

TOWN OF KINGSTON, NEW HAMPSHIRE

Financial Statements

December 31, 2019

and

Independent Auditor's Report

TOWN OF KINGSTON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2019

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Kingston, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Kingston, New Hampshire (the "Town"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the Town's single employer other post-employment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities and deferred outflows and deferred inflows of resources, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred outflows and deferred inflows of resources, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities of the Town of Kingston, New Hampshire, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Kingston, New Hampshire, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages i-vi and 31-37 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kingston, New Hampshire's basic financial statements. The combining nonmajor governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental and fiduciary fund financial statements 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 governmental and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vashon Clukay & Company PC

Manchester, New Hampshire
January 26, 2021

Town of Kingston, New Hampshire Management's Discussion and Analysis

Presented herewith please find the Management Discussion & Analysis for the Town of Kingston, New Hampshire for the year ending December 31, 2019. The responsibility for accuracy of the data, the completeness and fairness of this document (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This report and its content have been designed to fairly present the Town's financial position, including the result of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

The Town's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Town of Kingston, New Hampshire using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components:

1. Government-wide financial statements;
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Town of Kingston, New Hampshire Management's Discussion and Analysis

Fund Financial Statements

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

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 3-6.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented here with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town of Kingston maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be the Town's only major fund. Data from the other governmental funds are combined into a single, aggregate presentation.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The Town's fiduciary funds on pages 7-8 include the private-purpose trust funds and agency funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the basic financial statements begin on page 9.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and operating transfers for budgetary purposes (Schedule 1) and the

Town of Kingston, New Hampshire

Management's Discussion and Analysis

activity as presented in the governmental fund financial statements (Exhibit D). The Town's only major governmental fund with an adopted budget for 2019 and 2018 is the General Fund. It also includes the schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability and the schedule of Town pension contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds and fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position of the Town of Kingston as of December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 12,023,830	\$ 11,151,932
Capital assets	<u>13,012,305</u>	<u>12,862,815</u>
Total assets	<u>25,036,135</u>	<u>24,014,747</u>
Deferred outflows of resources	<u>335,541</u>	<u>448,700</u>
Long-term liabilities	163,113	3,867,253
Other liabilities	<u>3,889,437</u>	<u>191,237</u>
Total liabilities	<u>4,052,550</u>	<u>4,058,490</u>
Deferred inflows of resources	<u>293,850</u>	<u>395,215</u>
Net position:		
Invested in capital assets	13,012,305	12,862,815
Restricted	676,122	642,678
Unrestricted	<u>7,336,849</u>	<u>6,504,249</u>
Total net position	<u>\$ 21,025,276</u>	<u>\$ 20,009,742</u>

The largest portion of the Town's net assets reflects its investment in capital assets such as land, buildings, equipment, and infrastructure, less accumulated depreciation and any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town of Kingston, those restrictions include those related to permanent trust funds, impact fees, police asset forfeiture funds, library funds, food pantry funds, and funds whose use is restricted by external grantors.

Town of Kingston, New Hampshire

Management's Discussion and Analysis

Statement of Activities

The Town's net position increased by \$1,015,534 or 5.08% during the current year. Total revenues, contributions to permanent fund principal and gain (loss) on disposal of capital assets of \$7,123,477 exceeded total expenses of \$6,107,943.

Property and other taxes brought in \$2,989,747 in revenues. Licenses and permits generated \$1,523,586 in revenues. Other revenues consisted of charges for services, operating grants and contributions, interest and investment earnings and losses, and other miscellaneous revenues. Other transactions impacting the change in net position include gains and losses on the disposal of capital assets, and contributions to permanent fund principal.

Changes in net position for the years ending December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues:		
Charges for services	\$ 469,467	\$ 403,150
Operating grants and contributions	193,612	272,489
Capital grants and contributions		
General revenues:		
Property and other taxes	2,989,747	2,983,374
Licenses and permits	1,523,586	1,540,334
Grants and contributions	373,533	314,439
Interest and investment earnings (losses)	1,260,849	(211,594)
Miscellaneous	317,518	315,080
Total revenues	<u>7,128,312</u>	<u>5,617,272</u>
Expenses		
General government	1,871,703	1,852,616
Public safety	1,591,357	1,601,249
Highways and streets	1,360,668	1,429,141
Sanitation	540,715	506,150
Health and welfare	141,497	132,619
Culture and recreation	590,571	472,497
Conservation	11,432	1,040
Total expenses	<u>6,107,943</u>	<u>5,995,312</u>
Excess before contributions to permanent fund principal and gain on disposal of capital assets	1,020,369	(378,040)
Contributions to permanent fund principal	4,500	7,800
Gain (loss) on disposal of capital assets	<u>(9,335)</u>	<u>4,769</u>
Change in net position	1,015,534	(365,471)
Net position, beginning of year	20,009,742	20,375,213
Net position, end of year	<u>\$ 21,025,276</u>	<u>\$ 20,009,742</u>

Town of Kingston, New Hampshire Management's Discussion and Analysis

The Town's expenses cover a range of services. The largest expenses were for general government, public safety, and highways and streets, which accounted for 30.6%, 26.1%, and 22.3% respectively, of total expenses.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

General Fund

The general fund is the main operating fund of the Town. At the end of the current year, the general fund had a fund balance of \$10,567,563. This includes an unassigned amount of \$1,589,933. The total General Fund fund balance increased \$757,316 from December 31, 2018.

Public Safety Special Details Fund and Other Governmental Funds

The public safety special details fund accounts for the balances and activity in support of the Town's police fire and ambulance details. At year end, the public safety special details fund had a fund balance of \$152,182; an increase of \$45,802 from December 31, 2018. The total fund balance of \$915,391 in the nonmajor governmental funds is committed/restricted for the purposes of the individually established fund. The largest portion of this total represents the balance in the Permanent Funds (\$354,327 or 38.7%), Ambulance Replacement Fund (\$203,987 or 22.3%), and the Impact Fees Fund (\$129,992 or 14.2%).

