

**CITY OF SOMERSWORTH,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

CITY OF SOMERSWORTH, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council, and Manager
City of Somersworth
Somersworth, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Somersworth as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Somersworth, as of June 30, 2021, and the respective changes in financial position, where applicable, cash flows thereof and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

- Management's Discussion and Analysis,
- Schedule of the City's Proportionate Share of Net Pension Liability,
- Schedule of City Contributions – Pensions,

City of Somersworth
Independent Auditor's Report

- Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of City Contributions – Other Postemployment Benefits,
- Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Somersworth's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022 on our consideration of the City of Somersworth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somersworth's internal control over financial reporting and compliance.

April 13, 2022



PLODZIK & SANDERSON
Professional Association

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Somersworth, we offer readers this narrative overview and analysis of the financial activities of the City of Somersworth for the fiscal year ended June 30, 2021. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, health and welfare, culture and recreation, and education. The business-type activities include water, sewer, and solid waste activities.

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

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

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

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

Proprietary Funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water, sewer, and solid waste operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and solid waste operations, only the water and sewer are major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by the *Governmental Accounting Standards Board*.

B. FINANCIAL HIGHLIGHTS

As of the close of the current fiscal year, the total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,704,525, presented as "net position" shown on the Statement of Net Position for the Total Primary Government. The City's Net Position increased by \$5,945,359 compared to the prior year.

- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$11,201,489, a change of \$3,105,007 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,517,170, a change of \$2,283,966 in comparison with the prior year. Due to City Council action, \$1,469,671 of the General Fund's fund balance has been designated for future years' expenditures.
- Total bonds payable and long-term debt at the close of the current fiscal year was \$34,677,860, a change of \$10,575,926 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

GOVERNMENTAL ACTIVITIES

	2021	2020	Change	% Change
Current assets	\$ 27,564,084	\$ 23,107,924	\$ 4,456,160	19.28%
Noncurrent assets	55,567,384	53,988,307	1,579,077	2.92%
Total assets	83,131,468	77,096,231	6,035,237	7.83%
Deferred outflows of resources	10,981,737	3,694,641	7,287,096	197.23%
Current liabilities	2,864,596	2,235,123	629,473	28.16%
Noncurrent liabilities	69,497,713	59,188,049	10,309,664	17.42%
Total Liabilities	72,362,309	61,423,172	10,939,137	17.81%
Deferred inflows of resources	17,802,882	19,614,752	(1,811,870)	-9.24%
Net investment in capital assets	37,542,927	36,088,819	1,454,108	4.03%
Restricted net position	1,633,136	741,674	891,462	120.20%
Unrestricted net position	(35,228,049)	(37,077,545)	1,849,496	4.99%
Total net position	\$ 3,948,014	\$ (247,052)	\$ 4,195,066	1698.05%

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Current assets	\$ 14,296,899	\$ 9,958,462	\$ 4,338,437	43.57%
Noncurrent assets	27,820,844	20,065,394	7,755,450	38.65%
Total assets	42,117,743	30,023,856	12,093,887	40.28%
Deferred outflows of resources	313,839	132,350	181,489	137.13%
Current liabilities	1,285,759	1,431,999	(146,240)	-10.21%
Noncurrent liabilities	21,210,214	10,466,696	10,743,518	102.64%
Total Liabilities	22,495,973	11,898,695	10,597,278	89.06%
Deferred inflows of resources	179,098	251,293	(72,195)	-28.73%
Net investment in capital assets	7,614,832	10,184,488	(2,569,656)	-25.23%
Unrestricted net position	12,141,679	7,821,730	4,319,949	55.23%
Total net position	\$ 19,756,511	\$ 18,006,218	\$ 1,750,293	9.72%

	<u>GOVERNMENTAL ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$ 3,084,969	\$ 2,757,334	\$ 327,635	11.88%
Public safety	6,433,860	6,416,307	17,553	0.27%
Highways and streets	3,567,690	3,033,965	533,725	17.59%
Sanitation	229,077	236,886	(7,809)	-3.30%
Health and welfare	233,784	244,891	(11,107)	-4.54%
Culture and recreation	547,402	486,507	60,895	12.52%
Conservation	61,351	1,489	59,862	4020.28%
Economic development	4,489	17,187	(12,698)	-73.88%
Education	27,308,768	27,207,104	101,664	0.37%
Food service	474,038	720,106	(246,068)	-34.17%
Interest on short-term debt	602,042	577,103	24,939	4.32%
Pollution remediation impact	-	62,602	(62,602)	-100.00%
Total expenditures	42,547,470	41,761,481	785,989	1.88%
Program revenues:				
Charges for services	649,201	865,783	(216,582)	-25.02%
Operating grants and contributions	14,765,608	13,445,368	1,320,240	9.82%
Capital grants and contributions	1,678,790	2,043,147	(364,357)	-17.83%
General revenues:				
Property taxes and other taxes	25,730,087	24,585,042	1,145,045	4.66%
Licenses and permits	2,530,167	2,329,877	200,290	8.60%
Grants and contributions not related to a specific program	863,530	904,222	(40,692)	-4.50%
Unrestricted investment earnings	186,824	305,281	(118,457)	-38.80%
Miscellaneous	338,329	443,959	(105,630)	-23.79%
Total revenues	46,742,536	44,922,679	\$ 1,819,857	4.05%
Beginning net position	(247,052)	(3,408,250)		
Ending net position	3,948,014	(247,052)		
Change in net position	\$ 4,195,066	\$ 3,161,198		

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
Water	\$ 2,387,602	\$ 1,813,592	\$ 574,010	31.65%
Sewer	2,386,332	2,271,436	114,896	5.06%
Solid waste	535,127	474,984	60,143	12.66%
Total expenditures	<u>5,309,061</u>	<u>4,560,012</u>	<u>749,049</u>	<u>16.43%</u>
Program revenues:				
Charges for services	7,013,741	6,565,315	448,426	6.83%
Operating grants and contributions	20,000	-	20,000	100.00%
Capital grants and contributions	25,613	29,882	(4,269)	-14.29%
Total revenues	<u>7,059,354</u>	<u>6,595,197</u>	<u>\$ 464,157</u>	<u>7.04%</u>
Beginning net position	18,006,218	15,971,033		
Ending net position	<u>19,756,511</u>	<u>18,006,218</u>		
Change in net position	<u>\$ 1,750,293</u>	<u>\$ 2,035,185</u>		

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$23,704,525, a change of \$5,945,359 from the prior year.

The largest portion of the City's net position, \$45,157,759 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of accumulated depreciation, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,633,136 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$23,086,370) represents a deficit in unrestricted net position. This deficit is due to the reporting of GASB 68 and GASB 75 whereby the City must report our proportionate share of the net pension liability for the New Hampshire Retirement System.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$4,195,066. Key elements of this change are as follows:

	<u>Governmental Funds</u>
General fund operating results, as disclosed in Exhibit C-3	\$ 2,346,698
School grants operating results	(13,041)
City capital projects operating results	800,091
Non-major funds operating results	(28,741)
Other GAAP acccruals, see Exhibit C-4 in the financial statements	<u>1,090,059</u>
	<u>\$ 4,195,066</u>

Business-Type Activities. Business-type activities for the year resulted in a change in net position of \$1,750,293. Key elements of this change are as follows:

	<u>Business-type Activities</u>
Water Fund	\$ 667,812
Sewer Fund	1,023,492
Solid Waste Fund	58,989
	<u>\$ 1,750,293</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$11,201,489, a change of \$3,105,007 in comparison with the prior year. Key elements of this change are as follows:

	<u>Governmental Activities</u>
General fund operating results, as disclosed below	\$ 2,346,698
School grants operating results	(13,041)
City capital projects operating results	800,091
Non-major funds operating results	(28,741)
	<u>\$ 3,105,007</u>

The general fund is the main operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,517,170 while total fund balance was \$8,847,429. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The fund balance of the general fund increased by \$2,346,698 during the current fiscal year. Key factors in this change are as follows:

	General Fund
Revenues:	
Actual revenues and operating transfers in	\$ 43,560,818
Inception of capital leases	130,000
GASB Statement No. 54:	
To record revenue of the blended funds	136,257
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	166,214
	<u>43,993,289</u>
Expenditures:	
Actual expenditures less than appropriated amounts	41,642,237
Inception of capital leases	130,000
Encumbrances, beginning	693,280
Encumbrances, ending	(992,257)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	274,412
To eliminate transfers between the general fund and blended funds	(101,081)
Total	<u>41,646,591</u>
	<u>\$ 2,346,698</u>

For the purposes of the Governmental Accounting Standards Board statement 54, the activity of the capital reserve funds and the landfill trust fund are included with the General Fund. However, for budgetary purposes, the capital reserve funds and the landfill trust fund are not budgeted items.

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year are \$12,141,679, a change of \$4,319,949 in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The following is a summary of changes from the original budget adopted by the City Council. Additional details are available in EXHIBIT D, Budget and Actual, in of the financial statements.

	<u>FY 2020-2021</u>
Original budget adopted by the City Council, Ordinance 17-20, April 6, 2020	\$ 50,876,117
Supplemental appropriation, Ordinance 11-21, February 1, 2021	92,452
Supplemental appropriation, Ordinance 16-21, May 3, 2021	197,000
Total Budget	<u>\$ 51,165,569</u>

The overall budget increased by \$4,738,959 from the prior fiscal year to current fiscal year; a 10.276% increase.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$79,835,619 (net of accumulated depreciation), a change of \$9,460,378 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$34,677,860, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the footnotes to the financial statements.

G. ECONOMIC FACTORS

Fiscal year 2021 continued a strong housing market with housing cost rising significantly. A number of large developments such as Sunningdale and Tara Meadows are near completion. Businesses continue to grow on the High Street and Route 108 corridors with a number of national chain stores and a large-scale sports complex.

The City has a number of substantial capital improvement projects that are underway and/or nearing completion. Some of note are as follows:

- Cemetery Road complete streets project is approximately 80% complete and will be completed in the spring of 2022.
- Construction of a new Fire Station is well underway and should be substantially complete in the spring of 2023.

- The Wastewater Treatment Facility \$13.5 million upgrade is substantially complete.
- The FY2021 road resurfacing program is complete and the FY2022 road resurfacing program is under contract and ready to start as soon as weather permits.
- The Main Street and Constitutional Way complete streets projects are under design with the goal of being “shovel ready” in the event there are grants or other funding opportunities to move them forward.

