

TOWN OF MADISON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
December 31, 2021

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

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	4
Statement of Activities (Exhibit 2)	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	6
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4)	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	9
General Fund – Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	10
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit 8)	11
Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit 9)	12
NOTES TO THE FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Town's Proportionate Share of the Net Pension Liability (Exhibit 10)	29
Schedule of the Town's Pension Contributions (Exhibit 11)	30
Note to the Required Supplementary Information	31
COMBINING AND INDIVIDUAL FUND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet (Exhibit 12)	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 13)	33
GENERAL FUND	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 14)	34
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 15)	35
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 16)	37
LETTER TO MANAGEMENT	38



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Madison
Madison, New Hampshire 03849

Adverse and Modified Opinions

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

Adverse Opinion on Governmental Activities

In our opinion, because of the effects of the matter discussed in the Basis for Adverse and Unmodified Opinions of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Madison, as of December 31, 2021, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Town of Madison as of December 31, 2021, and the respective changes in financial position thereof and the budget to actual comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note I.B.3. to the financial statements, management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities. Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension related information on pages 29-31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. 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.

The Town of Madison has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Madison'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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

November 21, 2022

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,382,889
Investments	32,487
Receivables, net of allowance for uncollectibles	771,028
Prepaid items	30,142
Tax deeded property held for resale	30,619
Capital assets, not being depreciated:	
Land	2,035,699
Construction in progress	172,220
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,007,264
Machinery, vehicles and equipment	1,405,326
Infrastructure	1,897,437
Total assets	10,765,111
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	344,338
 LIABILITIES	
Accounts payable	90,675
Accrued payroll and benefits	26,973
Accrued interest payable	6,925
Intergovernmental payable	2,486,111
Noncurrent obligations:	
Due within one year:	
Capital leases payable	133,477
Compensated absences payable	2,067
Accrued landfill postclosure care costs	3,500
Due in more than one year:	
Capital leases payable	369,402
Compensated absences payable	33,113
Accrued landfill postclosure care costs	31,500
Net pension liability	1,282,453
Total liabilities	4,466,196
 DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	162,595
Deferred amounts related to pensions	377,236
Total deferred inflows of resources	539,831
 NET POSITION	
Net investment in capital assets	5,842,847
Restricted for:	
Perpetual care:	
Nonexpendable	31,202
Expendable	1,790
Other purposes	45,785
Unrestricted	181,798
Total net position	\$ 6,103,422

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

EXHIBIT 2
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,051,734	\$ 18,419	\$ 47,263	\$ -	\$ (986,052)
Public safety	699,585	22,405	560	-	(676,620)
Highways and streets	807,137	-	-	100,249	(706,888)
Sanitation	294,685	78,235	-	-	(216,450)
Health	23,596	-	-	-	(23,596)
Welfare	7,087	275	2	-	(6,810)
Culture and recreation	133,757	370	15,830	-	(117,557)
Conservation	43,887	-	29	-	(43,858)
Interest on long-term debt	11,318	-	-	-	(11,318)
Capital outlay	50,095	-	-	-	(50,095)
Total governmental activities	<u>\$ 3,122,881</u>	<u>\$ 119,704</u>	<u>\$ 63,684</u>	<u>\$ 100,249</u>	<u>(2,839,244)</u>
General revenues:					
Property taxes					1,845,924
Other taxes					118,878
Licenses and permits					688,633
Grants and contributions not restricted to specific programs					223,386
Miscellaneous					83,162
Total general revenues					<u>2,959,983</u>
Change in net position					120,739
Net position, beginning, as restated, see Note III.D.					5,982,683
Net position, ending					<u>\$ 6,103,422</u>

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

EXHIBIT 3
TOWN OF MADISON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,748,152	\$ 634,737	\$ 3,382,889
Investments	-	32,487	32,487
Receivables, net of allowance for uncollectibles:			
Taxes	770,277	-	770,277
Accounts	751	-	751
Interfund receivable	832	7,718	8,550
Prepaid items	30,142	-	30,142
Tax dedeed property held for resale	30,619	-	30,619
Total assets	<u>\$ 3,580,773</u>	<u>\$ 674,942</u>	<u>\$ 4,255,715</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 90,675	\$ -	\$ 90,675
Accrued salaries and benefits	26,973	-	26,973
Intergovernmental payable	2,486,111	-	2,486,111
Interfund payable	7,650	900	8,550
Total liabilities	<u>2,611,409</u>	<u>900</u>	<u>2,612,309</u>
Deferred inflows of resources:			
Deferred revenue	<u>356,841</u>	<u>-</u>	<u>356,841</u>
Fund balances:			
Nonspendable	60,761	33,701	94,462
Restricted	-	52,761	52,761
Committed	-	587,580	587,580
Assigned	43,742	-	43,742
Unassigned	508,020	-	508,020
Total fund balances	<u>612,523</u>	<u>674,042</u>	<u>1,286,565</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,580,773</u>	<u>\$ 674,942</u>	<u>\$ 4,255,715</u>

