

TOWN OF GREENVILLE, NEW HAMPSHIRE
Financial Statements
With Schedule of Expenditures of Federal Awards
December 31, 2013
and
Independent Auditor's Report

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance**

Schedule of Findings and Questioned Costs

TOWN OF GREENVILLE, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS	i-vii
BASIC FINANCIAL STATEMENTS	
EXHIBITS:	
A Statement of Net Position	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
NOTES TO BASIC FINANCIAL STATEMENTS	5-20
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	21
2 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Sewer Fund	22
3 Schedule of Funding Progress for Other Post-Employment Benefits	23
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	24-25
FEDERAL COMPLIANCE	
SCHEDULE:	
I Schedule of Expenditures of Federal Awards	26
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	28-29

TOWN OF GREENVILLE, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2013

TABLE OF CONTENTS (CONTINUED)

	<u>Page(s)</u>
FEDERAL COMPLIANCE (CONTINUED)	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	30-31
Schedule of Findings and Questioned Costs	32-33
SUPPLEMENTAL SCHEDULES	
SCHEDULES:	
A Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	34
A-1 Combining Balance Sheet – Governmental Funds – All Nonmajor Special Revenue Funds	35
B Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	36
B-1 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Special Revenue Funds	37

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Greenville, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenville, New Hampshire as of and for the year ended December 31, 2013, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenville, New Hampshire, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other post-employment benefits on pages i-vi and 21-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenville, New Hampshire's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2014 on our consideration of the Town of Greenville, New Hampshire's internal control over financial

reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Greenville, New Hampshire's internal control over financial reporting and compliance.

Vachon Chukay & Company PC

Manchester, New Hampshire

July 22, 2014

TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013

Presented herewith please find the Management Discussion & Analysis Report for the Town of Greenville for the year ending December 31, 2013. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the Town's financial position, including the result of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

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

Overview of the Financial Statements

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

This discussion and analysis is intended to serve as an introduction to the Town of Greenville's financial statements. The basic financial statements are comprised of the following three components:

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to most private-sector companies. These statements (Statement of Net Position and the Statement of Activities) provide both short-term and long-term information about the Town's overall financial position. These statements are prepared using the accrual basis of accounting.

The **Statement of Net Position** presents all of the Town's (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and interest on long-term obligations).

TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town maintains one type of fund: governmental. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund, Sewer Fund, and Water Fund, which are all considered major funds. Data from the other governmental funds are combined into a single, aggregate presentation.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

This section also includes a schedule of funding progress for other post-employment benefits from actuarial valuations. The Town is required to have an actuarial valuation done every three years.

Other Supplementary Information

Other supplemental information includes a section on federal compliance and another section for combining financial statements of the nonmajor governmental funds.

TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013

Government-Wide Financial Analysis

Statement of Net Position

Net position of the Town of Greenville as of December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Capital and other assets:		
Capital assets, net	\$ 11,351,992	\$ 10,344,617
Other assets	<u>5,202,181</u>	<u>4,144,155</u>
Total assets	<u>16,554,173</u>	<u>14,488,772</u>
 Deferred outflows of resources	 <u>-</u>	 <u>-</u>
 Long-term and other liabilities:		
Long-term liabilities	1,290,563	1,394,012
Other liabilities	<u>1,371,010</u>	<u>663,102</u>
Total liabilities	<u>2,661,573</u>	<u>2,057,114</u>
 Deferred inflows of resources	 <u>14,748</u>	 <u>20,971</u>
 Net position:		
Net investment in capital assets	10,167,954	9,151,453
Restricted	67,861	59,066
Unrestricted	<u>3,642,037</u>	<u>3,200,168</u>
Total net position	<u>\$ 13,877,852</u>	<u>\$ 12,410,687</u>

The largest portion of the Town's net position (approximately 73.3%) reflects its net investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Although the Town's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

Another 0.49% of the Town's net position is restricted in regard to how they may be used. The remaining unrestricted portion of 26.24% represents the segment of net position available to finance the day-to-day operations of the Town.