REQUESTS FOR INFORMATION

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

Office of Finance Director
City of Somersworth
One Government Way
Somersworth, New Hampshire 03878

BASIC FINANCIAL STATEMENTS

EXHIBIT A
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,093,915	\$ 12,343,506	\$ 36,437,421
Investments	785,640	-	785,640
Taxes receivables (net)	867,463	-	867,463
Account receivables (net)	202,823	1,269,400	1,472,223
Intergovernmental receivable	1,135,669	952,324	2,087,993
Internal balances	369,409	(369,409)	-
Inventory	-	91,134	91,134
Prepaid items	19,075	9,944	29,019
Remediation receivable	90,090	-	90,090
Noncurrent assets:			
Intergovernmental receivable	-	489,548	489,548
Remediation receivable	3,063,060	-	3,063,060
Capital assets:			
Land and construction in progress	3,725,653	11,962,062	15,687,715
Other capital assets, net of depreciation	48,778,671	15,369,234	64,147,905
Total assets	<u>83,131,468</u>	<u>42,117,743</u>	<u>125,249,211</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	10,043,721	280,381	10,324,102
Amounts related to other postemployment benefits	938,016	33,458	971,474
Total deferred outflows of resources	<u>10,981,737</u>	<u>313,839</u>	<u>11,295,576</u>
LIABILITIES			
Accounts payable	509,546	179,119	688,665
Accrued salaries and benefits	225,446	30,100	255,546
Retainage payable	111,755	548,952	660,707
Contracts payable	655,094	367,838	1,022,932
Accrued interest payable	169,936	159,750	329,686
Intergovernmental payable	192,819	-	192,819
Bond anticipation note payable	1,000,000	-	1,000,000
Long-term liabilities:			
Due within one year	2,369,939	1,239,820	3,609,759
Due in more than one year	67,127,774	19,970,394	87,098,168
Total liabilities	<u>72,362,309</u>	<u>22,495,973</u>	<u>94,858,282</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	12,867,330	-	12,867,330
Unavailable revenue - student balances	21,366	-	21,366
Amounts related to pensions	1,145,910	31,004	1,176,914
Amounts related to other postemployment benefits	3,768,276	148,094	3,916,370
Total deferred inflows of resources	<u>17,802,882</u>	<u>179,098</u>	<u>17,981,980</u>
NET POSITION			
Net investment in capital assets	37,542,927	7,614,832	45,157,759
Restricted	1,633,136	-	1,633,136
Unrestricted	(35,228,049)	12,141,679	(23,086,370)
Total net position	<u>\$ 3,948,014</u>	<u>\$ 19,756,511</u>	<u>\$ 23,704,525</u>

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

EXHIBIT B
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Change in Net Position		
					Governmental Activities		Business-type Activities
Governmental activities:							
General government	\$ 3,084,969	\$ 197,182	\$ 312,079	\$ -	\$ (2,575,708)	\$ (2,575,708)	
Public safety	6,433,860	108,361	131,891	-	(6,193,608)	(6,193,608)	
Highways and streets	3,567,690	148,708	238,990	-	(3,179,992)	(3,179,992)	
Sanitation	229,077	7,070	-	-	(222,007)	(222,007)	
Health	103,526	-	-	-	(103,526)	(103,526)	
Welfare	130,258	857	-	-	(129,401)	(129,401)	
Culture and recreation	547,402	134,538	36,632	-	(376,232)	(376,232)	
Conservation	61,351	-	7,833	-	(53,518)	(53,518)	
Education	27,308,768	47,340	13,499,136	1,678,790	(12,083,502)	(12,083,502)	
Food service	474,038	5,145	539,047	-	70,154	70,154	
Economic development	4,489	-	-	-	(4,489)	(4,489)	
Interest on long-term debt	602,042	-	-	-	(602,042)	(602,042)	
Total governmental activities	42,547,470	649,201	14,765,608	1,678,790	(25,453,871)	(25,453,871)	
Business-type activities:							
Water	2,387,602	3,035,414	20,000	-	-	667,812	
Sewer	2,386,332	3,384,211	-	25,613	-	1,023,492	
Other	535,127	594,116	-	-	-	58,989	
Total business-type activities	5,309,061	7,013,741	20,000	25,613	-	1,750,293	
Total	\$ 47,856,531	\$ 7,662,942	\$ 14,785,608	\$ 1,704,403	(25,453,871)	(23,703,578)	
General revenues:							
Taxes:							
Property					25,295,368	-	
Other					434,719	-	
Motor vehicle permit fees					2,191,992	-	
Licenses and other fees					338,175	-	
Grants and contributions not restricted to specific programs					863,530	-	
Unrestricted investment earnings					186,824	-	
Miscellaneous					338,329	-	
Total general revenues					29,648,937	-	
Change in net position					4,195,066	1,750,293	
Net position, beginning					(247,052)	18,006,218	
Net position, ending					\$ 3,948,014	\$ 19,756,511	
						\$ 23,704,525	

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

EXHIBIT C-1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2021

	General	School Grants	City Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 21,154,443	\$ -	\$ 2,186,804	\$ 752,668	\$ 24,093,915
Investments	318,839	-	-	466,801	785,640
Taxes receivable (net)	859,630	-	-	7,833	867,463
Accounts receivable	56,186	-	-	146,637	202,823
Intergovernmental receivable	378,935	576,848	-	179,886	1,135,669
Interfund receivable	875,948	-	-	6,390	882,338
Prepaid items	19,075	-	-	-	19,075
Total assets	<u>\$ 23,663,056</u>	<u>\$ 576,848</u>	<u>\$ 2,186,804</u>	<u>\$ 1,560,215</u>	<u>\$ 27,986,923</u>
LIABILITIES					
Accounts payable	\$ 359,254	\$ 30,687	\$ 107,852	\$ 11,753	\$ 509,546
Accrued salaries and benefits	224,656	-	-	790	225,446
Retainage payable	73,248	-	38,507	-	111,755
Contracts payable	414,740	-	240,354	-	655,094
Intergovernmental payable	180,860	11,959	-	-	192,819
Interfund payable	6,390	424,266	-	82,273	512,929
Bond anticipation notes payable	-	-	1,000,000	-	1,000,000
Total liabilities	<u>1,259,148</u>	<u>466,912</u>	<u>1,386,713</u>	<u>94,816</u>	<u>3,207,589</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	13,556,479	-	-	-	13,556,479
Unavailable revenue - Student balances	-	-	-	21,366	21,366
Total deferred inflows of resources	<u>13,556,479</u>	<u>-</u>	<u>-</u>	<u>21,366</u>	<u>13,577,845</u>
FUND BALANCES					
Nonspendable	19,075	-	-	198,115	217,190
Restricted	-	109,936	800,091	524,994	1,435,021
Committed	318,927	-	-	624,693	943,620
Assigned	992,257	-	-	96,231	1,088,488
Unassigned	7,517,170	-	-	-	7,517,170
Total fund balances	<u>8,847,429</u>	<u>109,936</u>	<u>800,091</u>	<u>1,444,033</u>	<u>11,201,489</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,663,056</u>	<u>\$ 576,848</u>	<u>\$ 2,186,804</u>	<u>\$ 1,560,215</u>	<u>\$ 27,986,923</u>

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

EXHIBIT C-2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 11,201,489
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 91,446,678	
Less accumulated depreciation	<u>(38,942,354)</u>	
		52,504,324
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 10,043,721	
Deferred inflows of resources related to pensions	(1,145,910)	
Deferred outflows of resources related to OPEB	938,016	
Deferred inflows of resources related to OPEB	<u>(3,768,276)</u>	
		6,067,551
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (512,929)	
Payables	<u>512,929</u>	
		-
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		3,153,150
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.		
Deferred inflows of resources - property taxes		689,149
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(169,936)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 12,900,376	
Unamortized bond premium	1,204,315	
Capital leases	856,706	
Compensated absences	1,763,182	
Pollution remediation liability	6,370,000	
Net pension liability	38,090,149	
Other postemployment benefits	<u>8,312,985</u>	
		(69,497,713)
Net position of governmental activities (Exhibit A)		<u>\$ 3,948,014</u>

EXHIBIT C-3
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General	School Grants	City Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 25,883,746	\$ -	\$ -	\$ 12,555	\$ 25,896,301
Licenses and permits	2,454,007	-	-	76,160	2,530,167
Intergovernmental	14,312,446	2,131,583	-	772,687	17,216,716
Charges for services	490,505	-	-	158,696	649,201
Miscellaneous	520,085	28,352	-	67,928	616,365
Total revenues	43,660,789	2,159,935	-	1,088,026	46,908,750
EXPENDITURES					
Current:					
General government	2,237,154	-	-	9,281	2,246,435
Public safety	6,671,965	-	-	85,222	6,757,187
Highways and streets	2,426,083	-	-	96,329	2,522,412
Sanitation	241,493	-	-	-	241,493
Health	107,280	-	-	-	107,280
Welfare	130,258	-	-	-	130,258
Culture and recreation	399,664	-	-	136,049	535,713
Conservation	-	-	-	61,351	61,351
Education	26,099,937	2,172,976	-	52,965	28,325,878
Food service	-	-	-	501,463	501,463
Economic development	4,489	-	-	-	4,489
Debt service:					
Principal	1,713,397	-	-	-	1,713,397
Interest	727,730	-	-	-	727,730
Other	266,362	-	-	-	266,362
Capital outlay	590,779	-	466,575	651,607	1,708,961
Total expenditures	41,616,591	2,172,976	466,575	1,594,267	45,850,409
Excess (deficiency) of revenues over (under) expenditures	2,044,198	(13,041)	(466,575)	(506,241)	1,058,341
OTHER FINANCING SOURCES (USES)					
Transfers in	202,500	-	-	169,750	372,250
Transfers out	(30,000)	-	-	(342,250)	(372,250)
Bond and premium proceeds	-	-	1,266,666	650,000	1,916,666
Capital leases	130,000	-	-	-	130,000
Total other financing sources (uses)	302,500	-	1,266,666	477,500	2,046,666
Net change in fund balances	2,346,698	(13,041)	800,091	(28,741)	3,105,007
Fund balances, beginning, as restated (see Note 20)	6,500,731	122,977	-	1,472,774	8,096,482
Fund balances, ending	\$ 8,847,429	\$ 109,936	\$ 800,091	\$ 1,444,033	\$ 11,201,489

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

EXHIBIT C-4
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 3,105,007
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 4,068,272	
Depreciation expense	<u>(2,434,090)</u>	1,634,182
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(51,640)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (372,250)	
Transfers out	<u>372,250</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows of resources for property taxes		(166,214)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds of debt	\$ (1,622,833)	
Inception of capital lease	(130,000)	
Bond premium on new issuance	(293,833)	
Repayment of bond principal	1,549,529	
Repayment of capital leases	225,235	
Amortization of bond premium	<u>143,468</u>	(128,434)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (92,355)	
Decrease in prepaid bonds and leases	238,443	
Decrease in compensated absences payable	19,784	
Changes in pollution remediation receivable and payable balances	1,010	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(1,903,449)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>1,538,732</u>	(197,835)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 4,195,066</u></u>