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary information for the major governmental fund (the General Fund) is included in the Required Supplementary Information section on pages 31 & 36.

The Town received \$316,575 more in actual budgetary revenues than the budget for estimated revenues. The Town received \$330,436 more in licenses and permits, \$35,658 more in charges for service, and \$11,316 more in miscellaneous income than estimated. Additionally, the Town recognized (\$67,755) less in taxes than estimated.

The actual budgetary expenditures were less than the budgeted appropriations by \$540,223. The Town realized a savings of approximately \$301,581 in general government, \$128,542 in public safety, \$62,804 in highways and streets, \$16,611 in health and welfare, and \$17,795 in culture and recreation.

Town of Kingston, New Hampshire Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town considers a capital asset to be an asset whose cost exceeds \$10,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities as of December 31, 2019 is \$16,872,640. Accumulated depreciation amounts to \$3,860,335, leaving a net book value of \$13,012,305. This investment in capital assets includes equipment, real property, infrastructure, and land. Infrastructure assets are items that are normally immovable and of value only to the Town. Additional information on the Town's capital assets can be found in Note 4 of the Notes to the Basic Financial Statements.

Long-Term Liabilities

The Town reports an OPEB liability, as well as the related deferred outflows and inflows of resources for its proportionate share of the unfunded OPEB liability of the New Hampshire Retirement System in accordance with GASB Statement #75. The Town's portion of the unfunded OPEB liability as of December 31, 2019 is \$297,318. See Note 7 of the basic financial statements for further information.

The Town reports a net pension liability, as well as the related deferred outflows and inflows of resources for its proportionate share of the net pension liability of the New Hampshire Retirement System in accordance with GASB Statement #68. The Town's portion of the unfunded pension liability as of December 31, 2019 is \$3,119,249. Additional information on the Town's net pension liability can be found in Note 8 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS

Taxes are an important factor in funding the Town's general operations, representing 41.9% of total governmental revenues. Motor vehicle, building permits and other permit fees comprise 21.4% of total revenues while intergovernmental revenues make up 8%. The remaining revenue sources account for the remaining 27.6%. The Town does not expect any significant changes to any sources of revenue for the upcoming years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Kingston citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Kingston, New Hampshire, 163 Main Street, Kingston, New Hampshire 03848.

EXHIBIT A
TOWN OF KINGSTON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,891,678
Investments	9,735,097
Taxes receivable, net	333,028
Accounts receivable, net	64,027
Total Current Assets	<u>12,023,830</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	4,364,992
Depreciable capital assets, net	8,647,313
Total Noncurrent Assets	<u>13,012,305</u>
Total Assets	<u>25,036,135</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources attributable to OPEB liability	13,923
Deferred outflows of resources attributable to net pension liability	321,618
Total Deferred Outflows of Resources	<u>335,541</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	119,958
Accrued expenses	38,796
Advances from grantors	4,359
Current portion of accrued landfill postclosure care costs	15,000
Total Current Liabilities	<u>178,113</u>
Noncurrent Liabilities:	
Accrued landfill postclosure care costs	435,000
Estimated pollution remediation obligation	22,870
OPEB liability	297,318
Net pension liability	3,119,249
Total Noncurrent Liabilities	<u>3,874,437</u>
Total Liabilities	<u>4,052,550</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources attributable to OPEB liability	851
Deferred inflows of resources attributable to net pension liability	292,999
Total Deferred Inflows of Resources	<u>293,850</u>
NET POSITION	
Net investment in capital assets	13,012,305
Restricted	676,122
Unrestricted	7,336,849
Total Net Position	<u>\$ 21,025,276</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF KINGSTON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 1,871,703	\$ 22,180		\$ (1,849,523)
Public safety	1,591,357	372,740	\$ 14,916	(1,203,701)
Highways and streets	1,360,668		176,596	(1,184,072)
Sanitation	540,715			(540,715)
Health and welfare	141,497	7,644		(133,853)
Culture and recreation	590,571	66,903	2,100	(521,568)
Conservation	11,432			(11,432)
Total governmental activities	<u>\$ 6,107,943</u>	<u>\$ 469,467</u>	<u>\$ 193,612</u>	<u>(5,444,864)</u>
General revenues:				
Property and other taxes				2,989,747
Licenses and permits				1,523,586
Grants and contributions:				
Rooms and meals tax distribution				316,721
Municipal aid				56,654
Other				158
Interest and investment income				1,260,849
Miscellaneous				317,518
Contributions to permanent funds principal				4,500
Loss on disposal of capital assets				<u>(9,335)</u>
Total general revenues, contributions to permanent fund principal, and loss on disposal of capital assets				<u>6,460,398</u>
Change in net position				1,015,534
Net Position at beginning of year				<u>20,009,742</u>
Net Position at end of year				<u>\$ 21,025,276</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF KINGSTON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2019

	General <u>Fund</u>	Public Safety Special Details <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,089,768	\$ 285,363	\$ 516,547	\$ 1,891,678
Investments	9,331,529		403,568	9,735,097
Taxes receivable, net	333,028			333,028
Accounts receivable, net	45,477	7,346	11,204	64,027
Due from other funds	164,739		8,284	173,023
Total Assets	<u>10,964,541</u>	<u>292,709</u>	<u>939,603</u>	<u>12,196,853</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,964,541</u>	<u>\$ 292,709</u>	<u>\$ 939,603</u>	<u>\$ 12,196,853</u>
LIABILITIES				
Accounts payable	\$ 119,958			\$ 119,958
Accrued expenses	38,796			38,796
Advances from grantors	4,359			4,359
Due to other funds	8,284	\$ 140,527	\$ 24,212	173,023
Total Liabilities	<u>171,397</u>	<u>140,527</u>	<u>24,212</u>	<u>336,136</u>
DEFERRED INFLOWS OF RESOURCES				
Uncollected property taxes	225,581			225,581
Total Deferred Inflows of Resources	<u>225,581</u>	<u>-</u>	<u>-</u>	<u>225,581</u>
FUND BALANCES				
Nonspendable			305,473	305,473
Restricted	109,197		261,452	370,649
Committed	8,828,389	152,182	348,466	9,329,037
Assigned	40,044			40,044
Unassigned	1,589,933			1,589,933
Total Fund Balances	<u>10,567,563</u>	<u>152,182</u>	<u>915,391</u>	<u>11,635,136</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,964,541</u>	<u>\$ 292,709</u>	<u>\$ 939,603</u>	<u>\$ 12,196,853</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF KINGSTON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2019