Statement of Activities

Changes in net position for the years ending December 31, 2013 and 2012 are as follows:

TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013

	<u>2013</u>	<u>2012</u>
Program revenues:		
Charges for services	\$ 798,663	\$ 755,744
Operating grants and contributions	293,613	236,221
Capital grants and contributions	<u>1,273,448</u>	<u>141,815</u>
Total program revenues	<u>2,365,724</u>	<u>1,133,780</u>
General revenues:		
Property and other taxes	1,495,933	1,669,135
Licenses and permits	266,939	258,836
Intergovernmental revenues	92,758	93,283
Interest and investment earnings	2,858	9,803
Miscellaneous	<u>96,127</u>	<u>6,673</u>
Total general revenues	<u>1,954,615</u>	<u>2,037,730</u>
Total revenues	<u>4,320,339</u>	<u>3,171,510</u>
Program expenses:		
General government	614,988	559,864
Public safety	711,814	711,151
Highways and streets	418,017	400,364
Sanitation	420,100	407,421
Water distribution and treatment	454,799	468,379
Health and welfare	41,136	47,288
Culture and recreation	159,825	155,760
Conservation	100	100
Debt service	<u>32,395</u>	<u>82,517</u>
Total expenses	<u>2,853,174</u>	<u>2,832,844</u>
Change in net position	1,467,165	338,666
Net position - beginning of year	<u>12,410,687</u>	<u>12,072,021</u>
Net position - ending of year	<u>\$ 13,877,852</u>	<u>\$ 12,410,687</u>

Property and other taxes and licenses and permits represent the largest sources of income for the Town and together brought in \$1,762,872 of revenues compared to \$1,927,971 during 2012. This represents a decrease of 8.56%. Other revenues consisted of charges for services, operating grants and contributions, interest and investment earnings, and miscellaneous revenues. Total revenues recognized during the year ended December 31, 2013 increased from the previous year by \$1,148,829 or 36.22%.

The Town's expenses cover a range of services. The largest expenses were for general government (21.55%), public safety (24.95%), sanitation (14.72%), and water distribution and treatment (15.94%) which accounted for 75.78% of total expenses. Total expenses recognized during the year ended December 31, 2013 increased from the previous year by \$20,785 or 0.72%.

**TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013**

Financial Analysis of the Town's Funds

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

Governmental Funds

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

General Fund

The General Fund is the main operating fund of the Town. At the end of the current year, the General Fund had an unassigned fund balance of \$1,335,246. Additional fund balance components at year end amount to \$1,155,258 and are detailed on pages 19-20 of the Notes to the Basic Financial Statements.

The total General Fund balance increased \$192,897 from December 31, 2012. A decrease in fund balance was anticipated as \$174,000 of the prior year fund balance was applied to reduce the current year's tax rate.

Sewer Fund

The Sewer Fund shows a fund balance of \$177,218 at year end. This represents an increase in fund balance of \$158,957 from prior year. During 2013, the Town reached a settlement agreement regarding wastewater usage and received \$108,500 in penalties and fines.

High Street Capital Projects Fund

The High Street Capital Projects Fund has a \$31 fund balance at year end. Total intergovernmental revenue and expenditures during the year ended December 31, 2013 were \$1,249,691 and \$1,252,392, respectively.

Other Governmental Funds

The total fund balance of \$522,814 in the other governmental funds is either nonspendable, restricted, committed, or assigned for the purposes of the individually established fund. The largest portion of this total represents the balance in the Water Fund (\$434,555 or 83.12%).

The total fund balance in the other governmental funds increased \$30,024 or 6.09% from December 31, 2012.

Budgetary Highlights

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund and Sewer Fund to demonstrate compliance with this budget.

TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013

During the year, the original estimated revenue and budgeted appropriations of the General Fund decreased by \$18,530 and \$170,093, respectively, as a result of approved amounts to be carried forward to 2014. The Town underexpended its General Fund budgeted appropriations by \$280,338. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget.

The Sewer Fund underexpended its 2013 budget by \$4,194. Actual revenues also exceeded the estimated amounts by \$154,763 resulting in an increase in fund balance of \$158,957.

