$ 757,950</u>	<u>\$ 822,950</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 accrual basis of accounting (Exhibits A and B).

**NOTE 7 – OTHER RECEIVABLES**

Receivables at December 31, 2021, consisted of accounts (franchise fees) and intergovernmental amounts arising from services provided to other governments. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

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Receivables as of December 31, 2021 for the Town's individual major fund and nonmajor funds in the aggregate are as follows:

	General Fund	Fiduciary Funds
Receivables:		
Accounts	\$ 18,102	\$ -
Intergovernmental	45,902	3,196,381 <sup>1</sup>
Total receivables	<u>\$ 64,004</u>	<u>\$ 3,196,381</u>

1. Fiduciary Funds – Intergovernmental receivable represents property taxes collected on behalf of Thornton School District, Pemi-Baker Regional School District, and Waterville Estates Village District. These amounts are collected and are not part of the Town's general fund cash at year-end. The general fund reports an offsetting intergovernmental payable for this amount at year-end, see Note 10.

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 154,045	\$ -	\$ -	\$ 154,045
Being depreciated:				
Land improvements	357,832	-	-	357,832
Buildings and building improvements	1,061,182	-	-	1,061,182
Machinery, equipment, and vehicles	1,301,496	65,094	-	1,366,590
Infrastructure	1,592,347	-	-	1,592,347
Total capital assets being depreciated	<u>4,312,857</u>	<u>65,094</u>	<u>-</u>	<u>4,377,951</u>
Total all capital assets	<u>4,466,902</u>	<u>65,094</u>	<u>-</u>	<u>4,531,996</u>
Less accumulated depreciation:				
Land improvements	(268,180)	(12,208)	-	(280,388)
Buildings and building improvements	(232,307)	(19,168)	-	(251,475)
Machinery, equipment, and vehicles	(839,061)	(95,602)	-	(934,663)
Infrastructure	(234,876)	(79,617)	-	(314,493)
Total accumulated depreciation	<u>(1,574,424)</u>	<u>(206,595)</u>	<u>-</u>	<u>(1,781,019)</u>
Net book value, capital assets being depreciated	<u>2,738,433</u>	<u>(141,501)</u>	<u>-</u>	<u>2,596,932</u>
Net book value, all governmental activities capital assets	<u>\$ 2,892,478</u>	<u>\$(141,501)</u>	<u>\$ -</u>	<u>\$ 2,750,977</u>

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

General government	\$ 9,308
Public safety	63,271
Highways and streets	111,227
Sanitation	22,789
Total depreciation expense	<u>\$ 206,595</u>

**NOTE 9 – INTERFUND BALANCES**

The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor	General	<u>\$ 8,775</u>

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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 10 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2021 consist of the following:

	General Fund	Custodial Funds
Fees due to the State of New Hampshire	\$ 2,166	\$ -
Balance due to the New Hampshire Retirement System	27,335	-
Other miscellaneous balances	9,123	-
Property taxes due to the custodial funds	2 3,196,381	-
Property taxes due to the Pemi-Baker Regional School District	3 -	1,029,332
Property taxes due to the Thornton School District	3 -	1,945,627
Property taxes due to the Waterville Estates Village District	3 -	221,422
Total intergovernmental payables due	\$ 3,235,005	\$ 3,196,381

2. Property taxes due to the custodial funds represent amounts collected by the Town on behalf of the Pemi-Baker Regional School District, Thornton School District, and Waterville Estates Village District and are reported as a component of general fund cash at year-end.
3. Property taxes due to the Pemi-Baker Regional School District, Thornton School District, and Waterville Estates Village District represent amounts collected by the Town that will be paid to the governmental entities in incremental payments as based upon an agreed-upon schedule in the next calendar year.

**NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources at December 31, 2021 consist of amounts related to pensions totaling \$473,925 and amounts related to OPEB totaling \$6,965. For further discussion on these amounts, see Note 13 and 14, respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$105,130
Property taxes collected in advance of warrant	22,823	22,823
Grants and donations received in advance of eligible expenditures	132,926	132,926
Amounts related to pensions, see Note 13	416,570	-
Amounts related to OPEB, see Note 14	1,506	-
Total deferred inflows of resources	\$ 573,825	\$260,879

**NOTE 12 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Compensated absences	\$ 13,340	\$ 8,256	\$ -	\$ 21,596	\$ -
Accrued landfill postclosure care costs	64,800	-	-	64,800	2,160
Net pension liability	1,869,653	-	(437,012)	1,432,641	-
Net other postemployment benefits	114,809	3,690	-	118,499	-
Total long-term liabilities	\$2,062,602	\$ 11,946	\$ (437,012)	\$ 1,637,536	\$ 2,160

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**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in prior years. 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 \$64,800 as of December 31, 2021, which is based on the amount that would be paid if all equipment, facilities, and services required to monito and maintain the landfill were acquired as of December 31, 2021. 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.

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

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

**Benefits Provided** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

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 benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (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 1/1/12 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:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For the period of January 1, 2021 to June 30, 2021, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. For the period of July 1, 2021 to December 31, 2021 the Town contributed 30.67% for police, 29.78% for fire and 13.75% for other employees. The contribution requirement for the fiscal year 2021 was \$173,973, which was paid in full.

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**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2021 the Town reported a liability of \$1,432,641 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Town’s proportion was .03232553% which was an increase of .00309461% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$192,125. At December 31, 2021 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	\$ 185,621	\$ 894
Changes in assumptions	149,632	-
Net difference between projected and actual investment earnings on pension plan investments	-	400,677
Differences between expected and actual experience	40,116	14,999
Contributions subsequent to the measurement date	98,556	-
Total	\$ 473,925	\$ 416,570

The \$98,556 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2022	\$ 37,597
2023	15,798
2024	6,766
2025	(101,362)
2026	-
Thereafter	-
Totals	\$ (41,201)

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

- Inflation: 2.0%
- Salary increases: 5.6% average, including inflation
- Wage inflation: 2.75% (2.25% for Teachers)
- Investment rate of return: 6.75% net of pension plan investment expense, including inflation

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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the collective total pension liability was 6.75%. 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 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 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 2,048,841	\$ 1,432,641	\$ 918,630

**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.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
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**NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**14-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2021 Annual Comprehensive Financial Report, which can be found on the system’s website at [www.nhrs.org](http://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 2021 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 the period of January 1, 2021 to June 30, 2021, the Town contributed 3.66% for police and fire, and 0.29% for other employees. For the period of July 1, 2021 to December 31, 2021, the Town contributed 3.21% for police and fire, and 0.31% for other employees. The contribution requirement for the fiscal year 2021 was \$13,906, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2021, the Town reported a liability of \$118,499 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the Town’s proportion was .02959102% which was an increase of .00336152% from its proportion measured as of June 30, 2020.



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For the year ended December 31, 2021, the Town recognized OPEB expense of \$19,281. At December 31, 2021, 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	\$ 123	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	1,481
Differences between expected and actual experience	-	25
Contributions subsequent to the measurement date	6,842	-
Total	\$ 6,965	\$ 1,506

The \$6,842 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2022	\$ (240)
2023	(311)
2024	(349)
2025	(483)
2026	-
Thereafter	-
Totals	\$ (1,383)

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

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75% (2.25% for Teachers)
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation for determining solvency contributions

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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - June 30, 2019.

**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.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
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Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Total fixed income	25.00%	
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the OPEB liability calculated using the discount rate of 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2021	\$ 128,818	\$ 118,499	\$ 109,521

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

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

**14-B Town of Thornton Retiree Health Benefit Program**

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town’s contractual agreements.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
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The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2021 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

**NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION**

Net position reported on the governmental and fiduciary funds Statements of Net Position at December 31, 2021 include the following:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Net investment in capital assets:		
Net book value, all capital assets	\$ 2,750,977	\$ -
Restricted net position:		
Permanent fund principal	279,447	-
Permanent fund income	2,054	-
Individuals, organizations, and other governments	-	4,329
Total restricted net position	<u>281,501</u>	<u>4,329</u>
Unrestricted	1,102,460	-
Total net position	<u>\$ 4,134,938</u>	<u>\$ 4,329</u>

