

**TOWN OF UNITY,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

TOWN OF UNITY, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
A Statement of Net Position	4
B Statement of Activities	5
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	6
C-2 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	76
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	10
<i>Fiduciary Funds</i>	
E-1 Statement of Fiduciary Net Position	11
E-2 Statement of Changes in Fiduciary Net Position	12
NOTES TO THE BASIC FINANCIAL STATEMENTS	13 - 31
REQUIRED SUPPLEMENTARY INFORMATION	
F Schedule of the Town's Proportionate Share of Net Pension Liability	32
G Schedule of Town Contributions – Pensions	33
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY	34
H Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability	35
I Schedule of Town Contributions – Other Postemployment Benefits	36
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY	37
COMBINING AND INDIVIDUAL FUND SCHEDULES	
Governmental Funds	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	38
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	39
3 Schedule of Changes in Unassigned Fund Balance.....	40
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet	41
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	42
<i>Custodial Funds</i>	
6 Combining Schedule of Fiduciary Net Position	43
7 Combining Schedule of Changes in Fiduciary Net Position	44
INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESS	45 - 47



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Summary of Opinions

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 13-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the Town's single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position, and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

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

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities," paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Unity, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Major General Fund

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the Unity Free Library is blended with the Town's general fund due to the majority of the library's funding coming from the general fund. We had a scope limitation with the library in that original source documentation for the year's activity was not provided for audit. Auditing Standard AU-C Section 500 - *Audit Evidence* requires the auditor to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion. The sufficiency is the measure of the quantity of audit evidence. The quantity of audit evidence needed is affected by the risk of material misstatement in the audit of the financial statements or the risk associated with the control (in the audit of internal control over financial reporting). As the risk increases, the amount of evidence that the auditor should obtain also increases. Appropriateness is the measure of the quality of audit evidence, i.e., its relevance and reliability. To be appropriate, audit evidence must be both relevant and reliable in providing support for the conclusions on which the auditor's opinion is based. Evidence provided by original documents is more reliable than evidence provided by photocopies or facsimiles, or documents that have been filmed, digitized, or otherwise converted into electronic form, the reliability of which depends on the controls over the conversion and maintenance of those documents. Since the library failed to produce any original source documentation for audit the risk of material misstatement of the library's financial statements is increased.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Major General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major general fund of the Town of Unity, as of December 31, 2020, and the changes in financial position and the respective budgetary comparison for the major general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

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:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Note to the Required Supplementary Information

Town of Unity
Independent Auditor's Report

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

Other Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Unity's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

February 8, 2022

Plodzik & Sanderson
Professional Association

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF UNITY, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,435,005
Investments	18,082
Taxes receivables (net)	877,401
Account receivables	15,013
Intergovernmental receivable	8,254
Capital assets:	
Land and construction in progress	513,646
Other capital assets, net of depreciation	2,500,392
Total assets	5,367,793
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	64,471
Amounts related to other postemployment benefits	241
Total deferred outflows of resources	64,712
LIABILITIES	
Long-term liabilities:	
Due within one year	15,000
Due in more than one year	652,413
Total liabilities	667,413
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	1,053
Unavailable revenue - restitution	18,026
Amounts related to pensions	28,974
Amounts related to other postemployment benefits	69
Total deferred inflows of resources	48,122
NET POSITION	
Net investment in capital assets	3,014,038
Restricted	20,887
Unrestricted	1,682,045
Total net position	\$ 4,716,970

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

EXHIBIT B
TOWN OF UNITY, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2020

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change In Net Position
General government	\$ 498,715	\$ 545	\$ -	\$ (498,170)
Public safety	134,647	-	-	(134,647)
Highways and streets	398,697	-	112,626	(286,071)
Sanitation	233,467	45,193	1,564	(186,710)
Health	6,584	-	-	(6,584)
Welfare	2,025	-	-	(2,025)
Culture and recreation	29,263	-	-	(29,263)
Conservation	1,116	-	-	(1,116)
Depreciation - unallocated	128,865	-	-	(128,865)
Total governmental activities	<u>\$ 1,433,379</u>	<u>\$ 45,738</u>	<u>\$ 114,190</u>	<u>(1,273,451)</u>
General revenues:				
Taxes:				
Property				1,332,617
Other				51,110
Motor vehicle permit fees				289,357
Licenses and other fees				3,674
Grants and contributions not restricted to specific programs				152,217
Unrestricted investment earnings				16,998
Miscellaneous				6,099
Total general revenues				<u>1,852,072</u>
Change in net position				578,621
Net position, beginning, as restated (see Note 17)				4,138,349
Net position, ending				<u>\$ 4,716,970</u>

