

# TOWN OF EPSOM, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020

**TOWN OF EPSOM, NEW HAMPSHIRE  
FINANCIAL REPORT  
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DECEMBER 31, 2020**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

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

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note I.B.5. to the financial statements, in the year ended December 2020, the Town adopted new accounting guidance regarding the accounting and reporting for Fiduciary Activities. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 8 and the pension and OPEB schedules on pages 39 to 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

*Roberts & Greene, PLLC*

Concord, New Hampshire  
September 28, 2021

TOWN OF EPSOM, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Town of Epsom's Discussion and Analysis is intended to provide an overview of the financial activities of the Town for the year ended December 31, 2020. Please read this in conjunction with the accompanying financial statements.

### Financial Highlights

- Beginning in 2018, Epsom implemented financial reporting requirements of GASB 75 relative to Other Post-Employment Benefits (OPEB). OPEB include benefits like medical and dental insurance for retirees. Although Epsom does not provide any payment or cost share of retiree insurance, the perception is that retirees receive a beneficial premium cost through participation in Epsom's rating pool. The liability for this perceived benefit is required to be reported.
- Epsom's Government-Wide Net Position shows an increase of \$183,963 at year-end 2020.
- The Fire Department purchased portable radios for \$12,785 with funds from the Fire & Rescue Apparatus Fund.
- The Highway Department purchased a truck for \$81,260 and spent \$291,382 on improvements to Town infrastructure.
- The Library purchased a new roof for \$38,550.

### Overview of the Financial Statements

The annual financial report for the Town of Epsom is a series of statements detailing the financial activity of the Town over the year. The Town's activities include general government services, police and fire, road maintenance, parks and recreation and community development. Property taxes, franchise fees, user fees and licenses, state and federal grants and interest income pay for these activities.

The basic financial statements are the government-wide financial statements, the fund financial statements, and notes to the financial statements. The report also contains other supplementary information such as the budgetary schedule. These components are described below.

**Government-wide financial statements** – These are two statements designed to provide a broad overview of the Town's finances in a manner similar to private sector businesses. They are presented on the accrual basis of accounting. This means that revenues and expenditures are shown when incurred, which could be before cash actually comes in or goes out. These statements also include all assets and liabilities of the Town. This means that Town-owned buildings, equipment and infrastructure (roads, bridges, etc.) are now included in the financial statements along with any related depreciation.

The Statement of Changes in Net Position presents information on all the Town's assets and liabilities, with the difference between the two reported as Net Position. The amount of Net Position is one way to gauge the financial health of the Town.

The Statement of Activities presents information about how the revenues and expenses of the Town during 2020 have changed the Net Position. All changes in Net Position, including revenues and expenditures, are shown even if the cash has not been received or paid at the year's end. An example would be taxes that have been billed but are not paid by December 31.

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*(Continued on next page)*

TOWN OF EPSOM, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Over time the increases or decreases in Net Position may serve as an indication of whether the Town's overall financial condition is improving or deteriorating. These changes should be viewed in context with the changes in the Town's property tax base and the condition of the Town's infrastructure.

**Fund financial statements** – A fund is a grouping of related accounts used to maintain control over money designated for a specific purpose. Fund accounting is used by all state and local governments. Its use ensures and shows compliance with finance related legal requirements.

**Governmental Funds** – Governmental funds are used to account for the Town's basic activities. These funds use a modified accrual accounting method that measures cash and all assets that can be quickly converted to cash. They focus on money in and money out and the balances remaining at the end of the year. Governmental fund statements have a narrower focus 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.

The Town of Epsom reports one major fund - the General Fund. The Town also maintains several other governmental funds. Information for those funds is consolidated into a single, aggregated presentation ("Other Governmental Funds").

### **Fiduciary Funds**

The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. These funds include those held by the Trustee of Trust Funds for the school and Village District, and escrow funds related to Planning and Zoning issues that are held by the Treasurer. All of the Town's fiduciary activities are reported in a separate statement of fiduciary Net Position. We exclude these activities from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

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

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as budget to actual comparisons of expenditures and revenues.

### **Government-Wide Financial Analysis**

As stated earlier, the amount of the Town's Net Position may serve over time as a useful indicator of Epsom's financial condition.

As of December 31, 2020, assets exceeded liabilities by \$10,907,392. This is a 2% increase over the year end 2019.

TOWN OF EPSOM, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following is a summary of the Town's Net Position for 2020 compared to the 2019 Net Position.

	<b>Governmental Activities 2020</b>	<b>Governmental Activities 2019</b>
Current and Other Assets	\$ 11,172,616	\$ 10,901,019
Capital Assets, net of Depreciation	8,069,190	8,074,861
Deferred Outflows	<u>749,939</u>	<u>235,219</u>
Total Assets	<u>19,991,745</u>	<u>19,211,099</u>
Current Liabilities	5,393,342	5,389,906
Non-Current Liabilities	3,249,928	2,461,558
Deferred Inflows	<u>441,083</u>	<u>636,206</u>
Total Liabilities	<u>9,084,353</u>	<u>8,487,670</u>
Net Position:		
Investments in Capital Assets, Net of Related Debt	8,069,190	8,074,861
Restricted	507,738	486,173
Unrestricted	<u>2,330,464</u>	<u>2,162,395</u>
Total Net Position	<u>\$ 10,907,392</u>	<u>\$ 10,723,429</u>

The capital assets of land, buildings, infrastructure, equipment and vehicles, less depreciation and net of any related debt of which there was none, decreased by \$5,671 (.07%) from 2019 to 2020. Additions and disposals during 2020 were \$490,105 and 46,670, respectively. Capital assets represent 74% of year end Net Position. The capital assets are used to provide services to the Town and therefore do not represent money available for future spending. Non-capital assets of cash, cash equivalents and receivables, net of liabilities, total \$2,838,202, and are 26% of Net Position at year end 2020. Eighteen percent of the non-capital assets, \$507,738, are restricted for specific uses such as the Trust funds for perpetual care of cemetery plots, for the benefit of the Library, and the Lillian Morrison funds. Eighty two percent of the non-capital assets, \$2,330,464, are classified as unrestricted, but include receivables for unpaid taxes which are not cash available for spending, as well as funds designated for specific purposes such as conservation, and ambulance and fire apparatus replacement.

At year end 2020, current liabilities of \$5,393,342 were 59% of the total liabilities. Ninety eight percent of these liabilities, or \$5,297,767, is the school's share of 2020 property taxes that were collected by the Town, but transferred to the school between January 1 and June 30 of 2021. Non-current liabilities and deferred revenue totaled \$3,691,011 and comprise 41% of total liabilities. Of this amount, \$2,790,485 (59%) is the Town's proportionate share of the pension related liability as measured on June 30, 2018, and \$413,689 (11%) is Other Post-Employment Benefits payable.