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

EXHIBIT 4
TOWN OF MADISON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2021

Total fund balances of governmental funds (Exhibit 3)		\$ 1,286,565
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 8,559,457	
Less accumulated depreciation	<u>(2,041,511)</u>	6,517,946
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (8,550)	
Payables	<u>8,550</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		194,246
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(6,925)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases outstanding	\$ 502,879	
Compensated absences payable	35,180	
Accrued landfill postclosure care costs	35,000	
Net pension liability	<u>1,282,453</u>	(1,855,512)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 344,338	
Deferred inflows of resources related to pensions	<u>(377,236)</u>	(32,898)
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 6,103,422</u></u>

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

EXHIBIT 5
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,996,858	\$ 11,495	\$ 2,008,353
Licenses, permits and fees	688,423	210	688,633
Intergovernmental	323,635	-	323,635
Charges for services	117,709	1,035	118,744
Miscellaneous	79,593	68,842	148,435
Total revenues	<u>3,206,218</u>	<u>81,582</u>	<u>3,287,800</u>
Expenditures:			
Current:			
General government	1,058,350	-	1,058,350
Public safety	737,576	-	737,576
Highways and streets	667,239	-	667,239
Sanitation	282,284	-	282,284
Health	23,596	-	23,596
Welfare	7,087	-	7,087
Culture and recreation	108,985	21,712	130,697
Conservation	14,727	29,160	43,887
Debt service	98,259	-	98,259
Capital outlay	700,102	50,095	750,197
Total expenditures	<u>3,698,205</u>	<u>100,967</u>	<u>3,799,172</u>
Deficiency of revenues under expenditures	<u>(491,987)</u>	<u>(19,385)</u>	<u>(511,372)</u>
Other financing sources (uses):			
Transfers in	10,460	58,016	68,476
Transfers out	(58,014)	(10,462)	(68,476)
Inception of capital leases	423,196	-	423,196
Total other financing sources and uses	<u>375,642</u>	<u>47,554</u>	<u>423,196</u>
Net change in fund balances	(116,345)	28,169	(88,176)
Fund balances, beginning, as restated, see Note III.D.	728,868	645,873	1,374,741
Fund balances, ending	<u>\$ 612,523</u>	<u>\$ 674,042</u>	<u>\$ 1,286,565</u>

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

EXHIBIT 6
TOWN OF MADISON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances of governmental funds (Exhibit 5)		\$ (88,176)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 735,853	
Depreciation expense	<u>(241,621)</u>	494,232
The net effect of the disposal of capital assets was to decrease net position.		
		(629)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (68,476)	
Transfers out	<u>68,476</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tax revenue		(43,551)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Inception of capital leases	\$ (423,196)	
Repayment of capital lease principal	<u>127,723</u>	(295,473)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (2,511)	
Increase in compensated absences payable	<u>(8,225)</u>	(10,736)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 168,470	
Cost of benefits earned, net of employee contributions	<u>(103,398)</u>	65,072
Change in net position of governmental activities (Exhibit 2)		<u>\$ 120,739</u>

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

EXHIBIT 7
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,949,231	\$ 1,953,307	\$ 4,076
Licenses, permits and fees	580,392	688,423	108,031
Intergovernmental	295,688	323,635	27,947
Charges for services	68,600	117,709	49,109
Miscellaneous	49,994	49,593	(401)
Total revenues	<u>2,943,905</u>	<u>3,132,667</u>	<u>188,762</u>
EXPENDITURES			
Current:			
General government	1,167,565	1,043,904	123,661
Public safety	700,345	693,939	6,406
Highways and streets	633,790	636,689	(2,899)
Sanitation	276,630	282,284	(5,654)
Health	24,937	23,596	1,341
Welfare	9,525	7,087	2,438
Culture and recreation	127,418	116,016	11,402
Conservation	4,850	14,727	(9,877)
Debt service:			
Principal and interest on capital leases	98,260	98,259	1
Interest on tax anticipation note	1	-	1
Capital outlay	250,584	246,906	3,678
Total expenditures	<u>3,293,905</u>	<u>3,163,407</u>	<u>130,498</u>
Deficiency of revenues under expenditures	<u>(350,000)</u>	<u>(30,740)</u>	<u>319,260</u>
Other financing sources (uses):			
Transfers in	-	10,460	10,460
Transfers out	(58,014)	(58,014)	-
Total other financing sources and uses	<u>(58,014)</u>	<u>(47,554)</u>	<u>10,460</u>
Net change in fund balance	<u>\$ (408,014)</u>	<u>(78,294)</u>	<u>\$ 329,720</u>
Increase in nonspendable fund balance		(25,517)	
Unassigned fund balance, beginning, as restated, see Note III.D.		806,077	
Unassigned fund balance, ending		<u>\$ 702,266</u>	