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

EXHIBIT C-1
TOWN OF UNITY, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,416,901	\$ 18,104	\$ 1,435,005
Investments	-	18,082	18,082
Taxes receivable	884,901	-	884,901
Accounts receivable	15,013	-	15,013
Intergovernmental receivable	8,254	-	8,254
Elderly tax liens	24,443	-	24,443
Elderly tax liens reserved until collected	(24,443)	-	(24,443)
Total assets	<u>\$ 2,368,804</u>	<u>\$ 36,186</u>	<u>\$ 2,404,990</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 126,775	-	\$ 126,775
Unavailable revenue - restitution	18,026	-	18,026
Total deferred inflows of resources	<u>144,801</u>	<u>-</u>	<u>144,801</u>
FUND BALANCES			
Nonspendable	-	17,877	17,877
Restricted	2,701	309	3,010
Committed	711,558	18,000	729,558
Assigned	307,285	-	307,285
Unassigned	1,158,724	-	1,158,724
Total fund balances	<u>2,180,268</u>	<u>36,186</u>	<u>2,216,454</u>
Total deferred inflows of resources and fund balances	<u>\$ 2,368,804</u>	<u>\$ 36,186</u>	<u>\$ 2,404,990</u>

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

EXHIBIT C-2
TOWN OF UNITY, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 2,216,454
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 4,866,533	
Less accumulated depreciation	<u>(1,852,495)</u>	
		3,014,038
Pension and other postemployment benefit (OPEB) related deferred outflows of the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 64,471	
Deferred inflows of resources related to pensions	(28,974)	
Deferred outflows of resources related to OPEB	241	
Deferred inflows of resources related to OPEB	<u>(69)</u>	
		35,669
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		125,722
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(7,500)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Accrued landfill postclosure care costs	\$ 450,000	
Net pension liability	213,679	
Other postemployment benefits	<u>3,734</u>	
		<u>(667,413)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 4,716,970</u>

EXHIBIT C-3
TOWN OF UNITY, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,515,505	\$ -	\$ 1,515,505
Licenses and permits	293,031	-	293,031
Intergovernmental receivable	266,407	-	266,407
Charges for services	45,738	-	45,738
Miscellaneous	22,791	306	23,097
Total revenues	<u>2,143,472</u>	<u>306</u>	<u>2,143,778</u>
EXPENDITURES			
Current:			
General government	495,706	-	495,706
Public safety	134,647	-	134,647
Highways and streets	998,825	-	998,825
Sanitation	80,328	-	80,328
Health	6,584	-	6,584
Welfare	2,025	-	2,025
Culture and recreation	29,263	-	29,263
Conservation	768	348	1,116
Capital outlay	239,755	-	239,755
Total expenditures	<u>1,987,901</u>	<u>348</u>	<u>1,988,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>155,571</u>	<u>(42)</u>	<u>155,529</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,200	1,200
Transfers out	(1,200)	-	(1,200)
Total other financing sources (uses)	<u>(1,200)</u>	<u>1,200</u>	<u>-</u>
Net change in fund balances	154,371	1,158	155,529
Fund balances, beginning, as restated (see Note 17)	<u>2,025,897</u>	<u>35,028</u>	<u>2,060,925</u>
Fund balances, ending	<u>\$ 2,180,268</u>	<u>\$ 36,186</u>	<u>\$ 2,216,454</u>

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

EXHIBIT C-4
TOWN OF UNITY, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2020

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 155,529
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 1,139,883	
Depreciation expense	<u>(128,865)</u>	1,011,018
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (1,200)	
Transfers out	<u>1,200</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Decrease in deferred tax revenue and allowance for uncollectible property taxes		(131,778)
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.		
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	\$ (3,592)	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>583</u>	(156,148)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 578,621</u>

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,199,332	\$ 1,199,332	\$ 1,383,727	\$ 184,395
Licenses and permits	178,300	178,300	293,031	114,731
Intergovernmental receivable	212,727	263,522	266,407	2,885
Charges for services	40,000	40,000	45,738	5,738
Miscellaneous	22,000	22,000	15,448	(6,552)
Total revenues	<u>1,652,359</u>	<u>1,703,154</u>	<u>2,004,351</u>	<u>301,197</u>
EXPENDITURES				
Current:				
General government	511,756	524,270	447,397	76,873
Public safety	137,184	139,909	133,555	6,354
Highways and streets	380,000	380,000	317,564	62,436
Sanitation	77,625	78,865	68,925	9,940
Health	6,944	6,944	6,584	360
Welfare	7,550	7,550	2,025	5,525
Culture and recreation	50,800	50,806	23,307	27,499
Conservation	2,200	2,200	768	1,432
Debt service:				
Interest	1,500	1,500	-	1,500
Capital outlay	340,000	374,310	374,310	-
Total expenditures	<u>1,515,559</u>	<u>1,566,354</u>	<u>1,374,435</u>	<u>191,919</u>
Excess of revenues over expenditures	<u>136,800</u>	<u>136,800</u>	<u>629,916</u>	<u>493,116</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200	200	435	235
Transfers out	(337,000)	(337,000)	(342,571)	(5,571)
Total other financing sources (uses)	<u>(336,800)</u>	<u>(336,800)</u>	<u>(342,136)</u>	<u>(5,336)</u>
Net change in fund balances	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>287,780</u>	<u>\$ 487,780</u>
Unassigned fund balance, beginning, as restated (see Note 17)			998,066	
Unassigned fund balance, ending			<u>\$ 1,285,846</u>	