One of the factors that create changes in Net Position is the governmental activity of the Town. The Changes in Net Position statement compares the 2020 revenues and expenses from governmental activities to those for 2019 along with their effect on Net Position for each year. At year end 2020, the Net Position had increased 2% over the 2019 Net Position.

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TOWN OF EPSOM, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Town does not rely solely on property taxes to fund its activities. In 2020, 44% of total revenue came from property taxes and 56% came from other sources as shown below.

	<b>Changes in Net Position</b>	
	<b>Governmental Activities 2020</b>	<b>Governmental Activities 2019</b>
Revenues:		
Program Revenues:		
Charges for Services	\$ 226,213	\$ 328,495
Grants and Contributions	297,550	309,088
General Revenues:		
Property Taxes – General Purpose	1,776,025	1,585,544
Other Taxes	153,888	293,673
Licenses and Permits	1,160,137	1,141,099
Unrestricted Grants and Contributions	299,893	304,760
Miscellaneous	<u>127,470</u>	<u>175,993</u>
<b>Total Revenues</b>	<u>4,041,176</u>	<u>4,138,652</u>
Expenses:		
General Government and Administration	808,233	755,071
Public Safety–Police, Fire, Emerg. Mgmt	1,575,783	1,259,154
Highway Department	901,524	815,639
Sanitation	243,893	207,565
Water Distribution	7,200	10,000
Health	11,569	11,417
Welfare	31,811	42,262
Culture and Recreation	252,116	283,996
Conservation	687	11,952
Economic Development	240	0
Capital Outlay	<u>24,157</u>	<u>0</u>
<b>Total Expenses</b>	<u>3,857,213</u>	<u>3,397,056</u>
Change in Net Position	183,963	730,684
Net Position – Beginning of Year	<u>\$ 10,723,429</u>	<u>\$ 9,992,745</u>
<b>Net Position – End of Year</b>	<u><u>\$ 10,907,392</u></u>	<u><u>\$ 10,723,429</u></u>

Revenue from sources other than property tax was \$2,265,151, which was 11% less than in 2019. Program Revenues of \$523,763 were 23% of non-property tax sources and General Revenues not tied to a specific activity or program made up the other 77% at \$1,741,388. As in previous years, Motor Vehicle fees accounted for the largest portion of General Revenues. Also included in General Revenues is the State unrestricted contribution from Rooms and Meals Tax of \$242,235. There was also \$49,048 in municipal aid from the State in 2020. Overall total revenue, including property taxes, was down 2% from 2019.

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TOWN OF EPSOM, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Epsom's governmental expenses included budget and individual warrant article appropriations and the use of grants and contributions received during the year. Total expenses for 2020 were \$3,857,213, up 13% from 2019.

Total revenues from all governmental activities exceeded total expenses from all governmental activities for the year resulting in a \$183,963 increase in Net Position.

### **Financial Analysis of the Government**

Epsom has only government type funds. The focus of these funds is to provide information on near-term inflows, outflows and balances of spendable resources. These funds include the general fund, Library, capital reserve, expendable trust, revolving and special revenue funds. At year end 2020 the combined fund balance was \$5,003,581, an increase of \$286,791 or approximately 6% above the 2019 year-end balance. The general fund balance increased by \$156,037 and the other funds combined balance increased by \$130,754.

### **Budgetary Highlights**

In accordance with the NH Statutes, Epsom's budget year runs from January 1 to December 31. The amount of the operating budget and any additional appropriations are determined by vote of the Town in March of each year. For 2020 the voters approved an operating budget of \$3,598,948 and additional Warrant Article appropriations totaling \$393,600. The total of voted appropriations for 2020 was \$3,992,548. Actual expenditures for 2020 were less than appropriations, and actual revenue was more than estimated revenue which resulted in an increase to Epsom's Unassigned Fund Balance as of December 31, 2020.

The 2020 tax rate was \$21.83 with the Town portion of the rate being \$3.95. When the tax rate was set in October 2020, the Board of Selectmen used \$302,182 of the Unassigned Fund Balance to reduce the tax rate. The amount of the remaining Unassigned Fund Balance was \$2,219,156, which was equal to 17% of 2020 total appropriations. The NH Department of Revenue Administration recommends that municipalities retain a fund balance amount equal to between 5% and 17% of total Town, School and County annual appropriations.

### **Capital Asset and Debt Administration**

**Capital Assets** – As of December 31, 2020 Epsom had capital assets net of depreciation totaling \$8,069,190. These include buildings, parcels of land, bridges, reconstructed roads, the vehicles of the Fire, Police and Highway departments, and equipment with a value greater than \$10,000. The change in value is due to additions and disposals of assets and annual depreciation. Improvements to the road infrastructure in 2020 totaled \$291,382, and included work on the Center Hill bridge as well as work on Center Hill, Echo Valley and Griffin Roads.

**Debt** – As of December 31, 2020 Epsom had no outstanding debt.

### **Economic Factors and Next Year's Budgets and Rates**

TOWN OF EPSOM, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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The voters approved the proposed operating budget of \$3,552,329 for 2021. The voters approved additional appropriations of \$463,400 to be used as follows: \$20,000 for a contingency fund for unanticipated expenses, \$800 to be deposited into the Cemetery Maintenance Expendable Trust Fund, \$4,000 to help control milfoil in Northwood Lake, \$230,000 to be deposited into capital reserve funds, and \$35,000 to be deposited into expendable trust funds. The voters also authorized appropriations of \$173,600 for Fire Department equipment including a ventilator, an electric hoist, and a forestry truck.

The total tax rate for 2020 was set in October of 2020 at \$21.83. The Board of Selectmen used \$302,182 of the Unassigned Fund Balance to reduce the tax rate. The rate is calculated by taking the total of all the appropriations approved in March for the Town and the School, adding in Epsom's share of the Merrimack County appropriation, subtracting the non-property tax revenue that the School and Town expect to receive, and then dividing that amount by the total assessed value of the Town. The Net Valuation of the Town as of September 1, 2020 was \$507,757,821.

**Request for Financial Information**

This financial report is designed to provide a general overview of the Town of Epsom's finances and show accountability for the money the Town receives. The audience for this information is intended to be Epsom's residents, taxpayers, customers and creditors. Questions concerning the information in this report or requests for additional information should be addressed to the Epsom Town Office at 940 Suncook Valley Highway in Epsom, or by mail at PO Box 10, Epsom, NH 03234.