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

EXHIBIT D
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 25,592,520	\$ 25,592,520	\$ 25,717,532	\$ 125,012
Licenses and permits	1,869,975	1,869,975	2,454,007	584,032
Intergovernmental	13,956,144	13,956,144	14,312,446	356,302
Charges for services	503,413	503,413	490,505	(12,908)
Miscellaneous	337,750	337,750	383,828	46,078
Total revenues	42,259,802	42,259,802	43,358,318	1,098,516
EXPENDITURES				
Current:				
Elected leadership	149,236	149,236	147,280	1,956
City management	503,830	503,830	483,834	19,996
Finance and administration	1,478,774	1,478,774	1,376,462	102,312
Development services	893,828	893,828	775,489	118,339
Fire and rescue	2,248,812	2,277,381	2,217,277	60,104
Police	4,080,433	4,160,433	4,126,653	33,780
Public works and utilities	3,264,251	3,054,251	3,077,243	(22,992)
School	29,047,242	29,047,242	27,924,390	1,122,852
Debt service:				
Principal	526,775	526,775	526,775	-
Interest	89,909	89,909	89,899	10
Other	266,362	266,362	266,362	-
Capital outlay	379,269	573,152	499,492	73,660
Total expenditures	42,928,721	43,021,173	41,511,156	1,510,017
Excess (deficiency) of revenues over (under) expenditures	(668,919)	(761,371)	1,847,162	2,608,533
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	202,500	202,500
Transfers out	(131,081)	(131,081)	(131,081)	-
Total other financing sources (uses)	(131,081)	(131,081)	71,419	202,500
Net change in fund balances	\$ (800,000)	\$ (892,452)	1,918,581	\$ 2,811,033
Decrease in nonspendable fund balance			239,849	
Unassigned fund balance, beginning			6,088,567	
Unassigned fund balance, ending			\$ 8,246,997	

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

EXHIBIT E-1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
June 30, 2021

	Business-type Activities			
	Enterprise Funds			Total
	Water	Sewer	Nonmajor	Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,222,970	\$ 6,885,970	\$ 234,566	\$ 12,343,506
Accounts receivable (net)	549,787	591,036	128,577	1,269,400
Intergovernmental receivable	-	952,324	-	952,324
Prepaid items	4,972	4,972	-	9,944
Inventory	90,014	-	1,120	91,134
Noncurrent assets:				
Intergovernmental receivable	-	489,548	-	489,548
Capital assets:				
Land and construction in progress	341,737	11,620,325	-	11,962,062
Other capital assets, net of depreciation	5,735,627	9,633,607	-	15,369,234
Total assets	11,945,107	30,177,782	364,263	42,487,152
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to pensions	146,674	133,707	-	280,381
Amounts related to other postemployment benefits	20,225	13,233	-	33,458
Total deferred outflows of resources	166,899	146,940	-	313,839
LIABILITIES				
Current liabilities:				
Accounts payable	47,467	76,059	55,593	179,119
Accrued salaries and benefits	16,212	13,888	-	30,100
Retainage payable	-	548,952	-	548,952
Contract payable	-	367,838	-	367,838
Accrued interest payable	79,286	80,464	-	159,750
Internal balances	-	369,409	-	369,409
Noncurrent liabilities:				
Due within one year	566,199	673,621	-	1,239,820
Due in more than one year	5,035,912	14,934,482	-	19,970,394
Total liabilities	5,745,076	17,064,713	55,593	22,865,382
DEFERRED INFLOWS OF RESOURCES				
Amounts related to pensions	16,219	14,785	-	31,004
Amounts related to other postemployment benefits	94,070	54,024	-	148,094
Total deferred inflows of resources	110,289	68,809	-	179,098
NET POSITION				
Net investment in capital assets	1,278,770	6,336,062	-	7,614,832
Unrestricted	4,977,871	6,855,138	308,670	12,141,679
Total net position	\$ 6,256,641	\$ 13,191,200	\$ 308,670	\$ 19,756,511

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

EXHIBIT E-2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	Business-type Activities			
	Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Nonmajor	
Operating revenues:				
User charges	\$ 2,931,333	\$ 3,384,211	\$ 594,116	\$ 6,909,660
Other charges	104,081	-	-	104,081
Total operating revenues	<u>3,035,414</u>	<u>3,384,211</u>	<u>594,116</u>	<u>7,013,741</u>
Operating expenses:				
Salaries and wages	665,543	618,245	-	1,283,788
Operation and maintenance	1,057,611	889,139	535,127	2,481,877
Depreciation and amortization	549,037	710,383	-	1,259,420
Total operating expenses	<u>2,272,191</u>	<u>2,217,767</u>	<u>535,127</u>	<u>5,025,085</u>
Operating gain	<u>763,223</u>	<u>1,166,444</u>	<u>58,989</u>	<u>1,988,656</u>
Nonoperating revenue (expense):				
Intergovernmental revenues	20,000	-	-	20,000
Capital contributions	-	25,613	-	25,613
Interest expense	<u>(115,411)</u>	<u>(168,565)</u>	<u>-</u>	<u>(283,976)</u>
Total nonoperating revenues (expense)	<u>(95,411)</u>	<u>(142,952)</u>	<u>-</u>	<u>(238,363)</u>
Change in net position	667,812	1,023,492	58,989	1,750,293
Net position, beginning	<u>5,588,829</u>	<u>12,167,708</u>	<u>249,681</u>	<u>18,006,218</u>
Net position, ending	<u>\$ 6,256,641</u>	<u>\$ 13,191,200</u>	<u>\$ 308,670</u>	<u>\$ 19,756,511</u>

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

EXHIBIT E-3
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Business-type Activities			Total
	Enterprise Funds			Enterprise
	Water	Sewer	Nonmajor	Funds
CASH FLOWS FROM:				
OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,950,264	\$ 3,214,525	\$ 588,327	\$ 6,753,116
Payments to employees	(653,773)	(609,410)	-	(1,263,183)
Payments to suppliers	(1,039,190)	(597,748)	(523,283)	(2,160,221)
Net cash provided by operating activities	1,257,301	2,007,367	65,044	3,329,712
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds received from State revolving loans	-	8,124,543	-	8,124,543
Proceeds received from bonds and related premium	1,266,666	1,266,666	-	2,533,332
Principal paid on bonds	(418,975)	(564,069)	-	(983,044)
Acquisition and construction of fixed assets	(145,705)	(8,551,325)	-	(8,697,030)
Interest paid	(138,982)	(164,658)	-	(303,640)
Capital contributions	-	25,613	-	25,613
Net cash provided by capital and related financing activities	563,004	136,770	-	699,774
NON-CAPITAL FINANCING ACTIVITIES:				
Grant - water asset management	20,000	-	-	20,000
State aid - wastewater infrastructure	-	122,387	-	122,387
Net cash provided by non-capital financing activities	20,000	122,387	-	142,387
Net increase in cash and cash equivalents	1,840,305	2,266,524	65,044	4,171,873
Cash and cash equivalents, beginning	3,382,665	4,619,446	169,522	8,171,633
Cash and cash equivalents, ending	\$ 5,222,970	\$ 6,885,970	\$ 234,566	\$ 12,343,506

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities

Operating gain	\$ 763,223	\$ 1,166,444	\$ 58,989	\$ 1,988,656
Adjustments to reconcile operating gain to net cash provided by operating activities:				
Depreciation expense	549,037	710,383	-	1,259,420
Changes in accounts receivable	(85,150)	(169,686)	(5,789)	(260,625)
Changes in prepaid items	15,119	(237)	-	14,882
Changes in inventory	(2,181)	-	(406)	(2,587)
Changes in deferred outflows of resources	(98,966)	(82,523)	-	(181,489)
Changes in accounts payable	(29,784)	5,303	12,250	(12,231)
Changes in accrued payroll	4,523	2,528	-	7,051
Changes in retainage payable	-	441,666	-	441,666
Changes in internal balances	-	(148,862)	-	(148,862)
Changes in compensated absences payable	7,247	6,307	-	13,554
Changes in OPEB liability	32,378	7,148	-	39,526
Changes in net pension liability	138,883	104,063	-	242,946
Changes in deferred inflows of resources	(37,028)	(35,167)	-	(72,195)
Total adjustments	494,078	840,923	6,055	1,341,056
Net cash provided by operating activities	\$ 1,257,301	\$ 2,007,367	\$ 65,044	\$ 3,329,712

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

EXHIBIT F-1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Private Purpose Trust	All Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 1,272	403,172
Investments	214,901	-
Total assets	<u>216,173</u>	<u>403,172</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>4,684</u>
NET POSITION		
Restricted	<u>\$ 216,173</u>	<u>\$ 398,488</u>

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

EXHIBIT F-2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021

	Private Purpose Trust	All Custodial Funds
ADDITIONS		
Contributions	\$ -	\$ 329,880
Investment earnings	4,638	-
Change in fair market value	25,410	-
Total additions	<u>30,048</u>	<u>329,880</u>
DEDUCTIONS		
Scholarships	1,600	-
Payments for escrow purposes	-	496,955
Total deductions	<u>1,600</u>	<u>496,955</u>
Change in fiduciary net position	28,448	(167,075)
Net position, beginning	187,725	565,563
Net position, ending	<u><u>\$ 216,173</u></u>	<u><u>\$ 398,488</u></u>

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

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

1-B Basis of Accounting and Measurement Focus

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

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

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

School Grants Fund – accounts for the resources received from various School District related federal, state, and local agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

City Capital Projects Fund – the City capital project fund accounts for the activity pertaining to the various construction/renovation projects relating to the City.

Additionally, the City reports the following fund types:

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

Capital Projects Funds – are used to account for the financial resources and activities relating to specific construction projects.

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

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

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

Sewer Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The City also reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

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

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

1-D Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-E Investments

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

New Hampshire law authorizes the City to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

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

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

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

Level 3 – Inputs are significant unobservable inputs.

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

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

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

1-F Receivables

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

1-G Inventory

The inventories of the City are valued at cost using the first-in/first-out (FIFO) method. The inventories of the City's water and solid waste funds consist of expendable materials and supplies held for consumption. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-I Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The City has established a threshold of \$10,000 or more and an estimate useful life in excess of one year for capitalization of depreciable assets.

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

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

	<u>Years</u>
Capital Asset Classes:	
Infrastructure	5 - 75
Buildings and building improvements	5 - 75
Vehicles and equipment	2 - 50

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

1-J Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 28, 2020 and November 6, 2020, and due on July 1, 2020 and December 10, 2020. Effective April 1, 2020 for any regular property taxes issued, the interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the City at June 30, 2021 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

In connection with the setting of the tax rate, City officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the City include taxes levied for Strafford County, which are remitted to this entity as required by law.

The City net assessed valuation as of April 1, 2020 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,070,063,894
For all other taxes	\$ 1,092,265,002

The tax rates and amounts assessed for the year ended June 30, 2021 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$8.68	\$ 9,475,698
School portion:		
State of New Hampshire	\$1.94	2,080,608
Local	\$14.79	16,156,463
County portion	\$2.44	2,663,741
Total	<u>\$27.85</u>	<u>\$ 30,376,510</u>

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

1-L Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2021.

1-M Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the City after the measurement date but before the end of the City's reporting period.

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

1-N Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Director Borrowings and Direct Placements*, the City utilizes the following classifications to categorize the financial transactions:

Direct Borrowings – financial transactions for a note or a loan where the City negotiates certain terms with a single lender and are not offered for public sale.

Direct Placements – financial transactions for the sale of bonds where the City engages with a single buyer or limited number of buyers without a public offering.

1-O Compensated Absences

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

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

1-P Defined Benefit Pension Plan

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-Q Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-R Net Position/Fund Balances

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

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

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

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

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

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

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

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Assigned – Amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council through the budgetary process.

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

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

In accordance with the City’s fund balance policy, the City will strive to maintain an unassigned fund balance in its general fund equal to 5% - 17% of the total appropriation of the community (which includes the City, School, and County). The City Council will review this information each year in order to determine the amount, if any, of unassigned fund balance to use to balance the budget and to reduce the tax rate.