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

EXHIBIT E-1
TOWN OF UNITY, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2020

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 1,044,805
LIABILITIES	
Due to school	907,286
NET POSITION	
Restricted	\$ 137,519

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

EXHIBIT E-2
TOWN OF UNITY, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020

	Custodial Funds
ADDITIONS	
Contributions	\$ 95,000
Investment earnings	342
Tax collections for other governments	2,338,199
Total additions	2,433,541
DEDUCTIONS	
Payments of taxes to other governments	2,338,199
Change in net position	95,342
Net position, beginning	42,177
Net position, ending	\$ 137,519

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Accounting and Measurement Focus	1-B
Cash and Cash Equivalents	1-C
Investments	1-D
Receivables	1-E
Capital Assets	1-F
Interfund Transfers	1-G
Property Taxes	1-H
Deferred Outflows/Inflows of Resources	1-I
Defined Benefit Pension Plan	1-J
Postemployment Benefits Other Than Pensions	1-K
Net Position/Fund Balances	1-L
Use of Estimates	1-M
 Stewardship, Compliance, and Accountability	 2
Budgetary Information	2-A
Budgetary Reconciliation to GAAP Basis	2-B

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Other Receivables	6
Capital Assets	7
Interfund Transfers	8
Intergovernmental Payables	9
Deferred Outflows/Inflows of Resources	10
Long-term Liabilities	11
Defined Benefit Pension Plan	12
Postemployment Benefits Other Than Pensions	13
New Hampshire Retirement System (NHRS)	13-A
Town of Unity Retiree Health Benefit Program	13-B
Encumbrances	14
Governmental Activities and Fiduciary Funds Net Position	15
Governmental Fund Balances	16
Prior Period Adjustments	17
Risk Management	18
COVID-19	19
Tax Abatements	20
Contingent Liabilities	21
Subsequent Events	22

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant of the Town’s accounting policies are described below.

1-A Reporting Entity

The Town of Unity is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting and Measurement Focus

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town’s single employer plan which has been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded the other postemployment benefit expense of the Town’s single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions

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

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

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

Permanent Fund – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

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

The Town reports the following fiduciary fund:

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

1-C Cash and Cash Equivalents

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

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

1-D Investments

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

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

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

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

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

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

Level 3 – Inputs are significant unobservable inputs.

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

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

1-E Receivables

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

1-F Capital Assets

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

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value.

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

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	20-40
Equipment	10
Vehicles	5-10
Infrastructure	40

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

1-G 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 the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-H Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 9, 2020, and November 14, 2020, and due on July 1, 2020, and January 4, 2021. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on May 5, 2020.

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

The Town 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	\$ 130,936,216
For all other taxes	\$ 134,383,616

The tax rates and amounts assessed for the year ended December 31, 2020, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 10.33	\$ 1,388,049
School portion:		
State of New Hampshire	2.01	263,248
Local	12.90	1,733,457
County portion	2.54	341,494
Total	\$ 27.78	\$ 3,726,248

1-I Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

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

1-J 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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-K Postemployment Benefits Other Than Pensions

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

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

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

1-L Net Position/Fund Balances

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation.

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

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

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

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

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

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

1-M Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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 2020, none of the beginning general fund unassigned fund balance was applied for this purpose and \$200,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,004,786
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	7,343
To eliminate transfers between general and blended expendable trust funds	(435)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	124,278
Change in allowance for uncollectible property taxes	7,500
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,143,472</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 1,725,906
Adjustments:	
Basis differences:	
Encumbrances, beginning	205,653
Encumbrances, ending	(307,285)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	706,198
To eliminate transfers between general and blended expendable trust funds	(337,000)
To eliminate transfers between general and blended library fund	(4,371)
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,989,101</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2020, the reported amount of the Town's deposits was \$2,479,810 and the bank balance was \$2,228,974. Of the bank balance \$1,145,616 was covered by federal depository insurance or by collateral held by the pledging bank or pledging bank's trust department in the Town's name, and \$1,083,358 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,435,005
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	1,044,805
Total cash and cash equivalents	<u>\$ 2,479,810</u>

NOTE 4 – INVESTMENTS

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

	Valuation Measurement Method	1-5 Years
Investments type:		
Certificates of deposit	Level 1	<u>\$ 18,082</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 Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Town has no formal policy on managing credit risk; however, state law limits investments as explained in Note 1-D.