## **BASIC FINANCIAL STATEMENTS**

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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,899,668
Investments	1,168,648
Receivables, net of allowance for uncollectibles	1,061,393
Prepaid items	35,339
Tax deeded property held for resale	7,568
Capital assets, not being depreciated:	
Land	985,065
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,641,540
Machinery, vehicles and equipment	1,158,033
Infrastructure	4,284,552
Total assets	19,241,806
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	719,226
Deferred amounts related to OPEB	30,713
Total deferred outflows of resources	749,939
<b>LIABILITIES</b>	
Accounts payable	70,038
Accrued payroll and benefits	23,559
Intergovernmental payable	5,299,745
Noncurrent obligations:	
Due within one year:	
Compensated absences payable	1,441
Due in more than one year:	
Compensated absences payable	44,313
Net pension liability	2,790,485
Other postemployment benefits liability	413,689
Total liabilities	8,643,270
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	21,031
Deferred amounts related to pensions	281,283
Deferred amounts related to OPEB	138,769
Total deferred inflows of resources	441,083
<b>NET POSITION</b>	
Net investment in capital assets	8,069,190
Restricted for:	
Endowments:	
Nonexpendable	291,758
Expendable	151,803
Other purposes	64,177
Unrestricted	2,330,464
Total net position	\$ 10,907,392

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 808,233	\$ 10,323	\$ 24,504	\$ -	\$ (773,406)
Public safety	1,575,783	215,649	142,261	-	(1,217,873)
Highways and streets	901,524	-	-	130,558	(770,966)
Sanitation	243,893	-	-	-	(243,893)
Water distribution and treatment	7,200	-	-	-	(7,200)
Health	11,569	-	-	-	(11,569)
Welfare	31,811	241	-	-	(31,570)
Culture and recreation	252,116	-	190	-	(251,926)
Conservation	687	-	37	-	(650)
Economic development	240	-	-	-	(240)
Capital outlay	24,157	-	-	-	(24,157)
Total primary government	<u>\$ 3,857,213</u>	<u>\$ 226,213</u>	<u>\$ 166,992</u>	<u>\$ 130,558</u>	<u>(3,333,450)</u>
General revenues:					
Property taxes					1,776,025
Other taxes					153,888
Licenses and permits					1,160,137
Grants and contributions not restricted to specific programs					299,893
Miscellaneous					127,470
Total general revenues					<u>3,517,413</u>
Change in net position					183,963
Net position, beginning					<u>10,723,429</u>
Net position, ending					<u>\$ 10,907,392</u>

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

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

	General	Fire & Rescue Apparatus	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,463,767	\$ 989,053	\$ 446,848	\$ 8,899,668
Investments	-	-	1,168,648	1,168,648
Receivables, net of allowance for uncollectibles:				
Taxes	803,136	-	-	803,136
Accounts	-	168,687	23,776	192,463
Intergovernmental	-	-	9,335	9,335
Liens	56,459	-	-	56,459
Interfund receivable	13,963	-	339	14,302
Prepaid items	35,339	-	-	35,339
Tax deeded property held for resale	7,568	-	-	7,568
Total assets	<u>\$ 8,380,232</u>	<u>\$ 1,157,740</u>	<u>\$ 1,648,946</u>	<u>\$ 11,186,918</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 70,038	\$ -	\$ -	\$ 70,038
Accrued salaries and benefits	23,559	-	-	23,559
Intergovernmental payable	5,299,745	-	-	5,299,745
Interfund payable	-	-	14,302	14,302
Total liabilities	<u>5,393,342</u>	<u>-</u>	<u>14,302</u>	<u>5,407,644</u>
Deferred inflows of resources:				
Deferred revenue	639,566	131,133	4,994	775,693
Fund balances:				
Nonspendable	42,907	-	291,758	334,665
Restricted	7,262	-	208,718	215,980
Committed	31,800	1,026,607	1,129,174	2,187,581
Assigned	57,065	-	-	57,065
Unassigned	2,208,290	-	-	2,208,290
Total fund balances	<u>2,347,324</u>	<u>1,026,607</u>	<u>1,629,650</u>	<u>5,003,581</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,380,232</u>	<u>\$ 1,157,740</u>	<u>\$ 1,648,946</u>	<u>\$ 11,186,918</u>

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

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

Total fund balances of governmental funds (Exhibit 3)		\$ 5,003,581
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 12,055,640	
Less accumulated depreciation	<u>(3,986,450)</u>	8,069,190
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (14,302)	
Payables	<u>14,302</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue	\$ 562,076	
Unavailable ambulance charges	131,133	
Unavailable welfare liens	56,459	
Unavailable grant revenue	<u>4,994</u>	754,662
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	\$ 45,754	
Net pension liability	2,790,485	
Total OPEB liability	<u>413,689</u>	(3,249,928)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 719,226	
Deferred outflows of resources related to OPEB	30,713	
Deferred inflows of resources related to pensions	(281,283)	
Deferred inflows of resources related to OPEB	<u>(138,769)</u>	329,887
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 10,907,392</u></u>

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

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

	General	Fire & Rescue Apparatus	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 2,014,066	\$ -	\$ 3,629	\$ 2,017,695
Licenses, permits and fees	1,160,137	-	-	1,160,137
Intergovernmental	562,927	-	16,962	579,889
Charges for services	14,679	109,626	78,048	202,353
Miscellaneous	67,209	2,639	80,188	150,036
Total revenues	<u>3,819,018</u>	<u>112,265</u>	<u>178,827</u>	<u>4,110,110</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	866,992	-	1,320	868,312
Public safety	1,315,244	-	76,039	1,391,283
Highways and streets	629,912	-	-	629,912
Sanitation	243,893	-	-	243,893
Water distribution and treatment	7,200	-	-	7,200
Health	11,569	-	-	11,569
Welfare	31,811	-	-	31,811
Culture and recreation	225,210	-	7,646	232,856
Conservation	687	-	-	687
Capital outlay	144,245	-	261,311	405,556
Total expenditures	<u>3,477,003</u>	<u>-</u>	<u>346,316</u>	<u>3,823,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>342,015</u>	<u>112,265</u>	<u>(167,489)</u>	<u>286,791</u>
<b>Other financing sources (uses):</b>				
Transfers in	62,785	-	248,914	311,699
Transfers out	(248,763)	(12,785)	(50,151)	(311,699)
Total other financing sources and uses	<u>(185,978)</u>	<u>(12,785)</u>	<u>198,763</u>	<u>-</u>
Net change in fund balances	156,037	99,480	31,274	286,791
Fund balances, beginning	2,191,287	927,127	1,598,376	4,716,790
Fund balances, ending	<u>\$ 2,347,324</u>	<u>\$ 1,026,607</u>	<u>\$ 1,629,650</u>	<u>\$ 5,003,581</u>