Capital Asset and Long-Term Obligations

Capital Assets

The Town of Greenville considers a capital asset to be an asset whose costs exceed or equal \$2,500 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities as of December 31, 2013 is \$14,945,473. Accumulated depreciation amounts to \$3,593,481, leaving a net book value of \$11,351,992. This investment in capital assets includes equipment and real property. See Note 5 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

At December 31, 2012, the Town of Greenville had total outstanding bonded debt of \$1,383,922 in its governmental activities. Principal payments and amortization of the bond premium during the year reduced this outstanding debt to \$1,297,487 as of December 31, 2013. There were no new bonds issued during the year ending December 31, 2013.

The Town also has a capital lease obligation. Total principal payments on the capital lease during the year were \$20,262 reducing the capital lease payable to \$90,851 as of December 31, 2013.

Additional information on the Town's long-term obligations can be found in Note 9 of the Notes to the Basic Financial Statements.

Economic Factors

The Town of Greenville, NH is in good financial condition. Unassigned fund balance is at \$2+ million, which gives the Selectmen the ability to use fund balance to absorb minor fluctuations in the tax rate. In 2012, our ratio for our assessed valuation had risen to 150.8% so in 2013 we had our Assessing company conduct a town-wide update. While this resulted in a significant loss of assessed value, it more accurately reflects assessments as reflected in our 2013 ratio of 99.8%. The Selectmen, who also serve as Water and Sewer Commissioners, have increased the sewer rate for the last four years, and can now report that this fund is in a positive cash flow position. The Board continues to monitor all funds carefully.

TOWN OF GREENVILLE, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2013

Contacting the Town of Greenville's Financial Management

This financial report is intended to provide our citizens and creditors with a general overview of the Town's finances and to show a measure of accountability for the money it receives. If you have any questions about this report or need to get additional information, contact the Board of Selectmen at, PO Box 343, Greenville, NH 03048, telephone number (603) 878-2084.

EXHIBIT A
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Net Position
December 31, 2013