1-S Use of Estimates

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

1-T Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the School Capital Projects fund which accounts for the various construction/renovations pertaining to the School District did not qualify as a major fund for the current fiscal year. As such it was reclassified to the nonmajor governmental funds. In addition, the City Capital Projects fund qualified as a major fund and was reclassified as such.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2021, \$800,000 of the beginning general fund unassigned fund balance was applied for this purpose. \$92,452 was voted to supplement appropriations for reconstruction of Nadeau Street.

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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2-B Budgetary Reconciliation to GAAP Basis

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

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 43,560,818
Adjustment:	
Basis difference:	
Inception of capital leases	130,000
GASB Statement No. 54:	
To record revenue of the blended funds	136,257
Change in deferred tax revenue relating to 60-day revenue recognition	
recognized as revenue on the GAAP basis, but not on the budgetary basis	166,214
Per Exhibit C-3 (GAAP basis)	<u>\$ 43,993,289</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 41,642,237
Adjustment:	
Basis differences:	
Inception of capital leases	130,000
Encumbrances, beginning	693,280
Encumbrances, ending	(992,257)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	274,412
To eliminate transfers between the general fund and blended funds	(101,081)
Per Exhibit C-3 (GAAP basis)	<u>\$ 41,646,591</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The City's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name. The FDIC currently insures the first \$250,000 of the City's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the City's deposits was \$36,840,478 and the bank balances totaled \$38,006,593. Petty cash totaled \$1,387.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 36,437,421
Cash per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit F-1)	404,444
Total cash and cash equivalents	<u>\$ 36,841,865</u>

CITY OF SOMERSWORTH, NEW HAMPSHIRE
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NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the City funds. The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements and maturities as of June 30, 2021:

Investments Type	Valuation Measurement Method	Reported Balance	Exempt from Disclosure
Equity exchange traded funds	Level 1	\$ 150,028	\$ 150,028
Equity mutual funds	Level 1	90,548	90,548
Fixed income mutual funds	Level 2	639,854	639,854
New Hampshire Public Deposit Investment Pool	Amortized Cost	120,111	120,111
Total		<u>\$ 1,000,541</u>	<u>\$ 1,000,541</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy states that investments maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account larger routine expenditures (payroll and accounts payable) as well as anticipated revenue inflows. At no time shall any investment be made exceeding a maturity date in excess of one year. The Trustees of Trust Fund's investment policy states that for capital reserves, the portfolio's investment objectives are to maintain principal while generating income in excess of certificates of deposits, traditional savings accounts, and money market funds. For common trust funds, these funds have a long or perpetual-time horizon. The portfolio investment objectives is to provide a total return (income plus capital appreciation) consistent with the purpose of that fund that exceeds the long-term rate of inflation. At June 30, 2021, all of the City's investment maturities were exempt from disclosure.

Credit Risk – The City's investment policy does not directly address this risk. The Trustees of Trust Fund's investment policy states that the capital reserves investments in corporate bonds shall be limited to those with a rating of investment grade. A mutual fund or exchange-traded fund with an investment objective consistent with holding investment grade bonds may be used. At June 30, 2021, all of the City's investments were exempt from credit risk disclosure.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states that deposits shall be fully collateralized with the delivery of the U.S. government obligations, U.S government agency obligations, or obligations of the State of New Hampshire in market value at least equal to 102% of the cash deposit in each case. Collateral shall be wired to the municipality's joint custody account at the Federal Reserve Bank of Boston or Federal Reserve Bank of New York no later than the day deposits and/or investments are wired or transferred. The Trustees of Trust Fund's investment policy does not directly address this risk.

Concentration of Credit Risk – The City's investment policy places no limit on the amount on the amount it may invest in any one issuer. The Trustees of Trust Fund's investment policy states that unless specifically authorized, no single company will comprise more than 5% of the portfolio at the time of purchase. When a portfolio position has grown to 10% of the target balance, the position will be reduced to prevent it from growing further, unless the trustees have specifically authorized the continued holding of the position.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 785,640
Investments per Statement of Fiduciary Net Position - Fiduciary Funds (Exhibit F-1)	214,901
Total investments	<u>\$ 1,000,541</u>

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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2021. The amount has been reduced by an allowance for an estimated uncollectible amount of \$152,000. Taxes receivable by year are as follows:

Property:	
Unredeemed (under tax lien):	
Levy of 2020	\$ 545,844
Levy of 2019	275,627
Levy of 2018	157,174
Levies of 2017 and prior	32,985
Land use change	7,833
Less: allowance for estimated uncollectible taxes	(152,000)
Net taxes receivable	<u>\$ 867,463</u>

NOTE 6 – OTHER RECEIVABLES

Receivables at June 30, 2021, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of June 30, 2021 for the City's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Funds				Governmental
	General Fund	School Grants	Nonmajor Funds	Total	Activities
Receivables:					
Accounts	\$ 56,186	\$ -	\$ 146,637	\$ 202,823	\$ 202,823
Intergovernmental	378,935	576,848	179,886	1,135,669	1,135,669
Remediation	-	-	-	-	3,153,150
Liens	-	-	-	-	-
Gross receivables	435,121	576,848	326,523	1,338,492	4,491,642
Less: allowance for uncollectibles	-	-	-	-	-
Net total receivables	<u>\$ 435,121</u>	<u>\$ 576,848</u>	<u>\$ 326,523</u>	<u>\$ 1,338,492</u>	<u>\$ 4,491,642</u>
	Proprietary Funds				
	Water Fund	Sewer Fund	Nonmajor Funds	Total	
Receivables:					
Accounts	\$ 573,187	\$ 620,436	\$ 128,577	\$ 1,322,200	
Intergovernmental	-	1,441,872	-	1,441,872	
Gross receivables	573,187	2,062,308	128,577	2,764,072	
Less: allowance for uncollectibles	(23,400)	(29,400)	-	(52,800)	
Net total receivables	<u>\$ 549,787</u>	<u>\$ 2,032,908</u>	<u>\$ 128,577</u>	<u>\$ 2,711,272</u>	

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is as follows:

	Balance, beginning	Additions	Adjustments/ Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 2,272,916	\$ 61,553	\$ -	\$ 2,334,469
Easements	170,875	-	-	170,875
Software	183,188	-	-	183,188
Construction in progress	984,561	624,317	(571,757)	1,037,121
Total capital assets not being depreciated	3,611,540	685,870	(571,757)	3,725,653
Being depreciated:				
Infrastructure	55,158,207	895,761	-	56,053,968
Buildings and building improvements	20,781,986	2,492,382	(51,640)	23,222,728
Vehicles and equipment	7,878,313	566,016	-	8,444,329
Total capital assets being depreciated	83,818,506	3,954,159	(51,640)	87,721,025
Total all capital assets	87,430,046	4,640,029	(623,397)	91,446,678
Less accumulated depreciation:				
Infrastructure	(24,712,214)	(849,524)	-	(25,561,738)
Buildings and building improvements	(5,848,868)	(1,186,712)	-	(7,035,580)
Vehicles and equipment	(5,947,182)	(397,854)	-	(6,345,036)
Total accumulated depreciation	(36,508,264)	(2,434,090)	-	(38,942,354)
Net book value, capital assets being depreciated	47,310,242	1,520,069	(51,640)	48,778,671
Net book value, all governmental activities capital assets	\$ 50,921,782	\$ 2,205,939	\$ (623,397)	\$ 52,504,324
	Balance, beginning	Additions	Adjustments/ Deletions	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 500,895	\$ -	\$ -	\$ 500,895
Software	103,044	-	-	103,044
Construction in progress	2,219,119	9,139,004	-	11,358,123
Total capital assets not being depreciated	2,823,058	9,139,004	-	11,962,062
Being depreciated:				
Infrastructure	14,432,130	-	-	14,432,130
Buildings and building improvements	26,936,820	-	-	26,936,820
Vehicles and equipment	1,169,245	-	-	1,169,245
Total capital assets being depreciated	42,538,195	-	-	42,538,195
Total all capital assets	45,361,253	9,139,004	-	54,500,257
Less accumulated depreciation:				
Infrastructure	(7,898,171)	(349,048)	(1,746)	(8,248,965)
Buildings and building improvements	(17,032,812)	(838,510)	(1)	(17,871,323)
Vehicles and equipment	(976,811)	(71,862)	-	(1,048,673)
Total accumulated depreciation	(25,907,794)	(1,259,420)	(1,747)	(27,168,961)
Net book value, capital assets being depreciated	16,630,401	(1,259,420)	(1,747)	15,369,234
Net book value, all business-type activities capital assets	\$ 19,453,459	\$ 7,879,584	\$ (1,747)	\$ 27,331,296

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

Governmental activities:	
General government	\$ 115,672
Public safety	218,426
Highways and streets	1,061,452
Education	1,009,560
Culture and recreation	28,980
Total depreciation expense	<u>\$ 2,434,090</u>
Business-type activities:	
Water	\$ 549,037
Sewer	710,383
Total depreciation expense	<u>\$ 1,259,420</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	School grants	\$ 424,266
	Sewer	369,409
	Nonmajor	82,273
Nonmajor	General	6,390
		<u>\$ 882,338</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2021 is as follows:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 30,000	\$ 30,000
Nonmajor funds	202,500	139,750	342,250
Total	<u>\$ 202,500</u>	<u>\$ 169,750</u>	<u>\$ 372,250</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities
Amounts related to pensions, see Note 13	\$ 10,043,721	\$ 280,381
Amounts related to OPEB, see Note 14	938,016	33,458
Total deferred outflows of resources	<u>\$ 10,981,737</u>	<u>\$ 313,839</u>

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Deferred inflows of resources are as follows:

	Governmental Activities	Business-type Activities	General Fund	Nonmajor Governmental Funds
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ -	\$ 689,149	\$ -
Property taxes collected in advance of the warrant due date	12,867,330	-	12,867,330	-
Student balances	21,366	-	-	21,366
Amounts related to pensions, see Note 13	1,145,910	31,004	-	-
Amounts related to OPEB, see Note 14	3,768,276	148,094	-	-
Total deferred inflows of resources	<u>\$ 17,802,882</u>	<u>\$ 179,098</u>	<u>\$ 13,556,479</u>	<u>\$ 21,366</u>

NOTE 10 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2021
Capital lease obligations:		
Vehicles	3.47%	\$ 147,263
Vehicles	3.84%	255,716
Vehicles	2.39%	323,728
Vehicles	2.49%	130,000
Total capital lease obligations		<u>\$ 856,707</u>

The annual requirements to amortize the capital leases payable as of June 30, 2021, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2022	\$ 283,144
2023	283,144
2024	205,658
2025	113,790
2026	27,974
Total requirements	913,710
Less: interest	(57,003)
Present value of remaining payments	<u>\$ 856,707</u>

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

NOTE 11 – SHORT-TERM DEBT

Changes in the City's short-term capital borrowings during the year ended June 30, 2021 consisted of the following:

Governmental Activities	Original Issue	Interest Rate	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Bond anticipation note - school	\$ 650,000	1.33%	\$ 650,000	\$ -	\$ (650,000)	\$ -
Bond anticipation note - fire station	1,000,000	0.65%	-	1,000,000	-	1,000,000
			<u>\$ 650,000</u>	<u>\$ 1,000,000</u>	<u>\$ (650,000)</u>	<u>\$ 1,000,000</u>

The purpose of the short-time borrowings was to provide for interim financing and resources for fire station improvements. The amounts issued for capital improvements are accounted for in the city capital projects fund.