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



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

Net change in fund balances of governmental funds (Exhibit 5)		\$ 286,791
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 490,105	
Depreciation expense	<u>(462,129)</u>	27,976
The effect of the disposal of capital assets is to decrease net position.		
		(33,647)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (311,699)	
Transfers out	<u>311,699</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue	\$ (55,582)	
Change in unavailable ambulance revenue	23,860	
Change in unavailable welfare lien	621	
Change in unavailable grant revenue	<u>(4,186)</u>	(35,287)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in compensated absences payable	\$ 20,276	
Decrease in OPEB related balances	<u>53,641</u>	73,917
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 209,983	
Cost of benefits earned, net of employee contributions	<u>(345,770)</u>	(135,787)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 183,963</u></u>

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

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

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,928,571	\$ 1,958,484	\$ 29,913
Licenses, permits and fees	1,102,699	1,160,137	57,438
Intergovernmental	421,855	562,927	141,072
Charges for services	15,635	14,679	(956)
Miscellaneous	64,006	67,209	3,203
Total revenues	<u>3,532,766</u>	<u>3,763,436</u>	<u>230,670</u>
<b>EXPENDITURES</b>			
Current:			
General government	971,630	862,555	109,075
Public safety	1,356,259	1,263,352	92,907
Highways and streets	695,559	632,761	62,798
Sanitation	243,913	243,893	20
Water distribution and treatment	7,200	7,200	-
Health	12,133	11,569	564
Welfare	46,175	31,811	14,364
Culture and recreation	280,009	225,069	54,940
Conservation	4,650	337	4,313
Economic development	420	240	180
Capital outlay	129,800	129,045	755
Total expenditures	<u>3,747,748</u>	<u>3,407,832</u>	<u>339,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(214,982)</u>	<u>355,604</u>	<u>570,586</u>
Other financing sources (uses):			
Transfers in	62,800	62,785	(15)
Transfers out	(244,800)	(248,763)	(3,963)
Total other financing sources and uses	<u>(182,000)</u>	<u>(185,978)</u>	<u>(3,978)</u>
Net change in fund balance	<u>\$ (396,982)</u>	169,626	<u>\$ 566,608</u>
Increase in nonspendable fund balance		(10,691)	
Increase in restricted fund balance		(4,707)	
Unassigned fund balance, beginning		2,616,138	
Unassigned fund balance, ending		<u>\$ 2,770,366</u>	

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

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

	<u>Custodial</u>
Assets:	
Cash and cash equivalents	\$ 145,333
Investments	588,000
Total assets	<u>733,333</u>
Liabilities	<u>-</u>
Net postion	<u>\$ 733,333</u>

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

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

	Custodial
Additions:	
New funds	\$ 65,000
Escrow deposits	3,400
Investment earnings:	
Interest and dividends	19,406
Change in fair value of investments	27,196
Total additions	115,002
Deductions:	
Payments to developers	9,268
Change in net position	105,734
Net position, beginning, as restated, see Note III.D.	627,599
Net position, ending	\$ 733,333

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

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

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. *Entity Defined***

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

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

*Government-Wide Financial Statements*

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

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

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds. The major governmental funds are reported in separate columns with composite columns for nonmajor funds.

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. When calculating fund balance used to set the tax rate annually, unavailable tax revenues are not deferred in accordance with the directions of the New Hampshire Department of Revenue Administration.

Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

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

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

*Governmental Funds*

The Town reports the following major governmental funds:

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

*Fire & Rescue Apparatus Fund* – Reports as a special revenue fund, and is used to account for ambulance activity.

The Town also reports eight nonmajor governmental funds.

*Fiduciary Funds*

The Town reports the following fiduciary funds:

*Custodial Funds* – Account for amounts held by the Town for individuals or other governments. These assets are therefore not available to support the Town's own programs. The Town's custodial funds are used to account for performance bonds held in escrow; and amounts held by the trustees of trust funds that belong to the Epsom School District and Epsom Village District.

**I.B.5. Change in Accounting Principle**

During the year, the Town adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the prior agency fund, which is now reported as a custodial fund, and additions and deductions are now reported on the Statement of Changes in Fiduciary Net Position. The prior year's equity was restated as shown in Note III.D. to reflect this change.

**I.C. Assets, Liabilities, and Net Position or Fund Equity**

**I.C.1. Cash and Investments**

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or



**TOWN OF EPSOM, NEW HAMPSHIRE  
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deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

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

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

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

**I.C.2. Capital Assets and Depreciation**

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition cost on the date donated. The Town generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Buildings and building improvements	15-40
Machinery, vehicles and equipment	5-40
Infrastructure	40-50

**I.C.3. Compensated Absences**

Full-time, permanent employees are granted earned leave time and vacation benefits in varying amounts based on the number of years in employment. Balances lapse at the date of the employee's anniversary. If an employee leaves prior to their anniversary date, they are compensated for the balance at that time.

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

**I.C.4. Equity**

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balances of the Permanent Fund that must be permanently invested for perpetual care and other Town purposes.
- Restricted for other purposes, which consists of the Library Fund whose use is restricted by State law for the support of the library, and the balance of unspent donations whose use is restricted by donors, and drug forfeiture funds to be used for public safety.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of tax deeded property held for resale and prepaid items in the General Fund, and endowments in the Permanent Funds.
- Restricted, which represents the balance of highway block grant funds, the expendable income from the Permanent Fund, the Library Fund, whose use is limited by law, donations restricted by the donors for welfare purposes, and drug forfeiture funds to be used for public safety.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen through the creation of a special revenue fund, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed and assigned balances.

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

**I.D. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2020, \$302,182 of the General Fund fund balance from 2019 was so used, and \$94,800 was appropriated from fund balance.

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

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

**II.B. Reconciliation of General Fund Budgetary Basis to GAAP**

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 3,826,221
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	617,658
Tax revenue deferred in the current year	(562,076)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,881,803</u>

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 3,656,595
Adjustments:	
Basis difference:	
Encumbrances, beginning	158,036
Encumbrances, ending	(88,865)
Per Exhibit 5 (GAAP basis)	<u>\$ 3,725,766</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 2,770,366
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(562,076)
Per Exhibit 3 (GAAP basis)	<u>\$ 2,208,290</u>

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

**III.A. Assets**

**III.A.1. Investments**

As of December 31, 2020, the Town’s reporting entity had the following investments:

Equity Funds	\$ 140,974
Mutual Funds	1,615,674
	<u>\$ 1,756,648</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 1,168,648
Fiduciary funds - statement of fiduciary net position (Exhibit 8)	588,000
Total	<u>\$ 1,756,648</u>

*Investment Risks*

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town does not have an investment policy that places any further restrictions on its investment choices.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town does not have an investment policy that addresses limiting interest rate risk.