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

EXHIBIT 8
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial
Assets:		
Cash and cash equivalents	\$ 11,121	\$ 587,013
Liabilities	-	-
Net position:		
Held in trust for specific purposes	11,121	-
Held for school and village districts	-	587,013
Total net position	<u>\$ 11,121</u>	<u>\$ 587,013</u>

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

EXHIBIT 9
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Private Purpose Trust	Custodial
Additions:		
New funds	\$ -	\$ 215,757
Investment earnings:		
Interest	13	529
Total additions	<u>13</u>	<u>216,286</u>
Deductions:		
Payments to Village District	<u>-</u>	<u>40,178</u>
Change in net position	13	176,108
Net position, beginning	<u>11,108</u>	<u>410,905</u>
Net position, ending	<u>\$ 11,121</u>	<u>\$ 587,013</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Madison (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the year ended December 31, 2021.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

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

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

Government-Wide Financial Statements

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

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

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

Fund Financial Statements

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

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, with the exception that the liability and expenses for postemployment benefits other than pensions have not been calculated or reported in the governmental activities.

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within sixty days of the end of the fiscal year. However, property taxes are not deferred on the budgetary basis, or when reporting to the State of New Hampshire in accordance with directions of the New Hampshire Department of Revenue Administration.

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

I.B.4. Fund Types and Major Funds

Governmental Funds

The Town reports the following major governmental fund:

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

The Town also reports nine nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Custodial Funds – Account for amounts held by the Town for the benefit of other governments. These assets are therefore not available to support the Town’s own programs. The Town’s custodial funds are used to account for the various capital reserve accounts held by the trustees of trust funds on behalf of the local school and village districts.

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

I.C.1. Cash and Investments

The laws of the State of New Hampshire require that the Town’s treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third-party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices. New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers’ acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

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

I.C.2. Capital Assets and Depreciation

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town normally capitalizes assets with a cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Buildings and building improvements	20-75
Machinery, vehicles and equipment	3-30
Infrastructure	25-75

I.C.3. Long-Term Liabilities

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds. Included in long-term liabilities are capital leases; compensated absences representing amounts for vacation time that have been earned by employees and are carried over to be used in the future; an accrual for landfill postclosure care costs expected to be incurred in the future; and the net pension liability.

I.C.4. Equity

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, reduced by outstanding debt used to acquire those assets.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

- Restricted for perpetual care, which represents the balance of permanent funds for which income earned must be used for cemetery care. This amount is segregated between nonexpendable representing principal that must be retained, and expendable representing investment income that can be used.
- Restricted for other purposes, which represents other permanent funds and the library fund whose use is restricted by State law.
- Unrestricted, which consists of the remaining balance of net position.

The governmental fund financial statements report the following components of fund balance:

- Nonspendable, which represents the balance of tax deeded property and prepaid expenditures in the General Fund; and the principal portion of the Permanent Fund.
- Restricted, which represents the expendable income in the Permanent Fund; and the Library Fund, whose use is limited by law.
- Committed, which consists of the balances of the other Special Revenue and Capital Projects Funds.
- Assigned, which consists of appropriations encumbered by the Board of Selectmen for future obligations.
- Unassigned, which represents the remaining fund balance of the General Fund.

I.C.5. *Use of Estimates*

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

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2021, \$400,000 of the General Fund unassigned fund balance from 2020 was so used, and \$8,014 was appropriated from fund balance.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

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

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

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

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 3,143,127
Adjustments:	
Basis difference:	
Capital lease inception	423,196
Tax revenue deferred in the prior year	237,797
Tax revenue deferred in the current year	(194,246)
Trade-in allowance on capital asset	30,000
Per Exhibit 5 (GAAP basis)	<u>\$ 3,639,874</u>
 Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 3,221,421
Adjustments:	
Basis difference:	
Encumbrances, beginning	125,344
Encumbrances, ending	(43,742)
Capital lease inception	423,196
Trade-in allowance on capital asset	30,000
Per Exhibit 5 (GAAP basis)	<u>\$ 3,756,219</u>
 Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 702,266
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(194,246)
Per Exhibit 3 (GAAP basis)	<u>\$ 508,020</u>

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2021, the Town had \$32,487 invested in mutual funds which are in the Library Fund, a nonmajor fund. In fair value measurement, these investments are categorized as Level 1, which refers to investments traded in an active market. The level relates to valuation only and does not necessarily indicate a measure of risk.