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>			
Tax deeded property	\$ 162,173	\$ -	\$ 162,173
Permanent fund - principal balance	-	279,447	279,447
Total nonspendable fund balance	<u>162,173</u>	<u>279,447</u>	<u>441,620</u>
<b>Restricted:</b>			
Library	1,575	-	1,575
Permanent - income balance	-	2,054	2,054
Total restricted fund balance	<u>1,575</u>	<u>2,054</u>	<u>3,629</u>
<b>Committed:</b>			
Expendable trust	1,034,534	-	1,034,534
Conservation commission	-	14,852	14,852
Total committed fund balance	<u>1,034,534</u>	<u>14,852</u>	<u>1,049,386</u>
<b>Unassigned</b>	<u>1,423,918</u>	<u>-</u>	<u>1,423,918</u>
Total governmental fund balances	<u>\$ 2,622,200</u>	<u>\$ 296,353</u>	<u>\$ 2,918,553</u>

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

Net position/fund balance at January 1, 2021 was restated to give retroactive effect to the following prior period adjustment:

	Governmental Activities	Other Governmental Funds
To restate for investment balance that was not properly reported in prior years	\$ 15,331	\$ 15,331
Net position/fund balance, as previously reported	3,972,966	277,767
Net position/fund balance, as restated	\$ 3,988,297	\$ 293,098

**NOTE 18 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2021 to December 31, 2021 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> 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 2021 the Town paid \$52,657 and \$18,570 respectively, to Primex for property, liability, and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

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

**NOTE 19 – CONTINGENCIES**

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

The Town is a defendant in various claims and suits. Although the outcome of these claims and suits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**NOTE 20 – COVID-19**

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Town was allotted a total of \$265,493 in federal funding from the American Rescue Plan Act (ARPA) in 2021. A total of \$132,746 or 50% of the funding was received in 2021. The remainder is expected to be received in 2022. Eligible uses of these funds include pandemic response or its negative impacts, workforce/personnel, including payroll and hazard/premium pay, provision of government services to the extent of reduced revenue and necessary water, sewer, and broadband investment. For the year ended December 31, 2021 the Town spent none of the funds received, which are included in deferred inflows of resources until eligible expenditures have been made.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**NOTE 21 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, 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. No such tax abatement programs requiring disclosure were identified.

**NOTE 22 – 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 19, 2023, the date the December 31, 2021 financial statements were available to be issued, and no events occurred that requires recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2021*  
**Unaudited**

	December 31,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Town's proportion of the net pension liability	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%
Town's proportionate share of the net pension liability	\$ 954,284	\$ 897,554	\$ 900,115	\$ 1,258,685	\$ 1,194,503	\$ 1,360,934	\$ 1,364,679	\$ 1,869,653	\$ 1,432,641
Town's covered payroll (as of measurement date)	\$ 510,618	\$ 568,957	\$ 558,717	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230	\$ 928,326
Town's proportionate share of the net pension liability as a percentage of its covered payroll	186.89%	157.75%	161.10%	222.88%	182.09%	184.08%	170.26%	227.39%	154.33%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

**EXHIBIT G**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2021*  
*Unaudited*

	December 31,								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 55,134	\$ 77,576	\$ 76,228	\$ 84,758	\$ 88,979	\$ 119,457	\$ 123,426	\$ 129,856	\$ 173,973
Contributions in relation to the contractually required contributions	55,134	77,576	76,228	84,758	88,979	119,457	123,426	129,856	173,973
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year)	\$ 510,618	\$ 568,957	\$ 558,717	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230	\$ 969,367
Contributions as a percentage of covered payroll	10.80%	13.63%	13.64%	15.01%	13.56%	16.16%	15.40%	15.79%	17.95%



**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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

***Changes in Benefit Terms*** - There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – There were no changes in assumptions for the current period.

***Methods and Assumptions Used to Determine Contribution Rates***– A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2021. 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.