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town’s investment policy addresses concentration of credit risk through its asset allocation objectives. As of December 31, 2020, the Town had \$649,252 invested in the Vanguard Short-Term Investment Grade Fund; \$452,304 invested in the Fidelity Short-Term Treasury Bond Index Fund; \$209,213 invested in the Fidelity 500 Index Premium Fund; and \$126,211 in the Baird Aggregate Bond Fund Class Institutional, representing 36.96%, 25.75%, 11.91%, and 7.18%, respectively, of its total investments.

**III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue**

*Property Taxes Receivable and Property Tax Calendar*

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on taxes committed in 2019 and 2020, and 12% per annum on all earlier taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 14% per annum on taxes levied in 2019 and 18% per annum on older taxes is charged upon redemption of liened taxes. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2019 property taxes on May 8<sup>th</sup>.

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

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

For the New Hampshire education tax	\$ 500,202,621
For all other taxes	\$ 507,757,821

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
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The tax rates and amounts assessed for the year ended December 31, 2020 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$3.95	\$ 2,008,610
School portion:		
State of New Hampshire	\$1.91	955,276
Local	\$13.48	6,842,491
County portion	\$2.49	1,263,545
Total property taxes assessed		<u>\$ 11,069,922</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2020		\$ 550,768
Levy of 2018		135
Levy of 2017		133
Levy of 2016		130
Unredeemed (under tax lien):		
Levy of 2019		160,493
Levy of 2018		91,817
Levy of 2017		4,809
Levy of 2016		9,347
Levies of 2015 and prior		8,429
Timber		2,075
Less: allowance for estimated uncollectible taxes		(25,000)
Net taxes receivable		<u>\$ 803,136</u>

*Deferred Revenue*

Deferred revenue of \$775,693 at December 31, 2020 represents \$562,076 of property taxes, \$56,459 of welfare liens, \$131,133 of ambulance service charges, and \$4,994 in grant reimbursements that were not collected within 60 days of year-end; and \$21,031 for prepayments of 2020 taxes. In the Governmental Activities, the prepayments are reported as unearned.

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

**III.A.3. Capital Assets**

*Changes in Capital Assets*

The following table provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 1,017,265	\$ -	\$ (32,200)	\$ 985,065
Being depreciated:				
Buildings and building improvements	2,427,582	38,550	-	2,466,132
Machinery, vehicles and equipment	2,238,832	160,173	(14,470)	2,384,535
Infrastructure	5,928,526	291,382	-	6,219,908
Total capital assets being depreciated	<u>10,594,940</u>	<u>490,105</u>	<u>(14,470)</u>	<u>11,070,575</u>
Total all capital assets	<u>11,612,205</u>	<u>490,105</u>	<u>(46,670)</u>	<u>12,055,640</u>
Less accumulated depreciation:				
Buildings and building improvements	(778,629)	(45,963)	-	(824,592)
Machinery, vehicles and equipment	(1,106,402)	(133,123)	13,023	(1,226,502)
Infrastructure	(1,652,313)	(283,043)	-	(1,935,356)
Total accumulated depreciation	<u>(3,537,344)</u>	<u>(462,129)</u>	<u>13,023</u>	<u>(3,986,450)</u>
Net book value, capital assets being depreciated	<u>7,057,596</u>	<u>27,976</u>	<u>(1,447)</u>	<u>7,084,125</u>
Net book value, all capital assets	<u>\$ 8,074,861</u>	<u>\$ 27,976</u>	<u>\$ (33,647)</u>	<u>\$ 8,069,190</u>

*Depreciation Expense*

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

General government	\$ 4,310
Public safety	132,456
Highways and streets	301,868
Culture and recreation	23,495
Total depreciation expense	<u>\$ 462,129</u>

**III.B. Liabilities**

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

The amount due to other governments at December 31, 2020 consists of \$5,297,767 due to the Epsom School District for the balance of the 2020-2021 district assessment and \$1,978 in fees collected on behalf of the State of New Hampshire.

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
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**III.B.2. Long-Term Liabilities**

Long-term liabilities currently outstanding are as follow:

	Outstanding at 12/31/2020	Current Portion
Compensated absences payable:		
Accrued vacation leave	\$ 45,754	\$ 1,441
Net pension liability	2,790,485	-
Other postemployment benefits payable	413,689	-
	\$ 3,249,928	\$ 1,441

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Balance, beginning	\$ 66,030	\$ 1,990,718	\$ 404,810	\$ 2,461,558
Additions	-	799,767	8,879	808,646
Reductions	(20,276)	-	-	(20,276)
Balance, ending	\$ 45,754	\$ 2,790,485	\$ 413,689	\$ 3,249,928

**III.B.3. Operating Lease**

The Town has an operating lease for its Town Office facilities. The Town is responsible for all utilities for the facility. Total lease expenditure for the year was \$43,584, which was the final year of that particular lease. The Town entered into a new lease on January 1, 2021 with a three-year term. Future lease payments are as follow:

Year Ending December 31,	Total
2021	\$ 36,000
2022	38,400
2023	40,600
Totals	\$ 115,000



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

**III.C.1. *Receivables and Payables***

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

The following schedule reports interfund receivables and payables within the reporting entity at year-end:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 13,963
Nonmajor	Nonmajor	339
		\$ 14,302

The amount due to the General Fund from the Nonmajor Funds represents the return of unspent appropriation funds from the library and overdraft of pooled cash. The amount due to the Nonmajor Funds from the Nonmajor Funds represents income earned on the Permanent Fund that is due to the Library.

**III.C.2. *Transfers***

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	Transfers In:		Total
	General Fund	Nonmajor Funds	
Transfers out:			
General fund	\$ -	\$ 248,763	\$ 248,763
Fire & Rescue Apparatus fund	12,785	-	12,785
Nonmajor funds	50,000	151	50,151
	\$ 62,785	\$ 248,914	\$ 311,699

The amount transferred to the Nonmajor Funds from the General Fund consists of \$239,800 of appropriations to the Expendable Trust Funds; and \$8,963 of land use change taxes to the

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Conservation Commission. The amounts transferred to the General Fund from the Fire and Rescue Apparatus Fund and Nonmajor Funds consisted of appropriations. The \$151 transferred from the Nonmajor Permanent Fund to the Nonmajor Library Fund represents income earned on library trust funds.