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 11,635,136
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.	13,012,305
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	225,581
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources attributable to OPEB liability	13,923
Deferred outflows of resources attributable to net pension liability	321,618
Deferred inflows of resources attributable to OPEB liability	(851)
Deferred inflows of resources attributable to net pension liability	(292,999)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Accrued landfill postclosure care costs	(450,000)
Estimated pollution remediation obligation	(22,870)
OPEB liability	(297,318)
Net pension liability	<u>(3,119,249)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 21,025,276</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF KINGSTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General <u>Fund</u>	Public Safety Special Details <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 2,985,050			\$ 2,985,050
Licenses and permits	1,523,586			1,523,586
Intergovernmental	560,885		\$ 6,260	567,145
Charges for services	230,872	\$ 184,197	54,398	469,467
Interest and investment income	1,207,903	2,131	50,815	1,260,849
Miscellaneous	231,159		130,370	361,529
Total Revenues	<u>6,739,455</u>	<u>186,328</u>	<u>241,843</u>	<u>7,167,626</u>
Expenditures:				
Current operations:				
General government	1,806,912		8,941	1,815,853
Public safety	1,273,250	140,526	36,106	1,449,882
Highways and streets	1,269,847			1,269,847
Sanitation	580,345			580,345
Health and welfare	135,870		5,627	141,497
Culture and recreation	496,124		88,746	584,870
Conservation	10,008		1,424	11,432
Capital outlay	417,358		16,217	433,575
Total Expenditures	<u>5,989,714</u>	<u>140,526</u>	<u>157,061</u>	<u>6,287,301</u>
Excess of revenues over (under) expenditures	<u>749,741</u>	<u>45,802</u>	<u>84,782</u>	<u>880,325</u>
Other financing sources (uses):				
Transfers in	18,985		11,410	30,395
Transfers out	(11,410)		(18,985)	(30,395)
Total Other financing sources (uses)	<u>7,575</u>	<u>-</u>	<u>(7,575)</u>	<u>-</u>
Net change in fund balances	757,316	45,802	77,207	880,325
Fund Balances at beginning of year, as restated	<u>9,810,247</u>	<u>106,380</u>	<u>838,184</u>	<u>10,754,811</u>
Fund Balances at end of year	<u>\$ 10,567,563</u>	<u>\$ 152,182</u>	<u>\$ 915,391</u>	<u>\$ 11,635,136</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF KINGSTON, 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, 2019

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 880,325
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,697
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	198,336
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets reduced by the actual proceeds received from the disposal.	(48,846)
Some expenses reported in the statement of activities, such as landfill postclosure care costs and pollution remediation obligations, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	39,630
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflect the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and do not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	(13,404)
Net changes in pension	<u>(45,204)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 1,015,534</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF KINGSTON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 359,426
Investments	\$ 115,542	5,075,373
Taxes receivable		464,277
Total Assets	<u>115,542</u>	<u>5,899,076</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments		5,152,944
Total Liabilities	<u>-</u>	<u>5,152,944</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for:		
Individuals and other governments	<u>115,542</u>	<u>746,132</u>
Total Net Position	<u>\$ 115,542</u>	<u>\$ 746,132</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF KINGSTON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Investment Earnings:		
Interest income	\$ 5,444	\$ 13,097
Unrealized gains on investments	<u>8,941</u>	<u></u>
Total Investment Earnings	<u>14,385</u>	<u>13,097</u>
Property tax collections for other governments		15,233,404
Motor vehicle fee collections for other governments		519,533
Miscellaneous		<u>134,003</u>
Total Additions	<u>14,385</u>	<u>15,900,037</u>
DEDUCTIONS:		
Beneficiary payments to other governments		110,980
Beneficiary payments to individuals	3,500	41,225
Payments of property tax to other governments		15,233,404
Payments of motor vehicle fees to other governments		<u>519,533</u>
Total Deductions	<u>3,500</u>	<u>15,905,142</u>
Change in net position	10,885	(5,105)
Net Position at beginning of year, as restated	<u>104,657</u>	<u>751,237</u>
Net Position at end of year	<u>\$ 115,542</u>	<u>\$ 746,132</u>

See accompanying notes to the basic financial statements

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Kingston, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Kingston, New Hampshire (the “Town”) was incorporated in 1694. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

The *Public Safety Special Details Fund* is used to account for financial resources and expenditures associated with police, fire, and ambulance special details.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's custodial funds are used to account for amounts collected by the Town and remitted to other individuals or governments. These assets are therefore not available to support the Town's own programs. The Town's custodial funds consist of property taxes collected on behalf of Sanborn Regional School District and Rockingham County, motor vehicle fees collected on behalf of the State of New Hampshire, and capital reserve and impact fee funds held on behalf of the school district. Other custodial funds consist of planning board escrow deposits.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 12). Revenue from grants, entitlements, and donations, are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2019, the Town applied \$800,000 of its fund balance to reduce taxes.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2019 are recorded as receivables net of reserves for estimated uncollectible amounts of \$21,000.