NOTE 5 – TAXES RECEIVABLE

Taxes receivables represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$7,500. Taxes receivable by year are as follows:

	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Property:		
Levy of 2020	\$ 739,560	\$ 739,560
Unredeemed (under tax lien):		
Levy of 2019	100,992	100,992
Levy of 2018	44,349	44,349
Less: allowance for estimated uncollectible taxes	<u>(7,500) *</u>	<u>-</u>
Net taxes receivable	<u>\$ 877,401</u>	<u>\$ 884,901</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2020, consisted of accounts (restitution) and intergovernmental amounts arising from grants. Receivables are recorded on the Town’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2020 for the Town’s individual major fund are as follows:

	<u>General Fund</u>
Receivables:	
Accounts	\$ 15,013
Intergovernmental	8,254
Liens	24,443
Gross receivables	<u>47,710</u>
Less: allowance for uncollectibles	<u>(24,443)</u>
Net total receivables	<u>\$ 23,267</u>

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 7 – CAPITAL ASSETS

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

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 321,950	\$ -	\$ -	\$ 321,950
Construction in progress	291,251	200,445	(300,000)	191,696
Total capital assets not being depreciated	<u>613,201</u>	<u>200,445</u>	<u>(300,000)</u>	<u>513,646</u>
Being depreciated:				
Buildings and building improvements	982,651	-	-	982,651
Vehicles	926,576	112,928	-	1,039,504
Equipment	214,120	54,720	-	268,840
Infrastructure	1,290,102	771,790	-	2,061,892
Total capital assets being depreciated	<u>3,413,449</u>	<u>939,438</u>	<u>-</u>	<u>4,352,887</u>
Total all capital assets	<u>4,026,650</u>	<u>1,139,883</u>	<u>(300,000)</u>	<u>4,866,533</u>
Less accumulated depreciation:				
Buildings and building improvements	(523,974)	(21,394)	-	(545,368)
Vehicles	(699,144)	(50,452)	-	(749,596)
Equipment	(214,120)	(5,472)	-	(219,592)
Infrastructure	(286,392)	(51,547)	-	(337,939)
Total accumulated depreciation	<u>(1,723,630)</u>	<u>(128,865)</u>	<u>-</u>	<u>(1,852,495)</u>
Net book value, capital assets being depreciated	<u>1,689,819</u>	<u>810,573</u>	<u>-</u>	<u>2,500,392</u>
Net book value, all capital assets	<u>\$2,303,020</u>	<u>\$1,011,018</u>	<u>\$(300,000)</u>	<u>\$3,014,038</u>

Depreciation expense was charged to the unallocated depreciation function in the governmental activities.

NOTE 8 – INTERFUND TRANSFERS

The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	Transfers In:
	Nonmajor
	Fund
Transfers out:	
General fund	<u>\$ 1,200</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 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$907,286 at December 31, 2020, consist of taxes owed to the Unity School District reported in the fiduciary funds.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$64,471 and amounts related to OPEB totaling \$241. For further discussion on these amounts, see Note 12 and 13 respectively.

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Prepaid property taxes	\$ 1,053	\$ 1,053
Restitution	18,026	18,026
Deferred property taxes not collected within 60 days of fiscal year-end	-	125,722
Amounts related to pensions (see Note 12)	28,974	-
Amounts related to other postemployment benefits (see Note 13)	69	-
Total deferred inflows of resources	<u>\$ 48,122</u>	<u>\$ 144,801</u>

NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1,			Balance December 31,		Due Within One Year
	2020	Additions	Reductions	2020		
Accrued landfill postclosure care costs	\$ 296,861	\$ 153,139	\$ -	\$ 450,000	\$ 15,000	
Net pension liability	178,996	34,683	-	213,679	-	
Net other postemployment benefits	4,208	-	(474)	3,734	-	
Total long-term liabilities	<u>\$ 480,065</u>	<u>\$ 187,822</u>	<u>\$ (474)</u>	<u>\$ 667,413</u>	<u>\$ 15,000</u>	

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 2017. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs. The estimated liability for landfill postclosure care costs has a balance of \$450,000 as of December 31, 2020. The estimated total current cost of the landfill postclosure care (\$15,000) is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Bonds Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2020 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 17, 2007	Stage Road Bridge	\$1,075,000
March 17, 2012	Old Cheshire Road Bridge	760,000
		<u>\$1,835,000</u>