**III.D. Restatement of Beginning Equity**

The equity balance of the fiduciary activities at January 1, 2020 was restated as follows:

	Custodial Fund
To implement of GASB Statement No. 84	\$ 627,599
Net position as previously reported	-
Net position as restated	\$ 627,599

**III.E. Fund Equity**

The components of fund balance, as described in Note I.C.4., are classified for the following purposes:

	General Fund	Fire & Rescue Apparatus Fund	Nonmajor Funds
<b>Nonspendable:</b>			
Endowments	\$ -	\$ -	\$ 291,758
Prepaid items	35,339	-	-
Tax deeded property	7,568	-	-
<b>Total nonspendable</b>	<b>42,907</b>	<b>-</b>	<b>291,758</b>
<b>Restricted:</b>			
General government	1,975	-	103,303
Public safety	-	-	46,960
Welfare	5,287	-	-
Culture and recreation	-	-	58,232
Conservation	-	-	223
<b>Total restricted</b>	<b>7,262</b>	<b>-</b>	<b>208,718</b>
<b>Committed:</b>			
Public safety	-	-	54,508
Culture and recreation	-	-	5,029
Conservation	-	-	206,238
Capital outlay	31,800	1,026,607	863,399
<b>Total committed</b>	<b>31,800</b>	<b>1,026,607</b>	<b>1,129,174</b>
<b>Assigned:</b>			
Public safety	42,475	-	-
Highways and streets	13,200	-	-
Culture and recreation	1,390	-	-
<b>Total assigned</b>	<b>57,065</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>2,208,290</b>	<b>-</b>	<b>-</b>
<b>Total fund balance</b>	<b>\$ 2,347,324</b>	<b>\$ 1,026,607</b>	<b>\$ 1,629,650</b>

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**III.F. Restricted Net Position**

The government-wide statement of net position includes restricted net position of \$443,561 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures; \$7,262 in donations restricted for public safety and welfare; and \$56,915 for library funds restricted in accordance with State law.

**IV. Other Information**

**IV.A. Risk Management**

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities. Primex's Worker's Compensation Program is a pooled risk management program under RSA 5-B and RSA 281-A. The membership and coverage run from January 1 to December 31. Information on coverage limits may be obtained from Primex. The Town also received property/liability coverage of various limits from a private insurance company.

Contributions paid in 2020 to be recorded as an insurance expenditure/expense totaled \$66,049 for property/liability and \$36,682 for worker's compensation. There were no unpaid contributions. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, fire personnel, and other employees are

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11.55%, 11.80%, and 7.00%, respectively, of gross earnings. The rates of contribution from the Town were 28.43% for police, 30.09% for fire and 11.17% for other employees. Employer contributions from the Town during the years 2018, 2019 and 2020 were \$211,110, \$182,187 and \$209,982, respectively. The amounts were paid on a monthly basis as due.

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

At December 31, 2020, the Town reported a liability of \$2,790,485 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2020, the Town's proportion was 0.0436%, which is an increase of .0022% from its proportion measured as of June 30, 2019.

For 2020, the Town recognized pension expense of \$345,770. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 87,237	\$ 251,321
Net differences between projected and actual earnings on pension plan investments	172,595	-
Changes in assumptions	276,034	-
Differences between expected and actual experience	75,357	29,962
Town contributions subsequent to the measurement date	108,003	-
	<u>\$ 719,226</u>	<u>\$ 281,283</u>

The Town reported \$108,003 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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

Year Ending December 31,	
2021	\$ 1,076
2022	58,076
2023	121,204
2024	149,584
	<u>\$ 329,940</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020, using the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal
Amortization Period	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	19 years beginning July 1, 2020
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$ 3,612,543	\$ 2,790,485	\$ 2,118,755

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

**IV.C. Other Postemployment Benefits**

*Plan Description*

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

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

Group II employees hired on or after 7/1/11 may retire at age 60, or at age 52.5 with 25 years of service. Retirees contribute 100% of premiums for individual, two-person or family medical coverage. Surviving beneficiaries continue to receive access to the Town's medical coverage after the death of

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the retired employee as long as they pay the required premium. As of January 1, 2019, the actuarial valuation date, there is only one participant of the postretirement plan that meets eligibility requirements. The plan does not issue a separate financial report.

*Implicit Rate Subsidy*

Same benefit options are available to retirees as active employees. Health insurance is purchased through HealthTrust. The Town participates in a Combination of Entities agreement comprised of seven neighboring Towns and one solid waste district for medical coverage rating purposes and their rates are determined based on the experience of the entire combination. The claims experience for active employees and retirees are combined to determine the final premium rate. This single premium rate is called a blended premium because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their claims cost.

*Medical Insurance Subsidy*

The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium will be paid. If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

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

*Total OPEB Liability*

The Town's total OPEB liability of \$413,689 consists of \$202,252 for the implicit rate subsidy determined by an actuarial valuation as of December 31, 2020 and \$211,437 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2019 with roll-forward procedures used to determine the liability as of June 30, 2020. The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments and refunds for the plan year.

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*Methods and Assumptions*

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

Implicit Rate Subsidy:		
Payroll Growth	2.00%	
Discount Rate	2.74%	
Inflation	5.00%	
Investment Rate of Return	N/A	
Mortality	SOA RP-2014 Total Dataset Mortality with Scale MP-2018, (2006 Base Rate)	
Healthcare Trend Rates	2020	4.40%
	2021	9.00%
	2022	8.50%
	2023	8.00%
	2024	7.50%
	2025+	7.00% reduce by 0.5% each year till ultimate Rate of 5.00% is reached in 2029
Medical Insurance Subsidy:		
Payroll Growth	3.25% per year	
Discount Rate	6.75%	
Inflation	2.50%	
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation	
Mortality	RP-2014 Healthy Annuitant and Employee Generational Mortality Table for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015 based on the 2010-2015 experience study.	
Healthcare Cost Trend Rates	N/A, given that the benefits are fixed stipends	

*Sensitivity of Total OPEB Liability*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher:

Implicit Rate Subsidy:			
	1%	Current	1%
	Decrease	Discount	Increase
	(1.74%)	Rate	(3.74%)
	<u>          </u>	<u>          </u>	<u>          </u>
Town's total OPEB liability	\$ 231,148	\$ 202,252	\$ 174,698



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Medical Rate Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's total OPEB liability	\$ 229,598	\$ 211,437	\$ 195,669

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower of 1-percentage point higher:

	1% Decrease (3.40%)	Current Healthcare Cost Trend Rate (4.40%)	1% Increase (5.40%)
Town's total OPEB liability	\$ 167,586	\$ 201,252	\$ 240,761

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

For the year ended December 31, 2020, the Town recognized a decrease in expense of \$21,023 related to OPEB. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 224
Net differences between projected and actual earnings on pension plan investments	791	-
Changes in assumptions	13,777	-
Differences between expected and actual experience	3,349	138,545
Town contributions subsequent to the measurement date	12,796	-
	\$ 30,713	\$ 138,769

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The Town reported \$12,796 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the total OPEB liability in the following year.