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

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 8% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 14% per annum is charged upon redemption of liened taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2020 property taxes on April 5.

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

The net assessed valuation as of April 1, 2021, upon which the 2021 property tax levy was based was:

For the New Hampshire education tax	\$ 580,659,337
For all other taxes	\$ 597,418,837

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

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

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$3.30	\$ 1,970,917
School portion:		
State of New Hampshire	\$1.85	1,071,638
Local	\$7.55	4,512,699
County portion	\$1.07	640,198
Precinct portion:		
Village District of Eidelweiss	\$4.58	593,853
Total property taxes assessed		<u>\$ 8,789,305</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2021	\$ 689,034
Unredeemed (under tax lien):	
Levy of 2020	54,431
Levy of 2019	30,931
Land use change	20,000
Timber	881
Less: allowance for estimated uncollectible taxes	<u>(25,000)</u>
Net taxes receivable	<u>\$ 770,277</u>

Deferred Revenue

Deferred revenue of \$356,841 at December 31, 2021 consists of \$194,246 of taxes that were not collected within sixty days of year-end; \$54,157 of prepaid taxes to be applied to the next year's levy; and \$108,438 of unspent American Rescue Plan Act funds. In the Governmental Activities, only the prepaid amounts and ARPA funds are reported as unearned revenue.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

III.A.3. Capital Assets

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 2,035,699	\$ -	\$ -	\$ 2,035,699
Construction in progress	-	172,220	-	172,220
Total capital assets not being depreciated	<u>2,035,699</u>	<u>172,220</u>	<u>-</u>	<u>2,207,919</u>
Being depreciated:				
Buildings and building improvements	1,474,855	-	-	1,474,855
Machinery, vehicles and equipment	2,467,796	341,910	(247,669)	2,562,037
Infrastructure	2,092,923	221,723	-	2,314,646
Total capital assets being depreciated	<u>6,035,574</u>	<u>563,633</u>	<u>(247,669)</u>	<u>6,351,538</u>
Total all capital assets	<u>8,071,273</u>	<u>735,853</u>	<u>(247,669)</u>	<u>8,559,457</u>
Less accumulated depreciation:				
Buildings and building improvements	(442,867)	(24,724)	-	(467,591)
Machinery, vehicles and equipment	(1,261,860)	(141,891)	247,040	(1,156,711)
Infrastructure	(342,203)	(75,006)	-	(417,209)
Total accumulated depreciation	<u>(2,046,930)</u>	<u>(241,621)</u>	<u>247,040</u>	<u>(2,041,511)</u>
Net book value, capital assets being depreciated	<u>3,988,644</u>	<u>322,012</u>	<u>(629)</u>	<u>4,310,027</u>
Net book value, all capital assets	<u>\$ 6,024,343</u>	<u>\$ 494,232</u>	<u>\$ (629)</u>	<u>\$ 6,517,946</u>

Depreciation Expense

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

General government	\$ (15,025)
Public safety	(41,909)
Highways and streets	(167,769)
Sanitation	(13,858)
Culture and recreation	(3,060)
Total depreciation expense	<u>\$ (241,621)</u>

III.A.4. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$32,992 for public trust funds reported as restricted for perpetual care and \$45,785 for other purposes.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

III.B. Liabilities

III.B.1. Intergovernmental Payables

The amount due to other governments at December 31, 2021 consists of the balances of the 2021 – 2022 district assessment due to the Madison School District in the amount of \$2,484,337; and fees due to the State of New Hampshire in the amount of \$1,774.