NOTE 12 – DEFINED BENEFIT PENSION PLAN

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

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

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

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

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

Contributions - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation. For fiscal year 2020, the Town contributed 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$14,792, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At December 31, 2020 the Town reported a liability of \$213,679 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 Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.003% which was a decrease 0.001% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$26,059. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 16,721	\$ 26,680
Changes in assumptions	21,137	-
Net difference between projected and actual investment earnings on pension plan investments	13,216	-
Differences between expected and actual experience	5,770	2,294
Contributions subsequent to the measurement date	7,627	-
Total	<u>\$ 64,471</u>	<u>\$ 28,974</u>

The \$7,627 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

Fiscal Year Ending December 31,	
2021	\$ 2,928
2022	6,751
2023	11,704
2024	6,487
Thereafter	-
Totals	<u>\$ 27,870</u>

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

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

Mortality rates were based on the Pub-2010 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, 2020, valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
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%	

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 276,628	\$ 213,679	\$ 162,242

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.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

13-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 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.

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$394, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At December 31, 2020, the Town reported a liability of \$3,734 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 that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town’s proportion was 0.001% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$16. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 58
Net difference between projected and actual investment earnings on OPEB plan investments	14	-
Changes in assumptions	24	-
Differences between expected and actual experience	-	11
Contributions subsequent to the measurement date	203	-
Total	\$ 241	\$ 69

The \$203 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2021	\$(44)
2022	4
2023	5
2024	4
Thereafter	-
Totals	\$(31)

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

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

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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. Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2020
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 statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 4,055	\$ 3,734	\$ 3,456

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

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

13-B Town of Unity Retiree Health Benefit Program

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements. Expenses for the cost of providing health insurance for currently enrolled retirees are recognized in the general fund of the funds financial statements as payments are made.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2020, or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

NOTE 14 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

General fund:	
Public safety	\$ -
Capital outlay	298,385
Total encumbrances	<u>\$ 298,385</u>

NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUNDS NET POSITION

Net position reported on the government wide and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 3,014,038	\$ -
Restricted net position:		
Perpetual care - nonexpendable	17,877	-
Perpetual care - income balance	309	-
Library	2,701	-
Individuals, organizations, and other governments	-	137,519
Total restricted net position	20,887	137,519
Unrestricted	1,682,045	-
Total net position	\$ 4,716,970	\$ 137,519

NOTE 16 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Permanent fund - principal balance	\$ -	\$ 17,877	\$ 17,877
Restricted:			
Library	2,701	-	2,701
Permanent - income balance	-	309	309
Total restricted fund balance	2,701	309	3,010

(Continued)

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

Governmental fund balances continued:

	General Fund	Nonmajor Funds	Total Governmental Funds
Committed:			
Expendable trust	711,558	-	711,558
Conservation commission	-	18,000	18,000
Total committed fund balance	<u>711,558</u>	<u>18,000</u>	<u>729,558</u>
Assigned:			
Encumbrances	307,285	-	307,285
Unassigned	1,158,724	-	1,158,724
Total governmental fund balances	<u>\$ 2,180,268</u>	<u>\$ 36,186</u>	<u>\$ 2,216,454</u>

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2020, was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements	General Fund Total Fund Balance (Modified Accrual Basis)	General Fund Unassigned Fund Balance (Budgetary Basis)	Other Governmental Funds
To restate for capital reserve fund recorded as a permanent fund in the prior year	\$ -	\$ 18,757	\$ -	\$ (18,757)
To record allowance for elderly lien	(24,443)	(24,443)	(24,443)	-
To restate capital assets for incorrectly recorded assets	(26,319,384)	-	-	-
To restate to blend the expendable trusts and library fund in accordance with GASB 54	-	1,079,577	-	-
To restate to record interfund due to the general fund from the library fund	-	-	26,156	-
To restate for deferred tax revenue recorded incorrectly on the budgetary basis	-	-	250,000	-
Net position, as previously reported	30,482,176	952,006	746,353	53,785
Net position, as restated	<u>\$ 4,138,349</u>	<u>\$ 2,025,897</u>	<u>\$ 998,066</u>	<u>\$ 35,028</u>

NOTE 18 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town 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 is a are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020, to December 31, 2020, by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits 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 2020 the Town paid \$21,918 and \$19,762 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.

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

NOTE 19 – 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 with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$50,759. In addition to funding from the CARES Act, there are several other federal and state grants available.

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

NOTE 20 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. No tax abatement programs were identified that would require disclosure.