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NOTE 12 – LONG-TERM LIABILITIES

Changes in the City's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Governmental activities:						
Bonds payable:						
Direct placements	\$ 12,827,072	\$ 1,622,833	\$ (1,549,529)	\$ 12,900,376	\$ 1,718,209	\$ 11,182,167
Premium	1,053,950	293,833	(143,468)	1,204,315	152,606	1,051,709
Total bonds payable	13,881,022	1,916,666	(1,692,997)	14,104,691	1,870,815	12,233,876
Capital leases	951,941	130,000	(225,235)	856,706	257,253	599,453
Compensated absences	1,782,966	-	(19,784)	1,763,182	59,871	1,703,311
Pollution remediation liability	6,372,000	-	(2,000)	6,370,000	182,000	6,188,000
Net pension liability	28,669,370	9,420,779	-	38,090,149	-	38,090,149
Net other postemployment benefits	7,530,750	782,235	-	8,312,985	-	8,312,985
Total long-term liabilities	<u>\$ 59,188,049</u>	<u>\$ 12,249,680</u>	<u>\$ (1,940,016)</u>	<u>\$ 69,497,713</u>	<u>\$ 2,369,939</u>	<u>\$ 67,127,774</u>
Business-type activities:						
Bonds payable:						
Direct placements	\$ 7,103,000	\$ 2,144,666	\$ (956,376)	\$ 8,291,290	\$ 1,106,708	\$ 7,184,582
Direct borrowings	1,919,892	8,954,480	(26,667)	10,847,705	27,456	10,820,249
Premium	246,079	388,666	(57,277)	577,468	105,656	471,812
Total bonds and loans payable	9,268,971	11,487,812	(1,040,320)	19,716,463	1,239,820	18,476,643
Compensated absences	127,657	13,555	-	141,212	-	141,212
Net pension liability	807,849	242,946	-	1,050,795	-	1,050,795
Net other postemployment benefits	262,219	39,525	-	301,744	-	301,744
Total long-term liabilities	<u>\$ 10,466,696</u>	<u>\$ 11,783,838</u>	<u>\$ (1,040,320)</u>	<u>\$ 21,210,214</u>	<u>\$ 1,239,820</u>	<u>\$ 19,970,394</u>

Long-term bonds are comprised of the following:

Governmental activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2021
General obligation bonds:					
Direct placements:					
Police Station	\$ 3,426,127	2007	2022	4.43	\$ 225,000
School	\$ 18,953,500	2009	2030	3.73	6,534,167
Downtown Improvements and School HVAC	\$ 2,155,736	2014	2029	3.13	1,256,375
Downtown Improvements and School HVAC	\$ 900,000	2015	2030	5.10	540,000
High Steet Improvements	\$ 859,500	2014	2025	5.10	342,000
School HVAC	\$ 105,000	2015	2025	5.10	40,000
School CTC	\$ 1,453,925	2016	2032	2.16	1,055,000
School	\$ 1,640,000	2019	2034	2.70	1,285,000
Middle School Elevator	\$ 550,500	2021	2036	1.31	550,500
Cemetery Road Bond	\$ 1,072,334	2021	2036	1.32	1,072,334
					<u>12,900,376</u>
Bond premium					<u>1,204,315</u>
Total					<u>\$ 14,104,691</u>

(Continued)

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Long-term bonds continued:

Business-type activities:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2021
General obligation bonds:					
Direct placements:					
Water Treatment Plant Upgrades	\$ 1,843,500	2008	2028	4.07	\$ 630,000
Water Treatment Plant	\$ 3,193,000	2016	2028	1.92	2,090,000
Downtown Improvements	\$ 1,958,264	2014	2029	3.13	928,625
High Street Improvements	\$ 95,500	2014	2025	5.10	38,000
Wastewater Refunding	\$ 7,810,000	2012	2026	2.56	2,460,000
Cemetery Road Bond	\$ 2,144,665	2021	2036	3.13	2,144,665
Direct borrowings:					
Wastewater Treatment Facility	\$ 926,468	2014	2030	2.95	274,167
State Revolving Loan*	\$ 10,573,538	2021	-	-	10,573,538
					19,138,995
					577,468
Bond premium					\$ 19,716,463
Total					

***State Revolving Loan Fund Program** – Drawdowns received under the various State Revolving Loan Fund Programs will be consolidated by promissory notes upon substantial completion of the related projects. As of June 30, 2021, drawdowns received to date totaling \$10,573,538 are recorded in the City's financial statements, exclusive of any anticipated forgiveness on the loans. The notes, plus interest, will be repaid from the Sewer Department Fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2021, including interest payments, are as follows:

Governmental activities:

Fiscal Year Ending June 30,	Bonds - Direct Placements		
	Principal	Interest	Total
2022	\$ 1,718,209	\$ 795,508	\$ 2,513,717
2023	1,449,810	791,238	2,241,048
2024	1,416,686	798,607	2,215,293
2025	1,384,919	802,858	2,187,777
2026	1,257,505	808,057	2,065,562
2027-2031	4,763,247	3,445,814	8,209,061
2032-2036	910,000	64,415	974,415
Totals	\$ 12,900,376	\$ 7,506,497	\$ 20,406,873

Business-type activities:

Fiscal Year Ending June 30,	Bonds - Direct Placements		
	Principal	Interest	Total
2022	\$ 1,106,708	\$ 311,778	\$ 1,418,486
2023	1,114,042	267,943	1,381,985
2024	1,119,708	225,354	1,345,062
2025	1,129,708	166,625	1,296,333
2026	1,135,209	122,356	1,257,565
2027-2031	1,975,915	259,996	2,235,911
2032-2036	710,000	53,882	763,882
Totals	\$ 8,291,290	\$ 1,407,934	\$ 9,699,224

(continued)

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Business-type activities general obligation bonds continued:

Fiscal Year Ending June 30,	Bonds - Direct Borrowings		
	Principal	Interest	Total
2022	\$ 27,456	\$ 8,093	\$ 35,549
2023	28,266	7,283	35,549
2024	29,101	6,449	35,550
2025	29,960	5,589	35,549
2026	30,844	4,705	35,549
2027-2031	128,540	9,442	137,982
Plus notes not yet in repayment	10,573,538	\$ 41,561	\$ 315,728
Totals	<u>\$ 10,847,705</u>		

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

State of New Hampshire Revolving Loan – The City has drawn \$10,573,538 of \$12,440,000 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the wastewater treatment facility upgrade project. Payments on the State of New Hampshire revolving loan balance are not scheduled to commence until the first anniversary of the scheduled completion date of the project or the date of substantial completion, whichever is earliest. Interest is accrued at 1% during the construction period and is to be paid upon completion of the project within the following year. As authorized by the Water Pollution Control Revolving Loan Fund Program, the City shall be provided federal assistance, whereby a portion of the principal sum will be forgiven. The principal forgiveness will be applied at the time of the initial loan repayment.

Pollution Remediation Obligation – On September 8, 1983, the Somersworth Sanitary Landfill was placed on the National Priority Listing (NPL) by the Environmental Protection Agency (EPA). The EPA concluded the City's landfill contained fourteen contaminants that had a principal threat to human health and the environment and were in violation of various Federal and State drinking water acts. From the proposed remedial action alternatives, included in the Feasibility Study prepared by the City and other potentially responsible parties in 1993, the EPA selected a remedy that provides treatment of contaminated overburden and bedrock ground water with flushing of contamination from the source area. The key element of this process is the construction of a permeable treatment wall composed of impermeable barrier sections and innovative, permeable, chemical treatment sections to provide in place, flow-through treatment of contaminated ground water at the landfill waste boundary. The ground water will be extracted from the bedrock downgradient of the landfill and be pumped to a monitoring well, which will further reduce the contamination in the bedrock ground water. To accelerate flushing of the landfill, the ground water extracted from the bedrock will be reapplied to the landfill. This process allows the ground water to clean itself in the shortest time feasible, approximately 55 years. The estimated total cost of this alternative, in 1993 dollars, was \$14,984,800.

The City reached an agreement with a potentially responsible party that all construction and subsequent monitoring costs would be split 50.5% and 49.5% between the City and the potentially responsible party, respectively. The total estimated pollution remediation liability and the estimated recoveries from the potentially responsible party are recognized in these financial statements.

On September 5, 2005, the physical construction of the remedy was completed, and minor punch list items remained. The EPA requires the City to perform certain maintenance and monitoring functions at the landfill through September 2056. As of June 30, 2021, the City estimates the pollution remediation obligation to be \$6,370,000 and estimated recoveries from the potentially responsible party of \$3,153,150. The estimated obligation was calculated using the expected cash flow technique measured at current value. In making the estimate, the City assumed an 80% likelihood current monitoring procedures would be adequate and 20% likelihood additional monitoring procedures would be required through 2056 and there would be no unforeseen repairs or changes in EPA's evaluation of the remediation process. This estimate has the potential to change due to factors such as price increases or decreases, changes in technology, or changes in applicable laws or regulations.

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Bonds Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2021 were as follows:

Ordinance	Purpose	Unissued Amount
36-18	WWTF Upgrade	\$ 1,866,462
50-20	Fire Station	7,700,000
		<u>\$ 9,566,462</u>

NOTE 13 – DEFINED BENEFIT PENSION PLAN

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

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

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

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

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

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

Contributions: The System is financed by contributions from both the employees and the City. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I members are required to contribute 7% of earnable compensation and group II members (police and fire) are required to contribute 11.55% and 11.80% respectively. For fiscal year 2021, the City contributed 24.77% for police, 26.43% for fire, 15.99% for teachers and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$2,718,518, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021 the City reported a liability of \$39,140,944 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on

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a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Cities and school districts, actuarially determined. At June 30, 2020, the City's proportion was 0.61194527% which was a decrease of 0.00067597% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$5,604,970. At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 255,863	\$ 756,652
Changes in assumptions	3,871,816	-
Net difference between projected and actual investment earnings on pension plan investments	2,420,909	-
Differences between expected and actual experience	1,056,996	420,262
Contributions subsequent to the measurement date	2,718,518	-
Total	<u>\$ 10,324,102</u>	<u>\$ 1,176,914</u>

The \$2,718,518 reported as deferred outflows of resources related to pensions results from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2022	\$ 1,064,548
2023	1,701,109
2024	1,855,632
2025	1,807,381
Thereafter	-
Totals	<u>\$ 6,428,670</u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions which, accordingly apply to 2020 measurements:

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

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

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

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

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Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 50,671,593	\$ 39,140,944	\$ 29,718,877

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

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Reconciliation to the government-wide financial statements:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	\$ 10,043,721	\$ 38,090,149	\$ 1,145,910
Business-type activities	280,381	1,050,795	31,004
Total	<u>\$ 10,324,102</u>	<u>\$ 39,140,944</u>	<u>\$ 1,176,914</u>

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

14-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2020 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2019, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2021, the City contributed 3.66% for police and fire, 1.81% for teachers, and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$292,142, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the City reported a liability of \$2,591,842 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The City’s proportion of the net OPEB liability was based on a projection of the City’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating Cities and school districts, actuarially determined. At June 30, 2020, the City’s proportion was 0.59213819% which was an increase of 0.00438664% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the City recognized OPEB expense of \$256,440. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 13,868	\$ 11,475
Net difference between projected and actual investment earnings on OPEB plan investments	9,698	-
Changes in assumptions	16,665	7,510
Contributions subsequent to the measurement date	292,142	-
Total	<u>\$ 332,373</u>	<u>\$ 18,985</u>

The \$292,142 reported as deferred outflows of resources related to OPEB results from the City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2022	\$ 12,282
2023	2,771
2024	3,422
2025	2,671
2026	-
Thereafter	-
Totals	<u>\$ 21,146</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019 and a measurement date of June 30, 2020. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% (2.25% for teachers)
Salary increases:	5.6 % average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

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

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

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Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the City's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the City's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the City's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 2,814,470	\$ 2,591,842	\$ 2,398,557

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

14-B City of Somersworth Retiree Health Benefit Program

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

Benefits Provided – The City provides postemployment healthcare benefits for certain eligible retirees. The City provides medical benefits to its eligible retirees.