Accounts Receivable

The Town recognizes uncollectible accounts under the allowance method. Accounts receivable in the General Fund and Nonmajor Governmental Funds have been recorded net of reserves for estimated uncollectible amounts of \$17,705 and \$43,644, respectively.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads and bridges. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land, land easements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Infrastructure	15-50
Buildings and building improvements	15-100
Machinery, vehicles and equipment	5-30

Compensated Absences

Pursuant to the Town personnel policy, full-time employees are entitled to paid sick and vacation days. Employees who leave the Town's employment for any reason will not be entitled to pay for any unused sick days. Vacation time must be taken prior to the end of the calendar year in which it is earned or it is forfeited.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for certain other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. Long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance:* Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance:* Amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation. Restrictions may be changed or lifted only upon the consent of the external resource provider or enabling legislation.
- *Committed Fund Balance:* Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority (Annual Town Meeting). To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned Fund Balance:* Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance:* Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

Spending Prioritizations

In instances when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned and unassigned.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Minimum Level of Unassigned Fund Balance

It is the Town's intent to maintain an appropriate level of unassigned fund balance, based on the following guidelines established by the New Hampshire Government Finance Officers Association:

- 5% - 15% of regular General Fund operating revenues or,
- 8% - 17% of regular General Fund operating expenditures.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town did not implement the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. GASB Statement 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB Statement 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has implemented the provisions of GASB Statement 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 7).

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,891,678
Investments	9,735,097
Statement of Fiduciary Net Position:	
Cash and cash equivalents	359,426
Investments	5,190,915
	<u>\$ 17,177,116</u>

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Deposits and investments at December 31, 2019 consist of the following:

Cash on hand	\$ 310
Deposits with financial institutions	7,452,492
Investments	9,724,314
	<u>\$ 17,177,116</u>

The Town's investment policy for governmental fund types requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to demand deposits, money market accounts, certificates of deposit, obligations of the US Government maturing in less than one year, and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

Responsibility for the investments of the expendable trust funds, permanent funds, and private-purpose trust funds is with the Board of Trustees of Trust Funds. Investments of the library funds are at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more its fair value becomes sensitive to changes in market interest rates. The Town's investment policy regarding interest rate risk states that investments shall be limited to those with maturity dates that meet projected cash flow needs, with a maximum maturity of one year unless matched to a specific cash flow. The investment policy of the Trustee of Trust Funds states that investments be limited to those with maturity dates that meet the projected cash flow needs of the individual funds.

Information about the sensitivity of the fair value of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (In Years)</u>			
	<u>Fair Value</u>	<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
Corporate bonds	\$ 1,093,016		\$ 246,902	\$ 846,114
US Government agency bonds	1,078,953	\$ 140,999	761,603	176,351
Fixed income mutual funds	1,614,774		555,286	1,059,488
	<u>\$ 3,786,743</u>	<u>\$ 140,999</u>	<u>\$ 1,563,791</u>	<u>\$ 2,081,953</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's policy for managing credit risk of funds in the custody of the Treasurer is to limit the investment of funds not immediately needed for the purpose of expenditure into certificates of deposit, obligations of the United States government, or the NHPDIP. The investment policy of the Trustees of Trust Funds states that funds may be invested in the NHPDIP, obligations guaranteed by the United States government, investment grade fixed income securities, mutual funds, money market funds, and equity investments.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

The following is the actual rating at year end for each investment type:

<u>Rating</u>	<u>Investment Type</u>					<u>Total</u>
	<u>Money market mutual funds</u>	<u>Public deposit investment pool</u>	<u>Corporate bonds</u>	<u>US Government agency bonds</u>	<u>Fixed income mutual funds</u>	
AAAm		\$ 1,976,662				\$ 1,976,662
AA+				\$ 1,078,953		1,078,953
AA			\$ 153,879			153,879
A			714,513			714,513
BBB			224,624			224,624
Not Rated	\$ 200,042				\$ 1,614,774	1,814,816
Total	<u>\$ 200,042</u>	<u>\$ 1,976,662</u>	<u>\$ 1,093,016</u>	<u>\$ 1,078,953</u>	<u>\$ 1,614,774</u>	<u>\$ 5,963,447</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The policy of the Town and the Trustees of Trust Funds states that investments shall be protected through third-party collateralized securities. The Library Trustees have no policy regarding custodial credit risk of its governmental funds.

Of the Town's deposits with financial institutions at year end, \$6,940,347 was collateralized by securities held by the bank in the bank's name. As of December 31, 2019, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
Money market mutual funds	\$ 200,042
Corporate bonds	1,093,016
Equity securities	3,760,867
US Government agency bonds	1,078,953
Fixed income mutual funds	1,614,774
	<u>\$ 7,747,652</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of December 31, 2019, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Totals</u>
	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	
Corporate bonds		\$ 1,093,016		\$ 1,093,016
US Government agency bonds		1,078,953		1,078,953
Fixed income mutual funds	\$ 1,614,774			1,614,774
Equity securities	3,760,867			3,760,867
Money market mutual funds	200,042			200,042
	<u>\$ 5,575,683</u>	<u>\$ 2,171,969</u>	<u>\$ -</u>	<u>\$ 7,747,652</u>

Fixed income mutual funds, equity securities, and money market mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

Corporate bonds and US Government agency bonds classified as Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to bench-mark quoted prices.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 4—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 3,648,410	\$ 358,890	\$ (14,717)	\$ 3,992,583
Land easements	354,071			354,071
Construction in progress		18,338		18,338
Total capital assets not being depreciated	<u>4,002,481</u>	<u>377,228</u>	<u>(14,717)</u>	<u>4,364,992</u>

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Other capital assets:

Infrastructure	3,631,706			3,631,706
Buildings and building improvements	4,233,746	41,500		4,275,246
Machinery, vehicles and equipment	<u>4,520,475</u>	<u>235,563</u>	<u>(155,342)</u>	<u>4,600,696</u>
Total other capital assets at historical cost	<u>12,385,927</u>	<u>277,063</u>	<u>(155,342)</u>	<u>12,507,648</u>

Less accumulated depreciation for:

Infrastructure	(790,347)	(123,411)		(913,758)
Buildings and building improvements	(609,231)	(80,609)		(689,840)
Machinery, vehicles and equipment	<u>(2,126,015)</u>	<u>(251,935)</u>	<u>121,213</u>	<u>(2,256,737)</u>
Total accumulated depreciation	<u>(3,525,593)</u>	<u>(455,955)</u>	<u>121,213</u>	<u>(3,860,335)</u>
Total other capital assets, net	<u>8,860,334</u>	<u>(178,892)</u>	<u>(34,129)</u>	<u>8,647,313</u>
Total capital assets, net	<u>\$ 12,862,815</u>	<u>\$ 198,336</u>	<u>\$ (48,846)</u>	<u>\$ 13,012,305</u>

Depreciation expense was charged to governmental functions as follows:

Depreciation expense:	
General government	\$ 59,971
Public safety	167,076
Highways and streets	226,098
Culture and recreation	<u>2,810</u>
Total governmental activities depreciation expense	<u>\$ 455,955</u>

NOTE 5—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for at least thirty years after closure. The Town's landfill ceased operations and was closed in 2003. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs has a balance of \$450,000 as of December 31, 2019. The estimated total cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2019. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining post-closure care costs are expected to be financed through the Town's Landfill Monitoring Capital Reserve Fund.