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

Year Ending December 31,	
2021	\$ (54,124)
2022	(54,473)
2023	(12,590)
2024	335
	<u>\$ (120,852)</u>

**IV.D. Contingent Liabilities**

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0436%	0.0414%	0.0466%	0.0525%	0.0538%	0.0510%	0.0500%
Town's proportionate share of the net pension liability	\$2,790,485	\$ 1,990,718	\$ 2,244,916	\$ 2,582,815	\$ 2,862,730	\$ 2,019,655	\$ 1,878,483
Town's covered-employee payroll	\$1,085,406	\$ 948,170	\$ 972,159	\$ 989,304	\$ 1,042,535	\$ 938,779	\$ 942,213
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	257.09%	209.95%	230.92%	261.07%	274.59%	205.30%	199.37%
Plan fiduciary position as a percentage of the total pension liability	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 209,983	\$ 182,187	\$ 211,110	\$ 218,031	\$ 223,385	\$ 205,002	\$ 192,412
Contribution in relation to the contractually required contribution	<u>(209,983)</u>	<u>(182,187)</u>	<u>(211,110)</u>	<u>(218,031)</u>	<u>(223,385)</u>	<u>(205,002)</u>	<u>(192,412)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$1,085,406	\$ 948,170	\$ 972,159	\$ 989,304	\$ 1,042,535	\$ 938,779	\$ 942,213
Contributions as a percentage of covered-employee payroll	19.35%	19.21%	21.72%	22.04%	21.43%	21.84%	20.42%

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

	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 14,246	\$ 13,935	\$ 33,491
Interest	20,954	21,515	33,249
OPEB plan administrative expenses	63	139	43
OPEB plan net investment income	(192)	(965)	(1,499)
Changes of assumptions and differences between expected and actual experience	10,953	23,458	11,962
Difference between actual and expected experience	(4,936)	(264,026)	-
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	(607)	(33,524)	45,289
Benefit payments	(31,602)	(32,032)	(18,255)
Net change in total OPEB liability	8,879	(271,500)	104,280
Total OPEB liability, beginning	404,810	676,310	572,030
Total OPEB liability, ending	<u>\$ 413,689</u>	<u>\$ 404,810</u>	<u>\$ 676,310</u>
 Covered-employee payroll	 \$ 1,085,406	 \$ 948,170	 \$ 972,159
 Total OPEB liability as a percentage of covered-employee payroll	 38.11%	 42.69%	 69.57%

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

	2020	2019	2018
Actuarially determined contribution	\$ 45,712	\$ 44,707	\$ 82,055
Contributions in relation to the actuarially determined contribution	(31,409)	(30,979)	(35,682)
Contribution deficiency	<u>\$ 14,303</u>	<u>\$ 13,728</u>	<u>\$ 46,373</u>
Covered-employee payroll	\$ 1,085,406	\$ 948,170	\$ 972,159
Contributions as a percentage of covered-employee payroll	4.21%	4.72%	8.44%

**TOWN OF EPSOM, NEW HAMPSHIRE  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
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The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the fifth year that the Town has presented the pension schedules, and the second year for the OPEB schedules, only six and three years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.



**COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES**

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

	Special Revenue Funds					Capital Projects Fund	Permanent Fund	Total	
	Library	Police Special Duty	Ambulance	Grants	Webster Park	Conservation			Expendable Trust
<b>ASSETS</b>									
Cash and cash equivalents	\$ 66,576	\$ 27,045	\$ 3,309	\$ -	\$ 5,029	\$ 206,238	\$ 131,416	\$ 7,235	\$ 446,848
Investments	-	-	-	-	-	-	731,983	436,665	1,168,648
Receivables:									
Accounts	-	23,776	-	-	-	-	-	-	23,776
Intergovernmental	-	378	-	8,957	-	-	-	-	9,335
Interfund receivable	339	-	-	-	-	-	-	-	339
Total assets	<u>\$ 66,915</u>	<u>\$ 51,199</u>	<u>\$ 3,309</u>	<u>\$ 8,957</u>	<u>\$ 5,029</u>	<u>\$ 206,238</u>	<u>\$ 863,399</u>	<u>\$ 443,900</u>	<u>\$ 1,648,946</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>									
Liabilities:									
Interfund payable	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 14,302</u>
Deferred inflows of resources:									
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,994</u>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	291,758	291,758
Restricted	56,915	-	-	-	-	-	-	151,803	208,718
Committed	-	51,199	3,309	-	5,029	206,238	863,399	-	1,129,174
Total fund balances	<u>56,915</u>	<u>51,199</u>	<u>3,309</u>	<u>-</u>	<u>5,029</u>	<u>206,238</u>	<u>863,399</u>	<u>443,561</u>	<u>1,629,650</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,915</u>	<u>\$ 51,199</u>	<u>\$ 3,309</u>	<u>\$ 8,957</u>	<u>\$ 5,029</u>	<u>\$ 206,238</u>	<u>\$ 863,399</u>	<u>\$ 443,900</u>	<u>\$ 1,648,946</u>

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

	Special Revenue Funds						Capital Projects Fund	Permanent Fund	Total
	Library	Police Special Duty	Ambulance	Grants	Webster Park	Conservation	Expendable Trust		
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,629	\$ -	\$ -	\$ 3,629
Intergovernmental	-	8,005	-	8,957	-	-	-	-	16,962
Charges for services	-	62,048	16,000	-	-	-	-	-	78,048
Miscellaneous	2,763	-	-	-	19	733	54,933	21,740	80,188
Total revenues	<u>2,763</u>	<u>70,053</u>	<u>16,000</u>	<u>8,957</u>	<u>19</u>	<u>4,362</u>	<u>54,933</u>	<u>21,740</u>	<u>178,827</u>
<b>EXPENDITURES</b>									
Current:									
Public safety	-	60,094	15,945	-	-	-	-	-	76,039
Culture and recreation	7,646	-	-	-	-	-	-	-	7,646
Capital outlay	-	-	-	8,957	-	-	252,354	-	261,311
Total expenditures	<u>7,646</u>	<u>60,094</u>	<u>15,945</u>	<u>8,957</u>	<u>-</u>	<u>-</u>	<u>253,674</u>	<u>-</u>	<u>346,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,883)</u>	<u>9,959</u>	<u>55</u>	<u>-</u>	<u>19</u>	<u>4,362</u>	<u>(198,741)</u>	<u>21,740</u>	<u>(167,489)</u>
Other financing sources (uses):									
Transfers in	151	-	-	-	-	8,963	239,800	-	248,914
Transfers out	-	-	-	-	-	-	(50,000)	(151)	(50,151)
Total other financing sources and uses	<u>151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,963</u>	<u>189,800</u>	<u>(151)</u>	<u>198,763</u>
Net change in fund balances	(4,732)	9,959	55	-	19	13,325	(8,941)	21,589	31,274
Fund balances, beginning	61,647	41,240	3,254	-	5,010	192,913	872,340	421,972	1,598,376
Fund balances, ending	<u>\$ 56,915</u>	<u>\$ 51,199</u>	<u>\$ 3,309</u>	<u>\$ -</u>	<u>\$ 5,029</u>	<u>\$ 206,238</u>	<u>\$ 863,399</u>	<u>\$ 443,561</u>	<u>\$ 1,629,650</u>