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Employees Covered by Benefit Terms – At July 1, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	42
Active employees	151
Total participants covered by OPEB plan	<u>193</u>

Total OPEB Liability – The City’s total OPEB liability of \$6,022,847 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$6,022,847 in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.21%
Healthcare Cost Trend Rates:	
Current Year Trend	7.50%
Second Year Trend	7.35%
Decrement	0.15%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2041
Salary Increases:	3.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of July 1, 2019.

Mortality rates were based on the Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2019 for teachers, Pub-2010 Public Retirement Plans Safety mortality table projected generationally with Scale MP-2019 for firefighters and police officers and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019 for other participants.

Changes in the Total OPEB Liability

	June 30,	
	2020	2021
OPEB liability beginning of year	\$ 7,312,811	\$ 5,216,200
Changes for the year:		
Service cost	254,999	136,496
Interest	285,467	181,543
Assumption changes and difference between actual and expected experience	(2,531,414)	820,090
Change in actuarial cost method	277,120	-
Benefit payments	(382,783)	(331,482)
OPEB liability end of year	<u>\$ 5,216,200</u>	<u>\$ 6,022,847</u>

Sensitivity of the City’s OPEB Liability to Changes in the Discount Rate – The July 1, 2019, actuarial valuation was prepared using a discount rate of 2.21%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$5,417,233 or by 10.06%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$6,757,043 or by 12.19%.

	Discount Rate		
	1% Decrease	Baseline 2.21%	1% Increase
Total OPEB Liability	<u>\$ 6,757,043</u>	<u>\$ 6,022,847</u>	<u>\$ 5,417,233</u>

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Sensitivity of the City's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2019 actuarial valuation was prepared using an initial trend rate of 7.50%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$6,539,473 or by 8.58%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$5,575,704 or by 7.42%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.50%	1% Increase
Total OPEB Liability	\$ 5,575,704	\$ 6,022,847	\$ 6,539,473

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB benefit of \$1,148,212. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 639,101	\$ 1,567,434
Differences between expected and actual experience	-	2,329,951
Total	\$ 639,101	\$ 3,897,385

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

Fiscal Year Ending June 30,	
2022	\$ (1,392,314)
2023	(640,883)
2024	(914,247)
2025	(310,840)
2026	-
Thereafter	-
Totals	\$ (3,258,284)

Reconciliation to the government-wide financial statements:

	Deferred Outflows of Resources	OPEB Liability	Deferred Inflows of Resources
Governmental activities	\$ 938,016	\$ 8,312,985	\$ 3,768,276
Business-type activities	33,458	301,744	148,094
Total	\$ 971,474	\$ 8,614,729	\$ 3,916,370

NOTE 15 – COMMITMENTS

The City has active construction projects as of June 30, 2021. At year-end the City commitments with contractors for specific projects are as follows:

Capital Project Program	Spent to Date	Remaining Commitment
WWTF Upgrade	\$ 10,573,538	\$ 2,884,462
Cemetery Road Reconstruction	346,563	3,131,122
Total Construction Commitments	\$ 10,920,101	\$ 6,015,584

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NOTE 16 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2021 and are as follows:

General fund:	
General government	\$ 25,280
Public safety	8,822
Highways and streets	671,203
Culture and recreation	1,028
Capital outlay	285,924
Total encumbrances	<u>\$ 992,257</u>

NOTE 17 – STATE AID TO WATER POLLUTION PROJECTS

Under New Hampshire RSA Chapter 486, the City receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from wastewater infrastructure improvements. At June 30, 2021 the City is due to receive the following annual amounts to offset debt payments:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 122,387	\$ 21,344	\$ 143,731
2023	122,387	17,075	139,462
2024	122,387	12,807	135,194
2025	122,387	8,538	130,925
2026	122,387	4,269	126,656
Total	<u>\$ 611,935</u>	<u>\$ 64,033</u>	<u>\$ 675,968</u>

NOTE 18 – NET POSITION

Governmental and business-type activities and fiduciary fund net position reported at June 30, 2021 include the following:

	Government-wide Financial Statements			Fiduciary
	Governmental Activities	Business-type Activities	Total	Funds
Net investment in capital assets:				
Net book value, all capital assets	\$ 52,504,324	\$ 27,331,295	\$ 79,835,619	\$ -
Less:				
General obligation bonds/notes payable	(12,900,376)	(19,138,995)	(32,039,371)	-
Unamortized bond premiums	(1,204,315)	(577,468)	(1,781,783)	-
Capital leases payable	(856,706)	-	(856,706)	-
Total net investment in capital assets	<u>37,542,927</u>	<u>7,614,832</u>	<u>45,157,759</u>	<u>-</u>

(continued)

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Net position continued:

	Government-wide Financial Statements			Fiduciary Funds
	Governmental Activities	Business-type Activities	Total	
Restricted net position:				
Perpetual care - nonexpendable	198,115	-	198,115	-
Perpetual care - expendable	14,524	-	14,524	-
SB 38 highway block grant	22,011	-	22,011	-
Food service	111,038	-	111,038	-
Police forfeiture	30,623	-	30,623	-
School grants	109,936	-	109,936	-
School capital projects	56,217	-	56,217	-
City grants	290,581	-	290,581	-
City capital projects	800,091	-	800,091	-
Other	-	-	-	614,661
Total restricted net position	1,633,136	-	1,633,136	614,661
Unrestricted	(35,228,049)	12,141,679	(23,086,370)	-
Total net position	\$ 3,948,014	\$ 19,756,511	\$ 23,704,525	\$ 614,661

NOTE 19 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2021 include the following:

	General Fund	School Grants	City Capital Projects	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 19,075	\$ -	\$ -	\$ -	\$ 19,075
Permanent fund - principal balance	-	-	-	198,115	198,115
Total nonspendable fund balance	19,075	-	-	198,115	217,190
Restricted:					
School grants	-	109,936	-	-	109,936
SB 38 Highway block grant	-	-	-	22,011	22,011
City capital projects	-	-	800,091	-	800,091
City grants	-	-	-	290,581	290,581
Police forfeiture	-	-	-	30,623	30,623
Food service	-	-	-	111,038	111,038
School capital projects	-	-	-	56,217	56,217
Permanent - income balance	-	-	-	14,524	14,524
Total restricted fund balance	-	109,936	800,091	524,994	1,435,021
Committed:					
Expendable trust	318,927	-	-	-	318,927
Conservation	-	-	-	106,084	106,084
Cable communications	-	-	-	291,645	291,645
City other special revenue funds	-	-	-	36,648	36,648
School other special revenue funds	-	-	-	46,703	46,703
Transportation improvement trust	-	-	-	59,288	59,288
Other trusts	-	-	-	84,325	84,325
Total committed fund balance	318,927	-	-	624,693	943,620

(continued)

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Governmental fund balances continued:

	General Fund	School Grants	City Capital Projects	Nonmajor Funds	Total Governmental Funds
Assigned:					
Encumbrances	992,257	-	-	-	992,257
Student activity funds	-	-	-	96,231	96,231
Total assigned fund balance	992,257	-	-	96,231	1,088,488
Unassigned	7,517,170	-	-	-	7,517,170
Total governmental fund balances	<u>\$ 8,847,429</u>	<u>\$ 109,936</u>	<u>\$ 800,091</u>	<u>\$ 1,444,033</u>	<u>\$ 11,201,489</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENT

Fund balance at July 1, 2020 was restated to give retroactive effect to the following prior period adjustment:

	Other Governmental Funds
To reclassify nonmajor fund, previously reported as a major fund (see Note 1-T)	\$ (72,626)
Fund balance, as previously reported	1,545,400
Fund balance, as restated	<u>\$ 1,472,774</u>

NOTE 21 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2021, the City was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020 to June 30, 2021 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2020-21 the City paid \$276,637 and \$330,183 respectively, to Primex for property, liability and worker's compensation. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

NOTE 22 – CONTINGENT LIABILITIES

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

NOTE 23 – COVID-19

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

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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with respect to COVID-19; were not accounted for in the budget approved for 2021; and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The City was awarded a portion of this federal funding totaling \$270,074. In addition to funding from the CARES Act, there are several other federal and state grants available.

The CARES Act also provided funding through the Coronavirus Relief Fund (CRF) as well as the Education Stabilization Fund (ESF). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The CRF requires that the payment from these funds be used to cover expenses that: are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the most recently approved budget as of March 27, 2020; and were incurred during the period that begins March 1, 2020, and ends on December 31, 2021. The City was awarded a portion of this Federal funding totaling \$346,603 in the fall of 2020, through the Supplemental Public School Response Fund (SPSRF)

The ESR provided funds to the City through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the City under the ESSER I and II grants, with the City expending \$314,297 of this funding in the fiscal year 2021 and must be used for activities to prevent, prepare, and respond to the coronavirus.