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,604,723
Investments	1,022,861
Taxes receivable, net	735,370
Accounts receivable	5,737
Due from other governments	644,790
Total Current Assets	<u>5,013,481</u>
Noncurrent Assets:	
Due from other governments	188,700
Capital assets:	
Non-depreciable capital assets	2,858,209
Depreciable capital assets, net	8,493,783
Total Noncurrent Assets	<u>11,540,692</u>
Total Assets	<u>16,554,173</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u> </u>
LIABILITIES	
Current Liabilities:	
Accounts payable	507,926
Accrued expenses	39,976
Retainage payable	112,390
Due to other governments	603,274
Current portion of bonds payable	86,246
Current portion of capital lease payable	21,198
Total Current Liabilities	<u>1,371,010</u>
Noncurrent Liabilities:	
Bonds payable	1,211,241
Capital lease payable	69,653
Other post-employment benefits payable	9,669
Total Noncurrent Liabilities	<u>1,290,563</u>
Total Liabilities	<u>2,661,573</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned tax revenue	14,748
Total Deferred Inflows of Resources	<u>14,748</u>
NET POSITION	
Net investment in capital assets	10,167,954
Restricted	67,861
Unrestricted	3,642,037
Total Net Position	<u>\$ 13,877,852</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 614,988	\$ 2,467			\$ (612,521)
Public safety	711,814	23,033	\$ 212,902	\$ 13,515	(462,364)
Highways and streets	418,017		80,711	1,249,691	912,385
Sanitation	420,100	440,516			20,416
Water distribution and treatment	454,799	331,458			(123,341)
Health and welfare	41,136				(41,136)
Culture and recreation	159,825	1,189			(158,636)
Conservation	100				(100)
Interest and fiscal charges	32,395			10,242	(22,153)
Total governmental activities	<u>\$ 2,853,174</u>	<u>\$ 798,663</u>	<u>\$ 293,613</u>	<u>\$ 1,273,448</u>	<u>(487,450)</u>
General revenues:					
Property and other taxes					1,495,933
Licenses and permits					266,939
Grants and contributions:					
Rooms and meals tax distribution					92,755
State and federal forest land					3
Interest and investment earnings					2,858
Miscellaneous					96,127
Total general revenues					<u>1,954,615</u>
Change in net position					1,467,165
Net position - beginning					<u>12,410,687</u>
Net position - ending					<u>\$ 13,877,852</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF GREENVILLE, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Sewer Fund	High Street Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,162,592	\$ 183,873	\$ 18,652	\$ 239,606	\$ 2,604,723
Investments	771,268			251,593	1,022,861
Taxes receivable, net	622,085	75,408		37,877	735,370
Accounts receivable	2,827			2,910	5,737
Due from other governments	11,535		617,655		629,190
Due from other funds	79,214				79,214
Advance to other funds	81,837				81,837
Total Assets	<u>3,731,358</u>	<u>259,281</u>	<u>636,307</u>	<u>531,986</u>	<u>5,158,932</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,731,358</u>	<u>\$ 259,281</u>	<u>\$ 636,307</u>	<u>\$ 531,986</u>	<u>\$ 5,158,932</u>
LIABILITIES					
Accounts payable	\$ 53,319		\$ 454,607		\$ 507,926
Accrued expenses	19,941	\$ 226		\$ 223	20,390
Retainage payable	986		111,404		112,390
Due to other governments	603,274				603,274
Due to other funds			70,265	8,949	79,214
Advance from other funds		81,837			81,837
Total Liabilities	<u>677,520</u>	<u>82,063</u>	<u>636,276</u>	<u>9,172</u>	<u>1,405,031</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned tax revenue	563,334				563,334
Total Deferred Inflows of Resources	<u>563,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,334</u>
FUND BALANCES					
Nonspendable	81,837			30,083	111,920
Restricted	26,547		31	11,200	37,778
Committed	878,258	177,218		468,842	1,524,318
Assigned	168,616			12,689	181,305
Unassigned	1,335,246				1,335,246
Total Fund Balances	<u>2,490,504</u>	<u>177,218</u>	<u>31</u>	<u>522,814</u>	<u>3,190,567</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,731,358</u>	<u>\$ 259,281</u>	<u>\$ 636,307</u>	<u>\$ 531,986</u>	

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

11,351,992

Property taxes are recognized on an accrual basis in the
statement of net position, not the modified accrual basis

548,586

Other long-term assets are not available to pay current period
expenditures, and therefore, are not reported in governmental funds

204,300

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds. Long-term
liabilities at year end consist of:

Bonds payable

(1,297,487)

Capital lease payable

(90,851)

Accrued interest on long-term obligations

(19,586)

Other post-employment benefits payable

(9,669)

Net position of governmental activities

\$ 13,877,852

See accompanying notes to the basic financial statements

EXHIBIT D

TOWN OF GREENVILLE, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2013

	General Fund	Sewer Fund	High Street Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,420,524			\$ 2,580	\$ 1,423,104
Licenses and permits	266,939				266,939
Intergovernmental	490,886		\$ 1,249,691		1,740,577
Charges for services	5,879	\$ 356,737		352,268	714,884
Interest and investment income	2,184	133		541	2,858
Miscellaneous	89,926	85,962		4,018	179,906
Total Revenues	<u>2,276,338</u>	<u>442,832</u>	<u>1,249,691</u>	<u>359,407</u>	<u>4,328,268</u>
Expenditures:					
Current operations:					
General government	570,896			28	570,924
Public safety	674,340			22,081	696,421
Highways and streets	260,104				260,104
Sanitation	74,201	281,125			355,326
Water distribution and treatment				221,298	221,298
Health and welfare	41,136				41,136
Culture and recreation	150,932				150,932
Conservation	100				100
Capital outlay	257,834		1,252,392	21,853	1,532,079
Debt service:					
Principal retirement	69,145			6,055	75,200
Interest and fiscal charges	41,946			923	42,869
Total Expenditures	<u>2,140,634</u>	<u>281,125</u>	<u>1,252,392</u>	<u>272,238</u>	<u>3,946,389</u>
Excess revenues over (under) expenditures	<u>135,704</u>	<u>161,707</u>	<u>(2,701)</u>	<u>87,169</u>	<u>381,879</u>
Other financing sources (uses):					
Transfers in	59,895		2,702	115,088	177,685
Transfers out	(2,702)	(2,750)		(172,233)	(177,685)
Total other financing sources (uses)	<u>57,193</u>	<u>(2,750)</u>	<u>2,702</u>	<u>(57,145)</u>	<u>-</u>
Net change in fund balances	192,897	158,957	1	30,024	381,879
Fund balances at beginning of year	<u>2,297,607</u>	<u>18,261</u>	<u>30</u>	<u>492,790</u>	<u>2,808,688</u>
Fund balances at end of year	<u>\$ 2,490,504</u>	<u>\$ 177,218</u>	<u>\$ 31</u>	<u>\$ 522,814</u>	<u>\$ 3,190,567</u>