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

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,781,614	\$ 1,808,225	\$ 26,611
Land use change	45,248	32,662	(12,586)
Timber	9,298	12,898	3,600
Payments in lieu of taxes	22,417	22,893	476
Interest and penalties on delinquent taxes	69,994	81,806	11,812
Total taxes	<u>1,928,571</u>	<u>1,958,484</u>	<u>29,913</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	200	180	(20)
Motor vehicle permits	1,069,219	1,115,759	46,540
Building permits	19,300	24,970	5,670
Other	13,980	19,228	5,248
Total licenses, permits and fees	<u>1,102,699</u>	<u>1,160,137</u>	<u>57,438</u>
<b>Intergovernmental:</b>			
State sources:			
Shared revenue	49,048	49,048	-
Meals and rooms distributions	242,235	242,235	-
Highway block grant	130,572	130,558	(14)
Federal sources:			
GOFERR	-	112,969	112,969
1st Responders	-	8,610	8,610
CARES - election	-	7,832	7,832
FEMA	-	11,675	11,675
Total intergovernmental	<u>421,855</u>	<u>562,927</u>	<u>141,072</u>
<b>Charges for services:</b>			
Income from departments	15,435	14,679	(756)
Other	200	-	(200)
Total charges for services	<u>15,635</u>	<u>14,679</u>	<u>(956)</u>
<b>Miscellaneous:</b>			
Sale of property	1,910	11,445	9,535
Interest on investments	33,000	19,904	(13,096)
Other	29,096	35,860	6,764
Total miscellaneous	<u>64,006</u>	<u>67,209</u>	<u>3,203</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds	62,800	62,785	(15)
Total revenues and other financing sources	3,595,566	<u>\$ 3,826,221</u>	<u>\$ 230,655</u>
Use of fund balance	396,982		
Total revenues, other financing sources and use of fund balance	<u>\$ 3,992,548</u>		

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ 4,437	\$ 228,839	\$ 214,500	\$ -	\$ 18,776
Election and registration	-	65,464	63,500	-	1,964
Financial administration	-	216,383	207,807	-	8,576
Revaluation of property	-	22,000	23,405	-	(1,405)
Legal	-	17,000	10,406	-	6,594
Personnel administration	-	286,895	249,118	-	37,777
Planning and zoning	-	73,104	68,635	-	4,469
General government buildings	-	28,560	18,824	-	9,736
Cemeteries	-	10,385	10,686	-	(301)
Insurance, not otherwise allocated	-	3,000	111	-	2,889
Other	-	20,000	-	-	20,000
Total general government	<u>4,437</u>	<u>971,630</u>	<u>866,992</u>	<u>-</u>	<u>109,075</u>
<b>Public safety:</b>					
Police	69,878	721,426	756,977	5,077	29,250
Fire	21,867	627,572	551,456	36,950	61,033
Emergency management	2,622	7,261	6,811	448	2,624
Total public safety	<u>94,367</u>	<u>1,356,259</u>	<u>1,315,244</u>	<u>42,475</u>	<u>92,907</u>
<b>Highways and streets:</b>					
Administration	-	136,353	131,446	-	4,907
Highways and streets	10,351	533,506	472,867	13,200	57,790
Bridges	-	25,000	24,960	-	40
Street lighting	-	700	639	-	61
Total highways and streets	<u>10,351</u>	<u>695,559</u>	<u>629,912</u>	<u>13,200</u>	<u>62,798</u>
<b>Sanitation:</b>					
Solid waste clean-up	-	243,893	243,893	-	-
Sewage collection and disposal	-	10	-	-	10
Other	-	10	-	-	10
Total sanitation	<u>-</u>	<u>243,913</u>	<u>243,893</u>	<u>-</u>	<u>20</u>
<b>Water distribution and treatment:</b>					
Water services	-	7,200	7,200	-	-
<b>Health:</b>					
Administration	-	4,211	4,069	-	142
Pest control	-	412	-	-	412
Health agencies and hospitals	-	7,510	7,500	-	10
Total health	<u>-</u>	<u>12,133</u>	<u>11,569</u>	<u>-</u>	<u>564</u>
<b>Welfare:</b>					
Administration	-	19,974	18,835	-	1,139
Direct assistance	-	26,201	12,976	-	13,225
Total welfare	<u>-</u>	<u>46,175</u>	<u>31,811</u>	<u>-</u>	<u>14,364</u>

(continued)

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Culture and recreation:</b>					
Parks and recreation	1,531	34,225	10,649	1,390	23,717
Public library	-	237,784	209,765	-	28,019
Patriotic purposes	-	1,500	796	-	704
Other	-	6,500	4,000	-	2,500
<b>Total culture and recreation</b>	<b>1,531</b>	<b>280,009</b>	<b>225,210</b>	<b>1,390</b>	<b>54,940</b>
<b>Conservation:</b>					
Administration	-	3,150	687	-	2,463
Purchase of natural resources	350	1,500	-	-	1,850
<b>Total conservation</b>	<b>350</b>	<b>4,650</b>	<b>687</b>	<b>-</b>	<b>4,313</b>
Economic development	-	420	240	-	180
<b>Capital outlay:</b>					
Machinery, vehicles and equipment	-	94,800	94,045	-	755
Buildings	47,000	35,000	50,200	31,800	-
<b>Total capital outlay</b>	<b>47,000</b>	<b>129,800</b>	<b>144,245</b>	<b>31,800</b>	<b>755</b>
<b>Other financing uses:</b>					
Transfers out:					
Nonmajor funds	-	244,800	248,763	-	(3,963)
<b>Total encumbrances, appropriations, expenditures and other financing uses</b>	<b>\$ 158,036</b>	<b>\$ 3,992,548</b>	<b>\$ 3,725,766</b>	<b>\$ 88,865</b>	<b>\$ 335,953</b>

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

Unassigned fund balance, beginning		\$ 2,616,138
Changes:		
Unassigned fund balance used to reduce tax rate		(302,182)
Unassigned fund balance appropriated		(94,800)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 230,655	
Unexpended balance of appropriations (Exhibit 17)	335,953	
Budget surplus		566,608
Increase in nonspendable fund balance		(10,691)
Increase in restricted fund balance		(4,707)
Unassigned fund balance, ending		\$ 2,770,366



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

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

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

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

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

*Roberts & Greene, PLLC*

September 28, 2021