**EXHIBIT H**  
**TOWN OF THORNTON, 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 December 31, 2021*  
**Unaudited**

	December 31.					
	2016	2017	2018	2019	2020	2021
Town's proportion of the net OPEB liability	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%
Town's proportionate share of the net OPEB liability (asset)	\$ 73,775	\$ 69,306	\$ 126,745	\$ 121,774	\$ 114,809	\$ 118,499
Town's covered payroll (as of measurement date)	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230	\$ 928,353
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	13.06%	10.57%	17.14%	15.19%	13.96%	12.76%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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

*EXHIBIT 1*  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2021*  
*Unaudited*

	December 31,					
	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 8,855	\$ 8,984	\$ 12,245	\$ 12,676	\$ 12,175	\$ 13,906
Contributions in relation to the contractually required contribution	8,855	8,984	12,245	12,676	12,175	13,906
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll (as of fiscal year)	\$ 564,736	\$ 655,994	\$ 739,311	\$ 801,504	\$ 822,230	\$ 969,367
Contributions as a percentage of covered payroll	1.57%	1.37%	1.66%	1.58%	1.48%	1.43%

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

**TOWN OF THORNTON, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2021**

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

***Changes in Benefit Terms*** - There were no changes in benefit terms for the current period.

***Changes in Assumptions*** – There were no changes in assumptions for the current period.

***Methods and Assumptions Used to Determine Contribution Rates*** – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at [www.nhrs.org](http://www.nhrs.org).

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2021. 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.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2021*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,787,913	\$ 1,794,849	\$ 6,936
Land use change	30,000	67,751	37,751
Yield	2,000	1,677	(323)
Other	500	-	(500)
Excavation	1,000	832	(168)
Payment in lieu of taxes	44,030	44,030	-
Interest and penalties on taxes	57,000	50,748	(6,252)
Total from taxes	<u>1,922,443</u>	<u>1,959,887</u>	<u>37,444</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	500	420	(80)
Motor vehicle permit fees	625,000	657,727	32,727
Building permits	12,000	15,025	3,025
Other	15,000	14,370	(630)
Total from licenses, permits, and fees	<u>652,500</u>	<u>687,542</u>	<u>35,042</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	192,141	192,141	-
Highway block grant	102,969	102,943	(26)
Other	1,530	3,166	1,636
Federal:			
Other governments	200,000	196,581	(3,419)
Total from intergovernmental	<u>496,640</u>	<u>494,831</u>	<u>(1,809)</u>
<b>Charges for services:</b>			
Income from departments	<u>160,000</u>	<u>237,994</u>	<u>77,994</u>
<b>Miscellaneous:</b>			
Sale of municipal property	24,000	23,881	(119)
Interest on investments	1,000	1,251	251
Other	85,000	185,688	100,688
Total from miscellaneous	<u>110,000</u>	<u>210,820</u>	<u>100,820</u>
Total revenues	3,341,583	<u>\$ 3,591,074</u>	<u>\$ 249,491</u>
Unassigned fund balance used to reduce tax rate	350,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,691,583</u>		

See Independent Auditor's Report.

**SCHEDULE 2**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations and Expenditure (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2021*

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
General government:			
Executive	\$ 296,990	\$ 292,343	\$ 4,647
Election and registration	40,016	33,639	6,377
Financial administration	85,371	80,040	5,331
Revaluation of property	31,927	31,926	1
Legal	30,001	21,769	8,232
Personnel administration	9,500	9,334	166
Planning and zoning	60,912	78,858	(17,946)
General government buildings	51,301	37,311	13,990
Cemeteries	35,800	24,451	11,349
Insurance, not otherwise allocated	48,697	61,861	(13,164)
Other	11,601	1,800	9,801
Total general government	<u>702,116</u>	<u>673,332</u>	<u>28,784</u>
Public safety:			
Police	801,944	704,403	97,541
Fire	478,828	471,744	7,084
Building inspection	2,952	1,731	1,221
Emergency management	4,179	3,930	249
Total public safety	<u>1,287,903</u>	<u>1,181,808</u>	<u>106,095</u>
Highways and streets	<u>682,030</u>	<u>650,988</u>	<u>31,042</u>
Sanitation:			
Administration	282,834	258,198	24,636
Solid waste collection	100	-	100
Solid waste disposal	245,001	238,301	6,700
Solid waste clean-up	4,320	2,138	2,182
Other	2,760	2,435	325
Total sanitation	<u>535,015</u>	<u>501,072</u>	<u>33,943</u>
Health:			
Administration	1,234	1,033	201
Health agencies	64,924	64,924	-
Total health	<u>66,158</u>	<u>65,957</u>	<u>201</u>
Welfare:			
Administration and direct assistance	<u>17,262</u>	<u>8,213</u>	<u>9,049</u>
Culture and recreation:			
Parks and recreation	1,000	1,000	-
Library	89,824	81,409	8,415
Patriotic purposes	550	560	(10)
Total culture and recreation	<u>91,374</u>	<u>82,969</u>	<u>8,405</u>
Conservation	<u>725</u>	<u>757</u>	<u>(32)</u>
Debt service:			
Interest on tax anticipation notes	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Capital outlay	<u>8,000</u>	<u>4,611</u>	<u>3,389</u>
Other financing uses:			
Transfers out	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total appropriations and expenditures	<u>\$ 3,691,583</u>	<u>\$ 3,469,707</u>	<u>\$ 221,876</u>