The following is a summary of changes in the estimated liability for post-closure care costs for the year ended December 31, 2019:

Balance January 1, 2019	\$ 450,000
Change in estimated liability	9,892
Expenditures recognized in the General Fund	<u>(9,892)</u>
Balance December 31, 2019	<u>\$ 450,000</u>

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 6—ESTIMATED POLLUTION REMEDIATION OBLIGATION

During December 2016, the Town was identified by the State of New Hampshire's Department of Environmental Services as being a responsible party in an instance of groundwater contamination. The Town is required to take remediation action, such as clean-up, prevention and monitoring. Based on a completed site investigation and the Town has developed a groundwater quality monitoring program. As of December 31, 2019, the Town has an estimated pollution remediation obligation in the amount of \$22,870 for the groundwater quality monitoring program. Additionally, the Town is responsible for maintaining and monitoring of water treatment systems at the affected locations. Town management is unable to reasonably estimate the length of time for which maintenance and monitoring will be required, which is largely dependent on the results of the ongoing groundwater quality monitoring program. As of December 31, 2019, Town management has estimated the annual costs of maintaining and monitoring of water treatment systems to be \$10,850.

NOTE 7—OTHER POST EMPLOYMENT BENEFITS

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

Benefits Provided

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan.

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rate for the covered payroll of general employees and public safety employees were 0.30% and 4.10%, respectively, through June 30, 2019, and 0.29% and 3.66%, respectively, thereafter. Contributions to the OPEB plan for the Town were \$28,703 for the year ended December 31, 2019. Employees are not required to contribute to the OPEB plan.

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

At December 31, 2019, the Town reported a liability of \$297,318 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2018. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2019, the Town's proportion was approximately 0.0678 percent, which was an increase of 0.0007 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$42,107. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 517
Net difference between projected and actual earnings on OPEB plan investments		334
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 370	
Town contributions subsequent to the measurement date	13,553	
Totals	<u>\$ 13,923</u>	<u>\$ 851</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$13,072. The Town reported \$13,553 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2020. Other amounts reported as deferred outflows of resources and

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2020	\$ (369)
2021	(222)
2022	23
2023	87
	<u>\$ (481)</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net OPEB Liability	\$ 322,486	\$ 297,318	\$ 275,448

NOTE 8—DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

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

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rate for the covered payroll of police officers, fire employees, and general employees were 25.33%, 27.79%, and 11.08%, respectively, through June 30, 2019, and 24.77%, 26.43% and 10.88%, respectively, thereafter. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's pension contributions to the NHRS for the year ending December 31, 2019 were \$279,283.

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

At December 31, 2019, the Town reported a liability of \$3,119,249 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2018. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2019, the Town's proportion was approximately 0.0648 percent, which was an increase of 0.0012 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$324,486. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 17,247	\$ 67,073
Change in assumptions	111,917	
Net difference between projected and actual investment earnings on pension plan investments		25,480
Changes in proportion and differences between Town contributions and proportionate share of contributions	53,995	200,446
Town contributions subsequent to the measurement date	<u>138,459</u>	
Totals	<u>\$ 321,618</u>	<u>\$ 292,999</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$28,619. The Town reported \$138,459 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

<u>June 30:</u>	
2020	\$ 25,804
2021	(126,078)
2022	(25,929)
2023	<u>16,363</u>
	<u>\$ (109,840)</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

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

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 4,176,804	\$ 3,119,249	\$ 2,245,189

NOTE 9—INTERFUND BALANCES AND TRANSFERS

The General Fund has paid for various items that are to be reimbursed from the Public Safety Special Details Fund and the Nonmajor Governmental Funds. These reimbursements due to the General Fund are reflected as an interfund receivable from the Public Safety Special Details Fund and the Nonmajor Governmental Funds. Amounts owed from the General Fund to the Nonmajor Governmental Funds

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

represent collections attributable to the Nonmajor Governmental Funds. Interfund balances as of December 31, 2019 are as follows:

		Due from		
		General	Public Safety	Nonmajor
		Fund	Special Details	Governmental
			Fund	Funds
				Totals
Due to	General Fund		\$ 140,527	\$ 24,212
	Nonmajor Governmental Funds	\$ 8,284		\$ 164,739
		<u>\$ 8,284</u>	<u>\$ 140,527</u>	<u>\$ 173,023</u>

During the year, several interfund transactions occurred between the Nonmajor Governmental Funds and the General Fund. These transfers were made in accordance with budgetary authorizations. Interfund transfers from the Nonmajor Governmental Funds to the General Fund for the year ended December 31, 2019 totaled \$18,985. Additionally, interfund transfers from the General Fund to the Nonmajor Governmental Funds for the year ended December 31, 2019 totaled \$11,410.