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

NOTE 24 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through April 13, 2022, the date the June 30, 2021 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of the City's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021

	<i>Unaudited</i>									
Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021		
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	
City's proportion of the net pension liability	0.63002872%	0.63944877%	0.63410194%	0.64279686%	0.62389532%	0.62533606%	0.61262124%	0.61194527%		
City's proportionate share of the net pension liability	\$ 27,115,078	\$ 24,002,258	\$ 25,120,120	\$ 34,181,336	\$ 30,683,127	\$ 30,111,197	\$ 29,477,219	\$ 39,140,944		
City's covered payroll (as of the measurement date)	\$ 15,319,843	\$ 15,764,272	\$ 16,218,949	\$ 16,568,181	\$ 16,535,231	\$ 16,767,460	\$ 16,802,057	\$ 17,178,692		
City's proportionate share of the net pension liability as a percentage of its covered payroll	176.99%	152.26%	154.88%	206.31%	185.56%	179.58%	175.44%	227.85%		
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%		

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

EXHIBIT H
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of City Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021

	<i>Unaudited</i>									
Fiscal year-end	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021			
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021		
Contractually required contribution	\$ 2,127,337	\$ 2,301,721	\$ 2,285,599	\$ 2,643,031	\$ 2,665,744	\$ 2,666,015	\$ 2,718,518			
Contributions in relation to the contractually required contributions	2,127,337	2,301,721	2,285,599	2,643,031	2,665,744	2,666,015	2,718,518			
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
City's covered payroll (as of the fiscal year end)	\$ 16,218,949	\$ 16,568,181	\$ 16,535,231	\$ 16,767,460	\$ 16,802,057	\$ 17,178,692	\$ 17,969,590			
Contributions as a percentage of covered payroll	13.12%	13.89%	13.82%	15.76%	15.87%	15.52%	15.13%			

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the City's pension plan at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.0% per year
Wage Inflation	2.75% per year (2.25% for teachers)
Salary Increases	5.6% Average, including inflation
Investment Rate of Return	6.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to an experience study of the period 2016-2019.
Mortality	Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

Other Information:

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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EXHIBIT I
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
City's proportion of the net OPEB liability	0.61317648%	0.59781594%	0.59462649%	0.58775155%	0.59213819%
City's proportionate share of the net OPEB liability (asset)	\$ 2,968,420	\$ 2,733,417	\$ 2,722,472	\$ 2,576,768	\$ 2,591,842
City's covered payroll (as of the measurement date)	\$ 16,568,181	\$ 16,535,231	\$ 16,767,460	\$ 16,802,057	\$ 17,178,692
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	17.92%	16.53%	16.24%	15.34%	15.09%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT J
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of City Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2021
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution	\$ 354,326	\$ 263,021	\$ 268,201	\$ 268,226	\$ 292,142
Contributions in relation to the contractually required contribution	354,326	263,021	268,201	268,226	292,142
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll (as of the fiscal year end)	\$ 16,535,231	\$ 16,767,460	\$ 16,802,057	\$ 17,178,692	\$ 17,969,590
Contributions as a percentage of covered payroll	2.14%	1.57%	1.60%	1.56%	1.63%

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

EXHIBIT K
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios
Retiree Health Benefit Program
For the Fiscal Year Ended June 30, 2021
Unaudited

	June 30,			
	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 12,522,983	\$ 7,346,405	\$ 7,312,811	\$ 5,216,200
Changes for the year:				
Service cost	437,287	273,431	254,999	136,496
Interest	337,275	233,514	285,467	181,543
Assumption changes and difference between actual and expected experience	(2,975,310)	(221,807)	(2,531,414)	820,090
Change in actuarial cost method	(2,821,012)	-	277,120	-
Benefit payments	(154,818)	(318,732)	(382,783)	\$ (331,482)
OPEB liability, end of year	<u>\$ 7,346,405</u>	<u>\$ 7,312,811</u>	<u>\$ 5,216,200</u>	<u>\$ 6,022,847</u>
Covered payroll	<u>\$ 16,069,210</u>	<u>\$ 16,796,116</u>	<u>\$ 17,929,114</u>	<u>\$ 17,312,549</u>
Total OPEB liability as a percentage of covered payroll	45.72%	43.54%	29.09%	34.79%

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

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the City's other postemployment benefits at June 30, 2021. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year (2.25% for teachers)
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

Schedule of Changes in City's Total Other Postemployment Benefits Liability and Related Ratios

As required by GASB Statement No. 75, Exhibit K represents the actuarial determined costs associated with the City's other postemployment benefits at June 30, 2021. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 25,237,598	\$ 25,295,368	\$ 57,770
Payment in lieu of taxes	154,922	175,243	20,321
Interest and penalties on taxes	200,000	246,921	46,921
Total from taxes	<u>25,592,520</u>	<u>25,717,532</u>	<u>125,012</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	74,975	123,003	48,028
Motor vehicle permit fees	1,745,000	2,115,832	370,832
Building permits	50,000	215,172	165,172
Total from licenses, permits, and fees	<u>1,869,975</u>	<u>2,454,007</u>	<u>584,032</u>
Intergovernmental:			
State:			
Shared revenues	262,839	262,839	-
Meals and rooms distribution	599,338	599,338	-
Highway block grant	224,835	224,778	(57)
Education related	12,707,516	12,886,622	179,106
Other	1,353	1,353	-
Federal:			
Other	160,263	337,516	177,253
Total from intergovernmental	<u>13,956,144</u>	<u>14,312,446</u>	<u>356,302</u>
Charges for services:			
Income from departments	<u>503,413</u>	<u>490,505</u>	<u>(12,908)</u>
Miscellaneous:			
Sale of municipal property	25,000	62,533	37,533
Interest on investments	140,000	106,746	(33,254)
Other	172,750	214,549	41,799
Total from miscellaneous	<u>337,750</u>	<u>383,828</u>	<u>46,078</u>
Other financing sources:			
Transfers in	-	202,500	202,500
Total revenues and other financing sources	42,259,802	<u>\$ 43,560,818</u>	<u>\$ 1,301,016</u>
Unassigned fund balance used to reduce tax rate	800,000		
Amounts voted from fund balance	92,452		
Total revenues, other financing sources, and use of fund balance	<u>\$ 43,152,254</u>		

See Independent Auditor's Report.

SCHEDULE 2
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 532,236	\$ 508,122	\$ -	\$ 24,114
Election and registration	-	165,640	183,274	-	(17,634)
Financial administration	-	636,672	653,562	-	(16,890)
Revaluation of property	9,000	157,420	153,975	8,860	3,585
Planning and zoning	-	306,857	292,417	-	14,440
General government buildings	-	170,639	153,676	5,300	11,663
Cemeteries	-	8,770	2,639	7,620	(1,489)
Other	-	76,000	15,077	3,500	57,423
Total general government	9,000	2,054,234	1,962,742	25,280	75,212
Public safety:					
Police	52,753	4,160,433	4,179,966	1,925	31,295
Fire	5,850	2,248,812	2,213,745	6,897	34,020
Building inspection	-	209,286	204,340	-	4,946
Total public safety	58,603	6,618,531	6,598,051	8,822	70,261
Highways and streets:					
Administration	1,650	1,306,150	1,411,160	-	(103,360)
Highways and streets	212,159	1,311,410	815,390	665,301	42,878
Street lighting	-	106,700	81,466	-	25,234
Other	1,900	72,660	61,981	5,902	6,677
Total highways and streets	215,709	2,796,920	2,369,997	671,203	(28,571)
Sanitation:					
Solid waste collection	-	248,561	241,493	-	7,068
Health:					
Health agencies	-	107,780	107,280	-	500
Welfare:					
Administration and direct assistance	-	234,581	130,258	-	104,323
Culture and recreation:					
Parks and recreation	13,704	196,421	128,971	-	81,154
Library	477	284,461	254,981	1,028	28,929
Patriotic purposes	-	800	-	-	800
Other	-	12,250	15,712	-	(3,462)
Total culture and recreation	14,181	493,932	399,664	1,028	107,421
Economic development	-	10,625	4,489	-	6,136
Debt service:					
Principal of long-term debt	-	1,723,397	1,713,397	-	10,000
Interest on long-term debt	-	725,244	727,730	-	(2,486)
Other	-	266,362	266,362	-	-
Total debt service	-	2,715,003	2,707,489	-	7,514
Education	-	27,215,285	26,099,937	-	1,115,348
Capital outlay	395,787	525,721	590,779	285,924	44,805
Other financing uses:					
Transfers out	-	131,081	131,081	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 693,280	\$ 43,152,254	\$ 41,343,260	\$ 992,257	\$ 1,510,017

See Independent Auditor's Report.

SCHEDULE 3
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2021

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 6,088,567
Changes:		
Unassigned fund balance used to reduce 2020-2021 tax rate		(800,000)
Amounts voted from fund balance		(92,452)
2020-21 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,301,016	
Unexpended balance of appropriations (Schedule 2)	1,510,017	
2020-21 Budget surplus		2,811,033
Decrease in nonspendable fund balance		239,849
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		8,246,997
Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(689,149)
Consolidation of blended pollution remediation fund deficit fund balance		(40,678)
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		\$ 7,517,170

SCHEDULE 4
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds				
	SB 38 Highway Block Grant	Conservation	City Grants	Cable Communications	City Other Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 22,011	\$ 12,322	\$ 194,686	\$ 263,120	\$ 39,315
Investments	-	85,929	-	-	32,972
Taxes receivable	-	7,833	-	-	-
Accounts receivable	-	-	96,873	29,315	-
Due from other governments	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 22,011</u>	<u>\$ 106,084</u>	<u>\$ 291,559</u>	<u>\$ 292,435</u>	<u>\$ 72,287</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 978	\$ -	\$ 5,016
Accrued salaries and benefits	-	-	-	790	-
Interfund payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>978</u>	<u>790</u>	<u>5,016</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - student balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	22,011	-	290,581	-	30,623
Committed	-	106,084	-	291,645	36,648
Assigned	-	-	-	-	-
Total fund balances	<u>22,011</u>	<u>106,084</u>	<u>290,581</u>	<u>291,645</u>	<u>67,271</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,011</u>	<u>\$ 106,084</u>	<u>\$ 291,559</u>	<u>\$ 292,435</u>	<u>\$ 72,287</u>

Special Revenue Funds							
School Other Special Revenue Funds	Food Service	Transportation Improvement Trust	Other Trusts	Student Activity Funds	School Capital Projects	Permanent Fund	Total
\$ 48,449	\$ 18,355	\$ 215	\$ 496	\$ 96,231	\$ 56,217	\$ 1,251	\$ 752,668
-	-	52,683	83,829	-	-	211,388	466,801
-	-	-	-	-	-	-	7,833
-	20,449	-	-	-	-	-	146,637
-	179,886	-	-	-	-	-	179,886
-	-	6,390	-	-	-	-	6,390
<u>\$ 48,449</u>	<u>\$ 218,690</u>	<u>\$ 59,288</u>	<u>\$ 84,325</u>	<u>\$ 96,231</u>	<u>\$ 56,217</u>	<u>\$ 212,639</u>	<u>\$ 1,560,215</u>
\$ 1,746	\$ 4,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,753
-	-	-	-	-	-	-	790
-	82,273	-	-	-	-	-	82,273
<u>1,746</u>	<u>86,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,816</u>
-	21,366	-	-	-	-	-	21,366
-	-	-	-	-	-	198,115	198,115
-	111,038	-	-	-	56,217	14,524	524,994
46,703	-	59,288	84,325	-	-	-	624,693
-	-	-	-	96,231	-	-	96,231
<u>46,703</u>	<u>111,038</u>	<u>59,288</u>	<u>84,325</u>	<u>96,231</u>	<u>56,217</u>	<u>212,639</u>	<u>1,444,033</u>
<u>\$ 48,449</u>	<u>\$ 218,690</u>	<u>\$ 59,288</u>	<u>\$ 84,325</u>	<u>\$ 96,231</u>	<u>\$ 56,217</u>	<u>\$ 212,639</u>	<u>\$ 1,560,215</u>