III.B.2. Long-Term Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2021	Current Portion
Governmental activities:						
Capital leases payable:						
Excavator	\$222,950	2019	2023	3.99	\$ 91,500	\$ 44,855
Highway truck	\$101,670	2019	2022	4.49	26,454	26,454
Fire truck chasis	\$129,000	2021	2027	2.92	108,943	16,876
Highway truck	\$121,000	2021	2027	2.99	102,786	15,894
Police Silverado	\$41,696	2021	2025	3.05	41,696	9,756
Loader	\$131,500	2021	2027	2.99	131,500	19,642
					<u>502,879</u>	<u>133,477</u>
Compensated absences payable:						
Accrued vacation leave					35,180	2,067
Accrued landfill postclosure care costs					35,000	3,500
Net pension liability					1,282,453	-
					<u>\$ 1,855,512</u>	<u>\$ 139,044</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Balance, beginning	\$ 207,406	\$ 26,955	\$ 35,000	\$ 1,726,553	\$ 1,995,914
Additions	423,196	8,225	-	-	431,421
Reductions	(127,723)	-	-	(444,100)	(571,823)
Balance, ending	<u>\$ 502,879</u>	<u>\$ 35,180</u>	<u>\$ 35,000</u>	<u>\$ 1,282,453</u>	<u>\$ 1,855,512</u>

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

Debt Service Requirements to Maturity

The annual debt service requirements to maturity as of year-end for the capital leases are as follow:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 133,477	\$ 17,415	\$ 150,892
2023	111,785	11,468	123,253
2024	67,081	7,664	74,745
2025	69,082	5,665	74,747
2026	59,838	3,604	63,442
2027	61,616	1,829	63,445
Totals	<u>\$ 502,879</u>	<u>\$ 47,645</u>	<u>\$ 550,524</u>

Accrued Landfill Postclosure Care Costs

State and federal laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site. The estimated total cost of postclosure care is \$35,000. The actual cost may be different due to inflation, changes in technology, or changes in laws or regulations. The Town plans to pay for postclosure care costs by annual appropriation.

III.C. Balances and Transfers Within the Reporting Entity

III.C.1. Receivables and Payables

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 832
Nonmajor	General	7,650
Nonmajor	Nonmajor	68
		<u>\$ 8,550</u>

The amount due to the General Fund represents reimbursements of expenditures. The amount due to the Nonmajor Funds from the General Fund represents land use change taxes due to the Conservation Commission, and the amount due to the Nonmajor Funds from other Nonmajor Funds represents investment earnings due from the Permanent Fund to the Library Fund.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

III.C.2. Transfers – Payments Within the Reporting Entity

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, adding to or withdrawing from capital reserve funds, and distributing trust income to the applicable funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 58,014	\$ 58,014
Nonmajor funds	10,460	2	10,462
	\$ 10,460	\$ 58,016	\$ 68,476

The transfers from the General Fund represent appropriations. The amounts transferred to the General Fund represent reimbursements of expenditures. The amount transferred between Nonmajor Funds represents interest earned in the Permanent Fund transferred to the Library Fund.

III.D. Restatement of Beginning Equity

The equity balances at January 1, 2021 were restated as follow:

	Governmental Activities	General Fund	Nonmajor Funds
To correct balance of liabilities	\$ (3,556)	\$ (3,556)	\$ -
To correct interfund balance	-	(250)	250
To correct balance of capital assets	503,540	-	-
Net position/fund balance, as previously reported	5,482,699	732,674	645,623
Net position/fund balance, as restated	\$ 5,982,683	\$ 728,868	\$ 645,873

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

III.E. Components of Fund Balance

The following reports components of fund balance, as described in Note I.C.4.:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 33,701
Prepaid items	30,142	-
Tax deeded property	30,619	-
Total nonspendable	60,761	33,701
Restricted:		
General government	-	1,790
Welfare	-	1,818
Culture and recreation	-	49,153
Total restricted	-	52,761
Committed:		
General government	-	24,222
Public safety	-	3,117
Culture and recreation	-	26,863
Conservation	-	280,478
Capital outlay	-	252,900
Total committed	-	587,580
Assigned:		
General government	3,591	-
Public safety	33,120	-
Culture and recreation	7,031	-
Total assigned	43,742	-
Unassigned	508,020	-
Total fund balance	\$ 612,523	\$ 674,042

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the General Fund. During the year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Property/Liability and Workers' Compensation programs. These programs are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Primex provided statutory workers' compensation coverage, \$2,000,000 of coverage for each liability loss, and various amounts of coverage for property losses, as

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

well as statutory coverage for unemployment compensation. Contributions paid for 2021 being recorded as an insurance expenditure/expense totaled \$52,380 for property/liability, and \$21,466 for workers' compensation. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and other employees were 11.55% and 7.0% of gross earnings, respectively. During the first six months of 2021, the rates of contribution from the Town for the pension and medical subsidy were 28.43% for police and 11.17% for other employees, increasing to 33.88% for police and 14.06% for other employees effective July 1, which are actuarially determined to generate an amount, that when combined with employee contributions, are expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2019, 2020, and 2021 were \$134,327, \$133,175, and \$138,246, respectively.