NOTE 10—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2019 as follows:

Permanent funds - Principal	\$ 305,473
Permanent funds - Income	48,854
Police asset forfeiture	39,206
Impact fees	129,992
Food pantry	43,400
Library	109,197
	<u>\$ 676,122</u>

NOTE 11—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2019 are as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Public Safety</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Special Details</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Nonspendable:				
Permanent funds - Principal			\$ 305,473	\$ 305,473
Restricted for:				
Permanent funds - Income			48,854	48,854
Police asset forfeiture			39,206	39,206
Impact fees			129,992	129,992
Food pantry			43,400	43,400
Library funds	\$ 109,197			109,197

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Committed for:

Conservation commission		17,245	17,245
Ambulance replacement		203,987	203,987
Heritage		18,595	18,595
Kingston Days		108,639	108,639
Public safety special details	\$ 152,182		152,182
Expendable trust funds	8,815,899		8,815,899
Carryforward appropriations	12,490		12,490

Assigned for:

Encumbrances	40,044		40,044
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Unassigned

	<u>1,589,933</u>		<u>1,589,933</u>
	<u>\$ 10,567,563</u>	<u>\$ 152,182</u>	<u>\$ 915,391</u>
			<u>\$ 11,635,136</u>

NOTE 12—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$845,247,829 as of April 1, 2019) and are due in two installments on July 1, 2019 and December 12, 2019. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Sanborn Regional School District and Rockingham County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$14,464,122 and \$769,282 for the Sanborn Regional School District and Rockingham County, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 13—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2019, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2019.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 14—CONTINGENCIES

Litigation

In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

NOTE 15—RESTATEMENT OF EQUITY

During the year ended December 31, 2019, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. The impact on fund balance of the General Fund as of January 1, 2019 is as follows:

	General Fund
Fund balance - January 1, 2019 (as previously reported)	\$ 9,540,785
Amount of restatement due to:	
Implementation of GASB Statement 84	269,462
Fund balance - January 1, 2019, as restated	<u>\$ 9,810,247</u>

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

The impact of the above restatement on net position of Fiduciary Funds as of January 1, 2019 is as follows:

	Custodial Funds
Net position - January 1, 2019 (as previously reported)	\$ -
Amount of restatement due to:	
Implementation of GASB Statement 84	<u>751,237</u>
Net position - January 1, 2019, as restated	<u><u>\$ 751,237</u></u>

NOTE 16—SUBSEQUENT EVENT

During August 2020, the Town issued general obligation bonds totaling \$2,644,550 for the purpose of constructing a new fire station, as authorized at the 2020 Annual Meeting. The terms of the bond require annual principal payments ranging from \$130,000 to \$135,000, plus semi-annual interest payments at rates ranging from 2.1% to 5.1%, for a period of 20 years. Scheduled payments begin in February of 2021.

SCHEDULE 1
TOWN OF KINGSTON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 3,057,502	\$ 3,057,502	\$ 2,989,747	\$ (67,755)
Licenses and permits	1,193,150	1,193,150	1,523,586	330,436
Intergovernmental	561,931	557,767	558,785	1,018
Charges for services	190,000	190,000	225,258	35,258
Interest and investment income	40,000	40,000	46,302	6,302
Miscellaneous	<u>213,619</u>	<u>213,619</u>	<u>224,935</u>	<u>11,316</u>
Total Revenues	<u>5,256,202</u>	<u>5,252,038</u>	<u>5,568,613</u>	<u>316,575</u>
Expenditures:				
Current operations:				
General government	2,097,991	2,097,991	1,796,410	301,581
Public safety	1,401,792	1,401,792	1,273,250	128,542
Highways and streets	1,205,002	1,205,002	1,142,198	62,804
Sanitation	518,061	518,061	529,223	(11,162)
Health and welfare	152,481	152,481	135,870	16,611
Culture and recreation	109,939	109,939	92,144	17,795
Conservation	28,072	11,418	10,008	1,410
Capital outlay	<u>440,000</u>	<u>440,000</u>	<u>417,358</u>	<u>22,642</u>
Total Expenditures	<u>5,953,338</u>	<u>5,936,684</u>	<u>5,396,461</u>	<u>540,223</u>
Excess of revenues over (under) expenditures	<u>(697,136)</u>	<u>(684,646)</u>	<u>172,152</u>	<u>856,798</u>
Other financing sources (uses):				
Transfers in	424,678	424,678	422,553	(2,125)
Transfers out	<u>(532,532)</u>	<u>(532,532)</u>	<u>(533,941)</u>	<u>(1,409)</u>
Total Other financing sources (uses)	<u>(107,854)</u>	<u>(107,854)</u>	<u>(111,388)</u>	<u>(3,534)</u>
Net change in fund balance	(804,990)	(792,500)	60,764	853,264
Fund Balance at beginning of year				
- Budgetary Basis	<u>1,767,240</u>	<u>1,767,240</u>	<u>1,767,240</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 962,250</u>	<u>\$ 974,740</u>	<u>\$ 1,828,004</u>	<u>\$ 853,264</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF KINGSTON, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended December 31, 2019

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2019	0.06781715%	\$ 297,318	\$ 1,592,887	18.67%	7.75%
June 30, 2018	0.06705631%	\$ 307,014	\$ 1,511,002	20.32%	7.53%
June 30, 2017	0.04696973%	\$ 214,762	\$ 1,502,296	14.30%	7.91%
June 30, 2016	0.05425247%	\$ 262,639	\$ 1,501,320	17.49%	5.21%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF KINGSTON, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2019

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2019	\$ 28,703	\$ (28,703)	\$ -	\$ 1,634,756	1.76%
December 31, 2018	\$ 30,612	\$ (30,612)	\$ -	\$ 1,559,874	1.96%
December 31, 2017	\$ 27,827	\$ (27,827)	\$ -	\$ 1,467,826	1.90%

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF KINGSTON, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2019

<u>For the Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2019	0.06482696%	\$ 3,119,249	\$ 1,592,887	195.82%	65.59%
June 30, 2018	0.06360561%	\$ 3,062,739	\$ 1,511,002	202.70%	64.73%
June 30, 2017	0.06766794%	\$ 3,327,904	\$ 1,502,296	221.52%	62.66%
June 30, 2016	0.07218685%	\$ 3,838,605	\$ 1,501,320	255.68%	58.30%
June 30, 2015	0.07383563%	\$ 2,925,018	\$ 1,486,624	196.76%	65.47%
June 30, 2014	0.07074158%	\$ 2,655,346	\$ 1,387,987	191.31%	66.32%
June 30, 2013	0.07208034%	\$ 3,102,182	\$ 1,399,687	221.63%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 5
TOWN OF KINGSTON, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2019