NOTE 21 – CONTINGENT LIABILITIES

There are various claims and legal suits pending against the Town which arose in the normal course of the government's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the 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 22 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through February 8, 2022, the date the December 31, 2020 financial statements were available to be issued, and the follow event occurred that requires recognition or disclosure:

During the annual town meeting on March 12, 2021, the Town approved Warrant Article 3 which includes issuing a \$1,749,375 bond. This bond is for the purpose of installing a fiberoptic broadband network. The remaining of the funds required for the project of \$762,735 are to come from a donation from the broadband provider. The Town also approved Warrant Article No. 7 for the use of \$200,000 of unassigned fund balance to be transferred to the Roads and Bridges Maintenance Capital Reserve Fund.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.003%	0.004%	0.004%	0.004%	0.004%	0.003%	0.004%	0.003%
Town's proportionate share of the net pension liability	\$ 140,306	\$ 159,657	\$ 150,208	\$ 201,801	\$ 188,977	\$ 149,837	\$ 178,996	\$ 213,679
Town's covered payroll	\$ 95,611	\$ 132,174	\$ 121,843	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405
Town's proportionate share of the net pension liability as a percentage of its covered payroll	146.75%	120.79%	123.28%	161.28%	145.80%	125.40%	122.51%	156.65%
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%

EXHIBIT G
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 8,106	\$ 13,799	\$ 12,721	\$ 13,589	\$ 14,077	\$ 13,152	\$ 16,189	\$ 14,841
Contributions in relation to the contractually required contributions	(8,106)	(13,799)	(12,721)	(13,589)	(14,077)	(13,152)	(16,189)	(14,841)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 95,611	\$ 132,174	\$ 121,843	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405
Contributions as a percentage of covered payroll	8.48%	10.44%	10.44%	10.86%	10.86%	11.01%	11.08%	10.88%

EXHIBIT H
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.001%	0.001%	0.001%	0.001%	0.001%
Town's proportionate share of the net OPEB liability	\$ 3,233	\$ 3,093	\$ 3,685	\$ 4,208	\$ 3,734
Town's covered payroll	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.58%	2.39%	3.08%	2.88%	2.74%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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

EXHIBIT I
TOWN OF UNITY, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2020

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 388	\$ 401	\$ 356	\$ 438	\$ 396
Contributions in relation to the contractually required contribution	(388)	(401)	(356)	(438)	(396)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 125,128	\$ 129,616	\$ 119,484	\$ 146,108	\$ 136,405
Contributions as a percentage of covered payroll	0.31%	0.31%	0.30%	0.30%	0.29%

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

TOWN OF UNITY, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2020. 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	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% 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. Based on the 2010-2015 experience study.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,145,182	\$ 1,332,617	\$ 187,435
Land use change	6,000	-	(6,000)
Yield	6,000	6,779	779
Excavation	150	-	(150)
Interest and penalties on taxes	42,000	44,331	2,331
Total from taxes	<u>1,199,332</u>	<u>1,383,727</u>	<u>184,395</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	174,000	289,357	115,357
Building permits	2,300	1,560	(740)
Other	2,000	2,114	114
Total from licenses, permits, and fees	<u>178,300</u>	<u>293,031</u>	<u>114,731</u>
Intergovernmental:			
State:			
Shared revenues	19,749	19,749	-
Meals and rooms distribution	81,217	81,217	-
Highway block grant	111,761	112,626	865
Other	-	2,020	2,020
Federal:			
FEMA	2,684	2,684	-
Covid-19 grants	48,111	48,111	-
Total from intergovernmental	<u>263,522</u>	<u>266,407</u>	<u>2,885</u>
Charges for services:			
Income from departments	40,000	45,738	5,738
Miscellaneous:			
Sale of municipal property	2,700	350	(2,350)
Interest on investments	10,000	9,415	(585)
Other	9,300	5,683	(3,617)
Total from miscellaneous	<u>22,000</u>	<u>15,448</u>	<u>(6,552)</u>
Other financing sources:			
Transfers in	200	435	235
Total revenues and other financing sources	1,703,354	<u>\$ 2,004,786</u>	<u>\$ 301,432</u>
Amounts voted from fund balance	200,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 1,903,354</u>		