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

At December 31, 2021, the Town reported a liability of \$1,282,453 in governmental activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021, the Town's proportion was 0.0289%, which is an increase of 0.0019% from its proportion measured as of June 30, 2020.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

For the year 2021, the Town recognized pension expense of \$103,398. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 35,911	\$ 5,137
Net differences between projected and actual earnings on pension plan investments	-	358,673
Changes in assumptions	133,945	-
Differences between expected and actual experience	85,047	13,426
Town contributions subsequent to the measurement date	89,435	-
	\$ 344,338	\$ 377,236

The Town reported \$89,435 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year 2022.

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

Year Ending December 31,	
2022	\$ (8,513)
2023	(5,179)
2024	(10,174)
2025	(98,467)
	\$ (122,333)

Actuarial Assumptions

The total pension liability was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Table, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of net pension liability	\$1,834,054	\$1,282,453	\$822,327

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

IV.C. Potential Liabilities

The Town has a few claims pending against it which arose in the normal course of affairs. At this time, management has no indication that any of these will result in any significant financial liability.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of net pension liability	0.0289%	0.0270%	0.0270%	0.0273%	0.0268%	0.0299%	0.0278%	0.0259%
Town's proportionate share of the net pension liability	\$1,282,453	\$1,726,553	\$1,300,341	\$1,313,188	\$1,315,673	\$1,588,273	\$1,100,351	\$970,409
Town's covered-employee payroll	\$886,497	\$801,697	\$783,462	\$738,215	\$695,679	\$695,737	\$680,864	\$646,599
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	144.67%	215.36%	165.97%	177.89%	189.12%	228.29%	161.61%	150.08%
Plan fiduciary position as a percentage of the total pension liability	72.2%	58.7%	65.6%	64.7%	62.7%	58.3%	65.5%	66.3%

The note to the required supplementary information is an integral part of this schedule.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 156,470	\$ 133,175	\$ 134,327	\$ 127,195	\$ 115,741	\$ 113,274	\$ 109,126	\$ 102,923
Contribution in relation to the contractually required contribution	<u>(156,470)</u>	<u>(133,175)</u>	<u>(134,327)</u>	<u>(127,195)</u>	<u>(115,741)</u>	<u>(113,274)</u>	<u>(109,126)</u>	<u>(102,923)</u>
Contribution deficiency	<u>\$ -</u>							
Town's covered-employee payroll	\$886,497	\$801,697	\$783,462	\$738,215	\$695,679	\$695,737	\$680,864	\$646,599
Contributions as a percentage of covered-employee payroll	17.65%	16.61%	17.15%	17.23%	16.64%	16.28%	16.03%	15.92%

The note to the required supplementary information is an integral part of this schedule.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the seventh year that the Town has presented the pension schedules, only eight years are reported. An additional year's information will be added each year until there are ten years shown.

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 12
TOWN OF MADISON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds						Capital Projects Fund	Permanent Fund	Total	
	Madison Library	Old Home Week	Madison PEG TV	Forest Maintenance	Conservation Commission	Police Equipment	Recreation			Expendable Trust
ASSETS										
Cash and cash equivalents	\$ 16,598	\$ 21,308	\$ 2,914	\$ 68,283	\$ 204,545	\$ 3,117	\$ 26,863	\$ 253,732	\$ 37,377	\$ 634,737
Investments	32,487	-	-	-	-	-	-	-	-	32,487
Interfund receivable	68	-	-	-	7,650	-	-	-	-	7,718
Total assets	<u>\$ 49,153</u>	<u>\$ 21,308</u>	<u>\$ 2,914</u>	<u>\$ 68,283</u>	<u>\$ 212,195</u>	<u>\$ 3,117</u>	<u>\$ 26,863</u>	<u>\$ 253,732</u>	<u>\$ 37,377</u>	<u>\$ 674,942</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832	\$ 68	\$ 900
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	33,701	33,701
Restricted	49,153	-	-	-	-	-	-	-	3,608	52,761
Committed	-	21,308	2,914	68,283	212,195	3,117	26,863	252,900	-	587,580
Total fund balances	<u>49,153</u>	<u>21,308</u>	<u>2,914</u>	<u>68,283</u>	<u>212,195</u>	<u>3,117</u>	<u>26,863</u>	<u>252,900</u>	<u>37,309</u>	<u>674,042</u>
Total liabilities and fund balances	<u>\$ 49,153</u>	<u>\$ 21,308</u>	<u>\$ 2,914</u>	<u>\$ 68,283</u>	<u>\$ 212,195</u>	<u>\$ 3,117</u>	<u>\$ 26,863</u>	<u>\$ 253,732</u>	<u>\$ 37,377</u>	<u>\$ 674,942</u>