SCHEDULE 5
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds				
	SB 38 Highway Block Grant	Conservation	City Grants	Cable Communications	City Other Special Revenue Funds
REVENUES					
Taxes	\$ -	\$ 12,555	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	233,640	-	-
Charges for services	-	-	-	119,110	-
Miscellaneous	-	7,935	876	-	11,488
Total revenues	-	20,490	234,516	119,110	11,488
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	85,222	-	-
Highways and streets	20,983	-	75,346	-	-
Culture and recreation	-	-	-	39,202	84,870
Conservation	-	61,351	-	-	-
Education	-	-	-	-	-
Food service	-	-	-	-	-
Capital outlay	-	-	126,116	4,318	-
Total expenditures	20,983	61,351	286,684	43,520	84,870
Excess (deficiency) of revenues over (under) expenditures	(20,983)	(40,861)	(52,168)	75,590	(73,382)
OTHER FINANCING USES					
Transfers in	-	-	169,750	-	-
Transfers out	-	-	-	-	-
Bond and premium proceeds	-	-	-	-	-
Total other financing sources (uses)	-	-	169,750	-	-
Net change in fund balances	(20,983)	(40,861)	117,582	75,590	(73,382)
Fund balances (deficit), beginning, as restated (see Note 20)	42,994	146,945	172,999	216,055	140,653
Fund balances, ending	\$ 22,011	\$ 106,084	\$ 290,581	\$ 291,645	\$ 67,271

Special Revenue Funds							
School Special Revenue Funds	Other Food Service	Transportation Improvement Trust	Other Trusts	Student Activity Funds	School Capital Projects	Permanent Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,555
-	-	76,160	-	-	-	-	76,160
-	539,047	-	-	-	-	-	772,687
12,628	5,145	-	-	21,813	-	-	158,696
-	-	3,486	14,649	-	16	29,478	67,928
12,628	544,192	79,646	14,649	21,813	16	29,478	1,088,026
-	-	9,281	-	-	-	-	9,281
-	-	-	-	-	-	-	85,222
-	-	-	-	-	-	-	96,329
-	-	-	-	-	-	11,977	136,049
-	-	-	-	-	-	-	61,351
18,018	-	-	-	34,947	-	-	52,965
-	501,463	-	-	-	-	-	501,463
-	-	-	-	-	521,173	-	651,607
18,018	501,463	9,281	-	34,947	521,173	11,977	1,594,267
(5,390)	42,729	70,365	14,649	(13,134)	(521,157)	17,501	(506,241)
-	-	-	-	-	-	-	169,750
-	-	(329,750)	-	-	-	(12,500)	(342,250)
-	-	-	-	-	650,000	-	650,000
-	-	(329,750)	-	-	650,000	(12,500)	477,500
(5,390)	42,729	(259,385)	14,649	(13,134)	128,843	5,001	(28,741)
52,093	68,309	318,673	69,676	109,365	(72,626)	207,638	1,472,774
\$ 46,703	\$ 111,038	\$ 59,288	\$ 84,325	\$ 96,231	\$ 56,217	\$ 212,639	\$ 1,444,033

See Independent Auditor's Report.

SCHEDULE 6
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Student Activity Funds
Combining Balance Sheet
June 30, 2021

	Idlehurst Elementary	Maple Wood Elementary	Middle School	High School	Career Technical Center	Total
ASSETS						
Cash and cash equivalents	\$ 7,494	\$ 12,669	\$ 16,388	\$ 55,913	\$ 3,767	\$ 96,231
FUND BALANCES						
Assigned	\$ 7,494	\$ 12,669	\$ 16,388	\$ 55,913	\$ 3,767	\$ 96,231

See Independent Auditor's Report.

SCHEDULE 7
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	Idlehurst Elementary	Maple Wood Elementary	Middle School	High School	Career Technical Center	Total
REVENUES						
Charges for services	\$ 497	\$ -	\$ 5,638	\$ 14,918	\$ 760	\$ 21,813
EXPENDITURES						
Education	2,680	631	15,445	15,412	779	34,947
Net change in fund balances	(2,183)	(631)	(9,807)	(494)	(19)	(13,134)
Fund balances, beginning	9,677	13,300	26,195	56,407	3,786	109,365
Fund balances, ending	<u>\$ 7,494</u>	<u>\$ 12,669</u>	<u>\$ 16,388</u>	<u>\$ 55,913</u>	<u>\$ 3,767</u>	<u>\$ 96,231</u>

See Independent Auditor's Report.

***SINGLE AUDIT ACT SCHEDULES
AND INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the City Council
City of Somersworth
Somersworth, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Somersworth, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Somersworth's basic financial statements, and have issued our report thereon dated April 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Somersworth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Somersworth's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Somersworth's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

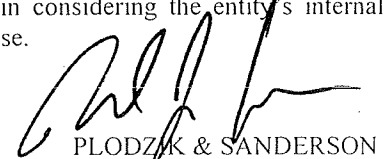
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Somersworth's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 13, 2022


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Professional Association



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City Council
City of Somersworth
Somersworth, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the City of Somersworth's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Somersworth's major federal program for the year ended June 30, 2021. The City of Somersworth's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Somersworth's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Somersworth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Somersworth's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Somersworth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City of Somersworth is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Somersworth's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over

City of Somersworth

*Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance*

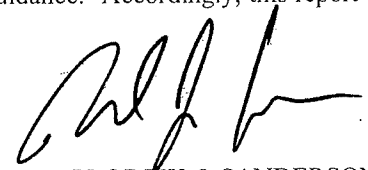
compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Somersworth's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

April 13, 2022



PLODZIK & SANDERSON
Professional Association

SCHEDULE I
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>66.458</u>	<u>Capitalization Grants for Clean Water State Revolving Funds</u>

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 142,426
COVID-19 - School Breakfast Program	10.553	N/A	-	8,378
National School Lunch Program <i>(note 4)</i>	10.555	N/A	-	339,497
COVID-19 - National School Lunch Program	10.555	N/A	-	13,271
CLUSTER TOTAL			-	<u>503,572</u>
Fresh Fruit and Vegetable Program	10.582	N/A	-	<u>25,916</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
New Hampshire Community Development Finance Authority				
Community Development Block Grants/State's Program	14.228	20-218-CDHS	-	<u>6,500</u>
U.S. DEPARTMENT OF INTERIOR				
Passed Through the New Hampshire Department of Natural and Cultural Resources				
Outdoor Recreation Acquisition, Development, and Planning	15.916	33-00724	-	<u>36,632</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the State of New Hampshire Department of Transportation				
Highway Planning and Construction:				
TAP Grant	20.205	41363	-	14,060
CMAQ - High St/Route 108 Signal System	20.205	41741	-	25,845
PROGRAM TOTAL			-	<u>39,905</u>
U.S. DEPARTMENT OF TREASURY				
Passed Through the State of New Hampshire Governor's Office for Emergency Relief and Recovery				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	<u>251,025</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed Through the State of New Hampshire Department of Environmental Services				
Capitalization Grants for Clean Water State Revolving Funds: <i>(note 5)</i>				
WWTF Upgrades	66.458	#CS330001-18	-	2,471,423
WWTF Upgrades	66.458	#CS330001-19	-	4,382,095
PROGRAM TOTAL			-	<u>6,853,518</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	#AM-104	-	<u>20,000</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I FY 2020	84.010	20200216	-	57,235
Title I FY 2021	84.010	20210985	-	552,314
PROGRAM TOTAL			-	<u>609,549</u>

(continued)

The accompanying notes are an integral part of this schedule.

SCHEDULE II (continued)
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
SPECIAL EDUCATION CLUSTER				
Special Education - Grants to States:				
IDEA FY 2019	84.027	92641	-	11,589
IDEA FY 2020	84.027	202574	-	18,485
IDEA FY 2021	84.027	20211438	-	402,465
Special Education - Preschool Grants:				
Preschool FY 2019	84.173	92641	-	11,628
Preschool FY 2021	84.173	20211438	-	2,480
<i>CLUSTER TOTAL</i>			-	446,647
Career and Technical Education - Basic Grants to States:				
Perkins V Program Improvement	84.048	20203137	-	3,602
Perkins V Program Improvement	84.048	20210749	-	89,775
Perkins Reserve Innovation	84.048	20211560	-	879
<i>PROGRAM TOTAL</i>			-	94,256
Twenty-First Century Community Learning Centers	84.287	20210036	-	167,754
English Language Acquisition State Grants:				
Title III FY 2019	84.365	20190272	-	3,957
Title III FY 2020	84.365	20200272	-	16,207
Title III FY 2021	84.365	20211258	-	3,711
<i>PROGRAM TOTAL</i>			-	23,875
Supporting Effective Instruction State Grants:				
Title IIA FY 2019	84.367	20190196	-	145
Title IIA FY 2020	84.367	20200196	-	46,763
Title IIA FY 2021	84.367	20211105	-	12,745
<i>PROGRAM TOTAL</i>			-	59,653
Student Support and Academic Enrichment Program:				
Title IVA FY 2019	84.424	20190720	-	16,955
Title IVA FY 2020	84.424	20200720	-	50,927
<i>PROGRAM TOTAL</i>			-	67,882
COVID-19 - Education Stabilization Fund:				
ESSER I	84.425D	20200805	-	312,212
ESSER II	84.425D	20211534	-	2,085
<i>PROGRAM TOTAL</i>			-	314,297
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through the New Hampshire Secretary of State's Office				
COVID-19 - HAVA Election Security Grants	90.404	DC20101CARES	-	19,049
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the State of New Hampshire Department of Safety				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4516-DR-NH	-	34,135
Emergency Management Performance Grant:				
Local Emergency Operations Plan	97.042	EMB-2019-EP-00003-S01	-	4,500
Hilltop School Generator	97.042	EMB-2019-EP-00003-S01	-	8,900
<i>PROGRAM TOTAL</i>			-	13,400
Building Resilient Infrastructure and Communities	97.047	N/A	-	9,475
Homeland Security Grant Program	97.067	EMS-2018-SS-00055	-	1,289

(continued)

The accompanying notes are an integral part of this schedule.

SCHEDULE II (continued)
CITY OF SOMERSWORTH, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DIRECT FUNDING				
U.S. DEPARTMENT OF AGRICULTURE				
Farm to School Grant Program	10.575	N/A	-	356
U.S. DEPARTMENT OF JUSTICE				
Community Prosecution and Project Safe Neighborhoods	16.609	N/A	-	2,432
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	21,335
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	6,937
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Drug-Free Communities Support Program Grants	93.276	N/A	-	711
<i>Total Expenditures of Federal Awards</i>			<u>\$ -</u>	<u>\$ 9,630,100</u>

The accompanying notes are an integral part of this schedule.

CITY OF SOMERSWORTH, NEW HAMPSHIRE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Somersworth under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Somersworth, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Somersworth.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City of Somersworth has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2021 the value of food donations received was \$51,441.

Note 5. Loans Outstanding

The City of Somersworth had the following loan balance outstanding at June 30, 2021. The loans made during the year are included in the federal expenditures presented in the Schedule.

<i>CFDA Number</i>	<i>Program Name</i>	<i>Outstanding Balances at June 30, 2021</i>
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$8,054,090