SCHEDULE 2
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 78,345	\$ 57,861	\$ -	\$ 20,484
Election and registration	-	64,629	65,863	-	(1,234)
Financial administration	-	77,456	68,126	-	9,330
Revaluation of property	-	13,600	13,481	-	119
Legal	-	28,000	28,000	-	-
Personnel administration	-	116,100	110,716	-	5,384
Planning and zoning	-	6,000	3,183	-	2,817
General government buildings	-	100,940	63,237	-	37,703
Cemeteries	-	9,200	7,012	-	2,188
Insurance, not otherwise allocated	-	22,000	21,918	-	82
Other	-	8,000	8,000	-	-
Total general government	-	524,270	447,397	-	76,873
Public safety:					
Police	-	57,200	56,247	-	953
Ambulance	-	10,300	10,294	-	6
Fire	-	61,409	60,625	-	784
Building inspection	-	5,000	1,560	-	3,440
Emergency management	-	6,000	4,829	-	1,171
Total public safety	-	139,909	133,555	-	6,354
Highways and streets	41,823	380,000	359,387	-	62,436
Sanitation:					
Administration	-	27,800	28,746	-	(946)
Solid waste collection	-	900	-	-	900
Solid waste disposal	-	47,565	37,672	-	9,893
Sewage Collection and Disposal	-	2,600	2,507	-	93
Total sanitation	-	78,865	68,925	-	9,940
Health:					
Pest control	-	1,000	640	-	360
Health agencies	-	5,944	5,944	-	-
Total health	-	6,944	6,584	-	360
Welfare:					
Administration and direct assistance	-	5,000	-	-	5,000
Intergovernmental welfare payments	-	2,550	2,025	-	525
Total welfare	-	7,550	2,025	-	5,525
Culture and recreation:					
Parks and recreation	-	9,006	4,066	-	4,940
Library	-	38,800	16,850	-	21,950
Patriotic purposes	-	3,000	2,391	-	609
Total culture and recreation	-	50,806	23,307	-	27,499
Conservation	-	2,200	768	-	1,432
Debt service:					
Interest on tax anticipation notes	-	1,500	-	-	1,500
Capital outlay	163,830	374,310	239,755	298,385	-
Other financing uses:					
Transfers out	-	337,000	342,571	-	(5,571)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 205,653	\$ 1,903,354	\$ 1,624,274	\$ 298,385	\$ 186,348

SCHEDULE 3
TOWN OF UNITY, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2020

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis) as restated (see Note 17)		\$ 998,066
Changes:		
Amounts voted from fund balance		(200,000)
2020 Budget summary:		
Revenue surplus (Schedule 1)	\$ 301,432	
Unexpended balance of appropriations (Schedule 2)	186,348	
2020 Budget surplus		<u>487,780</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		<u>1,285,846</u>
 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		(125,722)
Elimination of the allowance for uncollectible taxes		<u>7,500</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,167,624</u></u>

SCHEDULE 4
TOWN OF UNITY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Special Revenue Fund		Total
	Conservation Commission	Permanent Fund	
ASSETS			
Cash and cash equivalents	\$ 18,000	\$ 104	\$ 18,104
Investments	-	18,082	18,082
Total assets	<u>\$ 18,000</u>	<u>\$ 18,186</u>	<u>\$ 36,186</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 17,877	\$ 17,877
Restricted	-	309	309
Committed	18,000	-	18,000
Total fund balances	<u>\$ 18,000</u>	<u>\$ 18,186</u>	<u>\$ 36,186</u>

SCHEDULE 5
TOWN OF UNITY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2020

	Special Revenue Fund		Permanent Fund	Total
	Conservation Commission			
REVENUES				
Miscellaneous	\$ -	\$ 306		\$ 306
EXPENDITURES				
Current:				
Conservation	348	-		348
Excess (deficiency) of revenues over (under) expenditures	(348)	306		(42)
OTHER FINANCING USES				
Transfers in	1,200	-		1,200
Net change in fund balances	852	306		1,158
Fund balances, beginning, as restated, (see Note 17)	17,148	17,880		35,028
Fund balances, ending	<u>\$ 18,000</u>	<u>\$ 18,186</u>		<u>\$ 36,186</u>

SCHEDULE 6
TOWN OF UNITY, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Fiduciary Net Position
December 31, 2020

	Custodial Funds		Total
	Taxes	Trust Funds	
ASSETS			
Cash and cash equivalents	\$ 907,286	\$ 137,519	\$ 1,044,805
LIABILITIES			
Intergovernmental payables:			
Due to school	907,286	-	907,286
NET POSITION			
Restricted	\$ -	\$ 137,519	\$ 137,519

SCHEDULE 7
TOWN OF UNITY, NEW HAMPSHIRE
Custodial Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2020

	Custodial Funds		Total
	Taxes	Trust Funds	
ADDITIONS:			
Contributions	\$ -	\$ 95,000	\$ 95,000
Investment earnings	-	342	342
Tax collections for other governments	2,338,199	-	2,338,199
Total additions	<u>2,338,199</u>	<u>95,342</u>	<u>2,433,541</u>
DEDUCTIONS:			
Payments of taxes to other governments	2,338,199	-	2,338,199
Change in net position	-	95,342	95,342
Net position, beginning	-	42,177	42,177
Net position, ending	<u>\$ -</u>	<u>\$ 137,519</u>	<u>\$ 137,519</u>



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S COMMUNICATION OF MATERIAL WEAKNESS

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and no other deficiencies that we consider to be a significant deficiency.