EXHIBIT 13
TOWN OF MADISON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	Special Revenue Funds							Capital Projects Fund	Permanent Fund	Total
	Madison Library	Old Home Week	Madison PEG TV	Forest Maintenance	Conservation Commission	Police Equipment	Recreation	Expendable Trust		
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 11,495	\$ -	\$ -	\$ -	\$ -	\$ 11,495
Licenses, permits and fees	-	-	-	-	-	210	-	-	-	210
Charges for services	370	-	-	-	-	665	-	-	-	1,035
Miscellaneous	19,009	13,899	345	32,911	821	1,520	3	292	42	68,842
Total revenues	<u>19,379</u>	<u>13,899</u>	<u>345</u>	<u>32,911</u>	<u>12,316</u>	<u>2,395</u>	<u>3</u>	<u>292</u>	<u>42</u>	<u>81,582</u>
EXPENDITURES										
Current:										
Culture and recreation	11,670	10,032	-	-	-	-	10	-	-	21,712
Conservation	-	-	-	7,019	22,141	-	-	-	-	29,160
Capital outlay	-	-	-	-	-	7,395	-	42,700	-	50,095
Total expenditures	<u>11,670</u>	<u>10,032</u>	<u>-</u>	<u>7,019</u>	<u>22,141</u>	<u>7,395</u>	<u>10</u>	<u>42,700</u>	<u>-</u>	<u>100,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,709</u>	<u>3,867</u>	<u>345</u>	<u>25,892</u>	<u>(9,825)</u>	<u>(5,000)</u>	<u>(7)</u>	<u>(42,408)</u>	<u>42</u>	<u>(19,385)</u>
Other financing sources (uses):										
Transfers in	2	-	-	-	-	-	-	58,014	-	58,016
Transfers out	-	-	-	-	-	-	-	(10,460)	(2)	(10,462)
Total other financing sources and uses	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,554</u>	<u>(2)</u>	<u>47,554</u>
Net change in fund balances	7,711	3,867	345	25,892	(9,825)	(5,000)	(7)	5,146	40	28,169
Fund balances, beginning, as restated, see Note III.D.	41,442	17,441	2,569	42,391	222,020	8,117	26,870	247,754	37,269	645,873
Fund balances, ending	<u>\$ 49,153</u>	<u>\$ 21,308</u>	<u>\$ 2,914</u>	<u>\$ 68,283</u>	<u>\$ 212,195</u>	<u>\$ 3,117</u>	<u>\$ 26,863</u>	<u>\$ 252,900</u>	<u>\$ 37,309</u>	<u>\$ 674,042</u>

EXHIBIT 14
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,848,701	\$ 1,841,781	\$ (6,920)
Land use change	20,000	26,995	6,995
Timber	10,000	27,834	17,834
Excavation	4,652	4,207	(445)
Payments in lieu of taxes	15,878	15,878	-
Interest and penalties on delinquent taxes	50,000	36,612	(13,388)
Total taxes	<u>1,949,231</u>	<u>1,953,307</u>	<u>4,076</u>
Licenses, permits and fees:			
Motor vehicle permits	538,000	641,457	103,457
Building permits	38,692	43,016	4,324
Other	3,700	3,950	250
Total licenses, permits and fees	<u>580,392</u>	<u>688,423</u>	<u>108,031</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	195,413	195,413	-
Highway block grant	100,275	100,249	(26)
Federal sources:			
ARPA	-	27,973	27,973
Total intergovernmental	<u>295,688</u>	<u>323,635</u>	<u>27,947</u>
Charges for services:			
Income from departments	68,600	117,709	49,109
Miscellaneous:			
Sale of property	2,176	2,176	-
Interest on investments	1,500	619	(881)
Contributions and donations	-	480	480
Other	46,318	46,318	-
Total miscellaneous	<u>49,994</u>	<u>49,593</u>	<u>(401)</u>
Other financing sources:			
Transfers in:			
Nonmajor funds	-	10,460	10,460
Total revenues and other financing sources	2,943,905	<u>\$ 3,143,127</u>	<u>\$ 199,222</u>
Use of fund balance	408,014		
Total revenues, other financing sources and use of fund balance	<u>\$ 3,351,919</u>		