See Independent Auditor's Report.

**SCHEDULE 3**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2021**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,463,188
Changes:		
Unassigned fund balance used to reduce 2021 tax rate		(350,000)
2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 249,491	
Unexpended balance of appropriations (Schedule 2)	<u>221,876</u>	
2021 Budget surplus		471,367
Increase in nonspendable fund balance		<u>(120,507)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,464,048
<b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(105,130)
Elimination of the allowance for uncollectible taxes		<u>65,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,423,918</u></u>



**SCHEDULE 4**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2021**

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,077	\$ 250,992	\$ 257,069
Investments	-	30,509	30,509
Interfund receivable	8,775	-	8,775
Total assets	<u>\$ 14,852</u>	<u>\$ 281,501</u>	<u>\$ 296,353</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ 279,447	\$ 279,447
Restricted	-	2,054	2,054
Committed	14,852	-	14,852
Total fund balances	<u>\$ 14,852</u>	<u>\$ 281,501</u>	<u>\$ 296,353</u>

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**SCHEDULE 5**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2021**

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
<b>REVENUES</b>			
Taxes	\$ 1,500	\$ -	\$ 1,500
Miscellaneous	1	3,808	3,809
Total revenues	<u>1,501</u>	<u>3,808</u>	<u>5,309</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	2,054	2,054
Net change in fund balances	1,501	1,754	3,255
Fund balances, beginning, as restated (see Note 17)	13,351	279,747	293,098
Fund balances, ending	<u>\$ 14,852</u>	<u>\$ 281,501</u>	<u>\$ 296,353</u>

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**SCHEDULE 6**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2021**

	Custodial Funds			Total
	Taxes	Trust Funds	State MV Permits	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,109	\$ -	\$ 1,109
Intergovernmental receivables	3,196,381	-	-	3,196,381
Total assets	<u>3,196,381</u>	<u>1,109</u>	<u>-</u>	<u>3,197,490</u>
<b>LIABILITIES</b>				
Intergovernmental payables:				
School districts	3,196,381	-	-	3,196,381
<b>NET POSITION</b>				
Restricted	<u>\$ -</u>	<u>\$ 1,109</u>	<u>\$ -</u>	<u>\$ 1,109</u>

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**SCHEDULE 7**  
**TOWN OF THORNTON, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2021**

	Custodial Funds			Total
	Taxes	Trust Funds	State MV Permits	
<b>ADDITIONS</b>				
Investment earnings	\$ -	\$ (4)	\$ -	\$ (4)
Tax collections for other governments	7,628,673	-	-	7,628,673
Collection of State motor vehicle fees	-	-	205,948	205,948
Total additions	<u>7,628,673</u>	<u>(4)</u>	<u>205,948</u>	<u>7,834,617</u>
<b>DEDUCTIONS</b>				
Payments of taxes to other governments	7,628,673	-	-	7,628,673
Payments of motor vehicle fees to State	-	-	205,948	205,948
Total deductions	<u>7,628,673</u>	<u>-</u>	<u>205,948</u>	<u>7,834,621</u>
Change in net position	-	(4)	-	(4)
Net position, beginning	-	1,113	-	1,113
Net position, ending	<u>\$ -</u>	<u>\$ 1,109</u>	<u>\$ -</u>	<u>\$ 1,109</u>