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 correct, on a timely basis. We consider the following deficiency in the Town of Unity's internal control to be a material weakness:

Unity Free Library

During our audit of the Unity Free Library the following conditions were identified:

Audit Requirements

RSA 41:31-c *Duties* requires that, "All municipalities shall annually, or more often as necessary, conduct an audit of the accounts of any officer or agent handling funds of the municipality...". The Unity Free Library, as a department of the Town of Unity, is also subject to the annual audit of the Town. We were not provided with original source documentation from the library trustees needed to perform the annual audit. In order to complete a full audit of the Town, the library trustees must adhere to this State statute and turn over the required information for the annual audit.

Accounting System

The library does not maintain a suitable accounting system to ensure that the information reported in the financial statements is complete and accurate. The library's financial statements were pieced together from the monthly bank statements of the four accounts maintained by the library. The library did not provide adequate supporting documentation for their activity. The statements used to put together the information were copies obtained from the bank. The library was not cooperative when we inquired regarding the processes and procedures used to maintain the financial records of the library. We strongly recommend that the library trustees purchase and utilize an off-the-shelf accounting software package in order to have an

***Town of Unity
Independent Auditor's Communication of Material Weakness***

efficient, and accurate way of tracking the financial activity of the library. We feel this would increase the library's ability to record daily transactions efficiently and effectively and would provide the library trustees with complete and accurate financial information on a timely basis.

Lapse of Appropriations

RSA 32:7 *Lapse of Appropriations* states in part that "All appropriations shall lapse at the end of the fiscal year and any unexpended portion thereof shall not be expended without further appropriation...". Further according to RSA 202-A:11, *Powers and Duties*, the library trustees shall prepare an annual budget indicating the amounts they will need to operate the library for the ensuing year. Once this budget is submitted to the governing body or budget committee, any appropriation funded wholly or in part by the Town are subject to the budgeting process, as is done with other Town departments. It was noted that the library has been annually retaining the unexpended balance of their annual appropriation when in fact any amounts left over at the end of each year should be returned to the Town's general fund. We have recorded a prior period adjustment of \$26,156 and a current year adjustment of \$17,579 totaling \$43,735 to transfer back to the general fund which represents the accumulation of the unspent appropriations retained by the library over the last many years. Moving forward, at the end of each year the library must return any unspent appropriations by December 31st. It is also recommended that the library trustees review their budget process to ensure that the budget being submitted for approval is appropriate for the ensuing year's activity.

Missing Documentation for Disbursements

The internal controls over disbursements did not always ensure that expenditures were fully documented and substantiated. When reviewing disbursements paid by the library, we found that four of eleven items (36%) examined did not have any supporting documentation. Adequate supporting documentation for expenditures is critical to support the accuracy and authenticity of the transaction. We strongly recommend that, prior to disbursement of funds, the library trustees obtain documentation of expenditures to support the underlying expenditure. All documentation should be retained in a safe location and filed in an organized manner. These procedures will help ensure that the library can produce accurate documentation for expenditures in a timely manner in the future.

Access to Cash

One of the four items examined in the comment above was a \$500.00 withdrawal in December 2020 from the "Director's Debit Account." The "Director's Debit Account" gives library employees/trustees direct access to the to cash via a debit card. Per discussion with the Library Director this was a bank error, however documentation was not provided to show that this bank error was corrected by the bank and review of the 2021 bank statements found no correction made by the bank. This access greatly weakens internal controls over cash and should be terminated as soon as possible. We strongly recommend that this transaction be followed up on with the bank so that resolution can be obtained. In addition, we strongly recommend that the library consider an alternative method by which employees can obtain needed funds.

Filing System and Retention of Records

We could not obtain original source documentation for the four bank accounts maintained by the library during our audit. The library failed to produce bank statements, cancelled checks, cash books, cash receipt documentation and cash disbursement documentation. Missing accounting records such as these, while typically indicative of general disorganization, can be a flag of a much more severe issue such as potential fraud or other such abuse. A significant effort should be undertaken to ensure that all such information is located, properly filed, and retained in the library in a secure location. This information is of the utmost importance to the accounting process, and its loss or misplacement simply should not occur nor tolerated.

Management's Response: The Town is currently in the process of having a forensic audit completed for the library.

***Town of Unity
Independent Auditor's Communication of Material Weakness***

The Town of Unity's response to the finding identified in our audit are described above and the Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

February 8, 2022

*Plodzik & Sanderson
Professional Association*