EXHIBIT 15
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 128,153	\$ 131,683	\$ -	\$ (3,530)
Election and registration	-	7,150	4,400	-	2,750
Financial administration	-	153,450	155,273	-	(1,823)
Revaluation of property	-	37,600	30,902	-	6,698
Legal	-	12,000	9,072	-	2,928
Personnel administration	-	555,946	468,171	-	87,775
Planning and zoning	-	33,710	14,026	-	19,684
General government buildings	18,037	143,275	170,977	3,591	(13,256)
Insurance, not otherwise allocated	-	96,281	73,846	-	22,435
Total general government	<u>18,037</u>	<u>1,167,565</u>	<u>1,058,350</u>	<u>3,591</u>	<u>123,661</u>
Public safety:					
Police	2,750	329,314	382,021	14,820	(64,777)
Ambulance	-	106,350	106,349	-	1
Fire	74,007	173,100	186,745	11,717	48,645
Building inspection	-	39,262	37,486	-	1,776
Emergency management	-	6,001	3,365	6,583	(3,947)
PEG TV	-	46,318	21,610	-	24,708
Total public safety	<u>76,757</u>	<u>700,345</u>	<u>737,576</u>	<u>33,120</u>	<u>6,406</u>
Highways and streets:					
Highways and streets	30,550	629,865	663,850	-	(3,435)
Street lighting	-	3,925	3,389	-	536
Total highways and streets	<u>30,550</u>	<u>633,790</u>	<u>667,239</u>	<u>-</u>	<u>(2,899)</u>
Sanitation:					
Solid waste disposal	-	276,630	282,284	-	(5,654)
Health:					
Animal control	-	2,300	959	-	1,341
Health agencies	-	22,637	22,637	-	-
Total health	<u>-</u>	<u>24,937</u>	<u>23,596</u>	<u>-</u>	<u>1,341</u>
Welfare:					
Administration	-	3,025	2,831	-	194
Direct assistance	-	6,500	4,256	-	2,244
Total welfare	<u>-</u>	<u>9,525</u>	<u>7,087</u>	<u>-</u>	<u>2,438</u>
Culture and recreation:					
Parks and recreation	-	37,351	26,555	-	10,796
Public library	-	84,542	77,687	7,031	(176)
Patriotic purposes	-	1,525	743	-	782
Other	-	4,000	4,000	-	-
Total culture and recreation	<u>-</u>	<u>127,418</u>	<u>108,985</u>	<u>7,031</u>	<u>11,402</u>
Conservation	-	4,850	14,727	-	(9,877)

(continued)

EXHIBIT 15 (continued)
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal and interest on capital leases	-	98,260	98,259	-	1
Interest on tax anticipation note	-	1	-	-	1
Total debt service	-	98,261	98,259	-	2
Capital outlay:					
Machinery, vehicles and equipment	-	50,584	46,906	-	3,678
Improvements other than buildings	-	200,000	200,000	-	-
Total capital outlay	-	250,584	246,906	-	3,678
Other financing uses:					
Transfers out:					
Nonmajor funds	-	58,014	58,014	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 125,344	\$ 3,351,919	\$ 3,303,023	\$ 43,742	\$ 130,498

EXHIBIT 16
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

Unassigned fund balance, beginning		\$ 806,077
Changes:		
Unassigned fund balance used to reduce tax rate		(400,000)
Unassigned fund balance appropriated		(8,014)
Budget summary:		
Revenue surplus (Exhibit 14)	\$ 199,222	
Unexpended balance of appropriations (Exhibit 15)	<u>130,498</u>	
Budget surplus		329,720
Increase in nonspendable fund balance		<u>(25,517)</u>
Unassigned fund balance, ending		<u>\$ 702,266</u>



Roberts & Greene, PLLC

To the Members of the Board of Selectmen
Town of Madison
Madison, New Hampshire 03489

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Madison as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

We do want to discuss the following matter:

GASB Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This statement took effect for the Town in 2019, and basically requires that the Town have a valuation of its liability for postemployment benefits other than pensions (OPEB), and include this liability along with related deferrals and expense in its governmental activities. The valuation must be done either by an actuary or by means of an approved alternative method, either of which would cause the Town to incur additional costs. The valuation cannot be performed by the auditor as that would result in a lack of independence. Because of the omission of these amounts from the financial statements of the governmental activities, we have issued an adverse opinion on those two statements. There are also additional schedules that should be presented as required supplementary information that have been omitted. We recommend that the Town investigate what the additional costs of having a valuation prepared would be, and decide whether it is cost effective to obtain the valuation in order to remove the modification of the opinion on the statements of the governmental activities.

November 21, 2022

Roberts & Greene, PLLC