TOWN OF GREENVILLE, 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, 2013

Net Change in Fund Balances--Total Governmental Funds	\$ 381,879
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	1,009,262
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	72,829
Revenues in the governmental fund financial statements that reduce long-term assets recorded on the statement of net position are not reported as revenues in the statement of activities.	(80,758)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	75,200
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	20,262
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	11,235
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposed assets.	(1,887)
In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(49)
A reduction in long-term assets on the statement of net position does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(16,813)
Some expenses reported in the statement of activities, such as other post-employment benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,995)
Change in Net Position of Governmental Activities	<u>\$ 1,467,165</u>

See accompanying notes to the basic financial statements

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Town of Greenville, New Hampshire (the “Town”) was incorporated in 1872. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

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

Basis of Presentation

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

1. Government-Wide Financial Statements:

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

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

2. Fund Financial Statements:

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

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Fund Accounting

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

1. Governmental Funds:

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

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

The *Sewer Fund* is a major special revenue fund that accounts for all revenues and expenditures pertaining to the Town's wastewater operations. Revenues are mainly derived from user fees charged for wastewater services provided by the Town.

The *High Street Capital Projects Fund* is a major capital projects fund that accounts for all revenues and expenditures pertaining to the Town's High Street construction projects. Revenues are mainly derived from state and federal grants and contributions.

Measurement Focus

1. Government-Wide Financial Statements:

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

2. Fund Financial Statements:

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

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

3. Expenses/Expenditures:

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

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

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2013, the Town applied \$174,000 of its unassigned fund balance to reduce taxes.

Investments

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

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2013 are recorded as receivables net of reserves for estimated uncollectibles of \$66,000.

Capital Assets

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

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$2,500. The Town's infrastructure consists of roads, water lines, sidewalks, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

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

	<u>Description</u>	<u>Years</u>
Infrastructure		15-50
Buildings and improvements		5-40
Vehicles and equipment		3-40

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Compensated Absences

Pursuant to the Town personnel policy, employees earn vacation dependent on length of service. Employees may not carry vacation days into the next calendar year. Full time employees earn 8 paid sick days per year, while accruing a maximum of 8 days at any time. The Town does not pay employees for unused accrued vacation or sick leave upon termination of employment.

Bond Premium

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements including any applicable unamortized bond premium. The balance of the unamortized bond premium as of December 31, 2013 is \$100,710.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. Long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Position

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

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

Fund Balance Policy

GASB Statement 54 established new fund balance classifications and changed the definition of governmental fund types. Under Statement 54, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance* – includes amounts that are not in a spendable form or are required to be maintained intact.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

- Restricted Fund Balance – includes amounts that can only be spent for the specific purpose stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision making authority (the annual Town meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body’s action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance – includes amounts the Town intends to use for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as “assigned”. The Selectmen expressly delegates this authority to the Town Administrator. Items that would fall under this type of fund balance classification would be encumbrances.
- Unassigned Fund Balance – includes amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another fund is also classified as unassigned.