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2019	\$ 279,283	\$ (279,283)	\$ -	\$ 1,634,756	17.08%
December 31, 2018	\$ 277,414	\$ (277,414)	\$ -	\$ 1,559,874	17.78%
December 31, 2017	\$ 250,357	\$ (250,357)	\$ -	\$ 1,467,826	17.06%
December 31, 2016	\$ 247,821	\$ (247,821)	\$ -	\$ 1,482,370	16.72%
December 31, 2015	\$ 261,005	\$ (261,005)	\$ -	\$ 1,537,090	16.98%
December 31, 2014	\$ 241,424	\$ (241,424)	\$ -	\$ 1,447,846	16.67%
December 31, 2013	\$ 202,219	\$ (202,219)	\$ -	\$ 1,377,249	14.68%

See accompanying notes to the required supplementary information

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2019

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances. Additionally, budgetary revenues and other financing sources, and expenditures and other financing uses, were adjusted for budgetary transfers and non-budgetary revenues and expenditures as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 6,758,440	\$ 6,001,124
Difference in property taxes meeting susceptible to accrual criteria	4,697	
Encumbrances - December 31, 2019		40,044
Encumbrances - December 31, 2018		(64,100)
Budgetary transfers in and out	403,568	522,531
Non-budgetary activity	(1,175,539)	(569,197)
Per Schedule 1	<u>\$ 5,991,166</u>	<u>\$ 5,930,402</u>

Major Special Revenue Fund

The Town adopts its budget under regulations of the New Hampshire Department of Revenue Administration which differs from accounting principles generally accepted in the United States of America. Consequently, budgetary information is not presented for the Public Safety Special Details Fund as the information is neither practical nor meaningful.

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2019 are as follows:

Committed for:	
Carryforward appropriations	\$ 12,490
Unassigned	<u>1,815,514</u>
	<u>\$ 1,828,004</u>

TOWN OF KINGSTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2019

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as information becomes available.

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A
TOWN OF KINGSTON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2019

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 515,906	\$ 641	\$ 516,547
Investments	35,156	368,412	403,568
Accounts receivable, net	11,204		11,204
Due from other funds	8,284		8,284
Total Assets	<u>570,550</u>	<u>369,053</u>	<u>939,603</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 570,550</u>	<u>\$ 369,053</u>	<u>\$ 939,603</u>
LIABILITIES			
Due to other funds	\$ 9,486	\$ 14,726	\$ 24,212
Total Liabilities	<u>9,486</u>	<u>14,726</u>	<u>24,212</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		305,473	305,473
Restricted	212,598	48,854	261,452
Committed	348,466		348,466
Total Fund Balances	<u>561,064</u>	<u>354,327</u>	<u>915,391</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 570,550</u>	<u>\$ 369,053</u>	<u>\$ 939,603</u>

SCHEDULE A-1
TOWN OF KINGSTON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2019

	Conservation <u>Commission</u>	Police Asset <u>Forfeiture</u>	Ambulance <u>Replacement</u>	<u>Heritage</u>	Kingston <u>Days</u>	Impact <u>Fees</u>	Food <u>Pantry</u>	Grants <u>Fund</u>	Combining <u>Totals</u>
ASSETS									
Cash and cash equivalents	\$ 15,835	\$ 39,206	\$ 189,371	\$ 18,595	\$ 108,639	\$ 136,016	\$ 8,244		\$ 515,906
Investments							35,156		35,156
Accounts receivable, net			11,204						11,204
Due from other funds	<u>1,410</u>		<u>3,412</u>			<u>3,462</u>			<u>8,284</u>
Total Assets	<u>17,245</u>	<u>39,206</u>	<u>203,987</u>	<u>18,595</u>	<u>108,639</u>	<u>139,478</u>	<u>43,400</u>	\$ -	<u>570,550</u>
DEFERRED OUTFLOWS OF RESOURCES									
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,245</u>	<u>\$ 39,206</u>	<u>\$ 203,987</u>	<u>\$ 18,595</u>	<u>\$ 108,639</u>	<u>\$ 139,478</u>	<u>\$ 43,400</u>	<u>\$ -</u>	<u>\$ 570,550</u>
LIABILITIES									
Due to other funds						\$ 9,486			\$ 9,486
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,486</u>
DEFERRED INFLOWS OF RESOURCES									
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted		39,206				129,992	43,400		212,598
Committed	<u>17,245</u>		<u>203,987</u>	<u>18,595</u>	<u>108,639</u>				<u>348,466</u>
Total Fund Balances	<u>17,245</u>	<u>39,206</u>	<u>203,987</u>	<u>18,595</u>	<u>108,639</u>	<u>129,992</u>	<u>43,400</u>	<u>-</u>	<u>561,064</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,245</u>	<u>\$ 39,206</u>	<u>\$ 203,987</u>	<u>\$ 18,595</u>	<u>\$ 108,639</u>	<u>\$ 139,478</u>	<u>\$ 43,400</u>	<u>\$ -</u>	<u>\$ 570,550</u>

SCHEDULE B
TOWN OF KINGSTON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2019

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:			
Intergovernmental	\$ 6,260		\$ 6,260
Charges for services	54,398		54,398
Interest and investment income	6,042	\$ 44,773	50,815
Miscellaneous	<u>125,870</u>	<u>4,500</u>	<u>130,370</u>
Total Revenues	<u>192,570</u>	<u>49,273</u>	<u>241,843</u>
Expenditures:			
Current operations:			
General government		8,941	8,941
Public safety	36,106		36,106
Health and welfare	5,627		5,627
Culture and recreation	88,746		88,746
Conservation	1,424		1,424
Capital outlay	<u>16,217</u>		<u>16,217</u>
Total Expenditures	<u>148,120</u>	<u>8,941</u>	<u>157,061</u>
Excess of revenues over (under) expenditures	<u>44,450</u>	<u>40,332</u>	<u>84,782</u>
Other financing sources (uses):			
Transfers in	11,410		11,410
Transfers out		(18,985)	(18,985)
Total Other financing sources (uses)	<u>11,410</u>	<u>(18,985)</u>	<u>(7,575)</u>
Net change in fund balances	55,860	21,347	77,207
Fund Balances at beginning of year	<u>505,204</u>	<u>332,980</u>	<u>838,184</u>
Fund Balances at end of year	<u>\$ 561,064</u>	<u>\$ 354,327</u>	<u>\$ 915,391</u>

SCHEDULE B-1

TOWN OF KINGSTON, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended December 31, 2019

	Conservation <u>Commission</u>	Police Asset <u>Forfeiture</u>	Ambulance <u>Replacement</u>	<u>Heritage</u>	Kingston <u>Days</u>	Impact <u>Fees</u>	Food <u>Pantry</u>	Grants <u>Fund</u>	Combining <u>Totals</u>
Revenues:									
Intergovernmental		\$ 1,810						\$ 4,450	\$ 6,260
Charges for services			\$ 54,398						54,398
Interest and investment income	\$ 146	294	1,851	\$ 143	\$ 1,536	\$ 1,320	\$ 752		6,042
Miscellaneous	<u>424</u>			<u>1,200</u>	<u>49,833</u>	<u>66,159</u>	<u>8,254</u>		<u>125,870</u>
Total Revenues	<u>570</u>	<u>2,104</u>	<u>56,249</u>	<u>1,343</u>	<u>51,369</u>	<u>67,479</u>	<u>9,006</u>	<u>4,450</u>	<u>192,570</u>
Expenditures:									
Current operations:									
Public safety		748	2,346			29,012		4,000	36,106
Health and welfare							5,627		5,627
Culture and recreation				4,867	83,429			450	88,746
Conservation	<u>1,424</u>								<u>1,424</u>
Capital outlay		<u>16,217</u>							<u>16,217</u>
Total Expenditures	<u>1,424</u>	<u>16,965</u>	<u>2,346</u>	<u>4,867</u>	<u>83,429</u>	<u>29,012</u>	<u>5,627</u>	<u>4,450</u>	<u>148,120</u>
Excess of revenues over (under) expenditures	<u>(854)</u>	<u>(14,861)</u>	<u>53,903</u>	<u>(3,524)</u>	<u>(32,060)</u>	<u>38,467</u>	<u>3,379</u>	<u>-</u>	<u>44,450</u>
Other financing sources (uses):									
Transfers in	<u>1,410</u>			<u>10,000</u>					<u>11,410</u>
Total Other financing sources (uses)	<u>1,410</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,410</u>
Net change in fund balances	556	(14,861)	53,903	6,476	(32,060)	38,467	3,379	-	55,860
Fund Balances at beginning of year	<u>16,689</u>	<u>54,067</u>	<u>150,084</u>	<u>12,119</u>	<u>140,699</u>	<u>91,525</u>	<u>40,021</u>		<u>505,204</u>
Fund Balances at end of year	<u>\$ 17,245</u>	<u>\$ 39,206</u>	<u>\$ 203,987</u>	<u>\$ 18,595</u>	<u>\$ 108,639</u>	<u>\$ 129,992</u>	<u>\$ 43,400</u>	<u>\$ -</u>	<u>\$ 561,064</u>

SCHEDULE C
TOWN OF KINGSTON, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Custodial Funds
December 31, 2019

	School Custodial <u>Funds</u>	School Impact <u>Fees</u>	Escrow Custodial <u>Funds</u>	Tax Custodial <u>Funds</u>	Combining <u>Totals</u>
ASSETS					
Cash and cash equivalents		\$ 1,396	\$ 358,030		\$ 359,426
Investments	\$ 386,706			\$ 4,688,667	5,075,373
Taxes receivable				464,277	464,277
Total Assets	<u>386,706</u>	<u>1,396</u>	<u>358,030</u>	<u>5,152,944</u>	<u>5,899,076</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Due to other governments				5,152,944	5,152,944
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,152,944</u>	<u>5,152,944</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted for:					
Individuals and other governments	<u>386,706</u>	<u>1,396</u>	<u>358,030</u>		<u>746,132</u>
Total Net Position	<u>\$ 386,706</u>	<u>\$ 1,396</u>	<u>\$ 358,030</u>	<u>\$ -</u>	<u>\$ 746,132</u>

SCHEDULE D
TOWN OF KINGSTON, NEW HAMPSHIRE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - All Custodial Funds
For the Year Ended December 31, 2019

	School Custodial Funds	School Impact Fees	Escrow Custodial Funds	Tax Custodial Funds	Combining Totals
ADDITIONS:					
Investment Earnings:					
Interest income	\$ 8,264	\$ 991	\$ 3,842		\$ 13,097
Total Investment Earnings	<u>8,264</u>	<u>991</u>	<u>3,842</u>	<u>\$ -</u>	<u>13,097</u>
Property tax collections for other governments				15,233,404	15,233,404
Motor vehicle fee collections for other governments				519,533	519,533
Miscellaneous		14,757	119,246		134,003
Total Additions	<u>8,264</u>	<u>15,748</u>	<u>123,088</u>	<u>15,752,937</u>	<u>15,900,037</u>
DEDUCTIONS:					
Beneficiary payments to other governments	13,991	96,989			110,980
Beneficiary payments to individuals			41,225		41,225
Payments of property tax to other governments				15,233,404	15,233,404
Payments of motor vehicle fees to other governments				519,533	519,533
Total Deductions	<u>13,991</u>	<u>96,989</u>	<u>41,225</u>	<u>15,752,937</u>	<u>15,905,142</u>
Change in net position	(5,727)	(81,241)	81,863	-	(5,105)
Net Position at beginning of year, as restated	<u>392,433</u>	<u>82,637</u>	<u>276,167</u>		<u>751,237</u>
Net Position at end of year	<u>\$ 386,706</u>	<u>\$ 1,396</u>	<u>\$ 358,030</u>	<u>\$ -</u>	<u>\$ 746,132</u>