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Deficit Fund Balance

At year end, if any of the special revenue funds has a deficit unassigned fund balance, the Town Administrator is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Minimum Level of Unassigned Fund Balance

The Town will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of the total annual appropriations of the community (which includes Town, County, School District, and Precinct). The Selectmen have the authority to apply unassigned fund balance in order to balance the budget and reduce the property tax rate.

Interfund Activity

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

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Estimates

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

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$97,270,038 as of April 1, 2013) and are due in two installments on July 2, 2013 and December 1, 2013. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

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

In accordance with State law, the Town collects taxes for the Mascenic Regional School District and Hillsborough County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$1,267,551 and \$108,884 for the Mascenic Regional School District and Hillsborough County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 3—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2013, the Town participated in public entity risk pools (Trusts) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts foresee no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2013.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

NOTE 4—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 2,604,723
Investments	<u>1,022,861</u>
Total deposits and investments	<u>\$ 3,627,584</u>

Deposits and investments as of December 31, 2013 consist of deposits with financial institutions totaling \$3,627,584.

The Town requires that deposits and investments for governmental funds be made in solvent New Hampshire based financial institutions that are participants in one of the federal depository insurance programs or banks outside the state, if such banks pledge and deliver a third party custodial bank, or the federal reserve bank collateral security. The Town limits its investments to obligations of the United States government, savings bank deposits, repurchase agreements and certificates of deposit in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

The Trustees of Trust Funds shall invest in deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, or in deposits in any credit union in this state or in bonds, notes or other obligations of the United States government, or in state, county, town, city, school district, water and sewer district bonds and the notes of towns or cities in this state and the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

The Town's policy for its governmental funds addresses custodial credit risk by stating that funds may be invested in fully insured or collateralized certificates of deposit. The Trustees of Trust Funds investment policy addresses custodial credit risk by only accepting funds that, at the time of deposit or investment, have such funds secured by collateral having value at least equal to the amount of the funds.

Of the Town's deposits with financial institutions at year end, \$2,728,818 was collateralized by securities held by the bank in the bank's name.

NOTE 5—CAPITAL ASSETS

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

	Balance 01/01/2013	Additions	Reductions	Balance 12/31/2013
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,152,053			\$ 1,152,053
Construction in progress	408,770	\$ 1,299,273	\$ (1,887)	1,706,156
Total capital assets not being depreciated	<u>1,560,823</u>	<u>1,299,273</u>	<u>(1,887)</u>	<u>2,858,209</u>
Other capital assets:				
Infrastructure	6,067,477			6,067,477
Buildings and improvements	4,661,768			4,661,768
Vehicles and equipment	1,336,507	49,153	(27,641)	1,358,019
Total other capital assets at historical cost	<u>12,065,752</u>	<u>49,153</u>	<u>(27,641)</u>	<u>12,087,264</u>
Less accumulated depreciation for:				
Infrastructure	(861,672)	(133,717)		(995,389)
Buildings and improvements	(1,560,771)	(119,068)		(1,679,839)
Vehicles and equipment	(859,515)	(86,379)	27,641	(918,253)
Total accumulated depreciation	<u>(3,281,958)</u>	<u>(339,164)</u>	<u>27,641</u>	<u>(3,593,481)</u>
Total other capital assets, net	<u>8,783,794</u>	<u>(290,011)</u>	<u>-</u>	<u>8,493,783</u>
Total capital assets, net	<u>\$ 10,344,617</u>	<u>\$ 1,009,262</u>	<u>\$ (1,887)</u>	<u>\$ 11,351,992</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 7,459
Public safety	27,285
Highways and streets	86,603
Sanitation	29,712
Water distribution and treatment	179,832
Culture and recreation	8,273
	<u>\$ 339,164</u>

The balance of the assets acquired through capital leases as of December 31, 2013 is as follows:

Vehicles and equipment	\$ 255,200
Less accumulated depreciation for:	
Vehicles and equipment	<u>(103,498)</u>
	<u>\$ 151,702</u>

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 6—DUE TO OTHER GOVERNMENTS

In accordance with State law, the Town collects taxes for the Mascenic Regional School District and Hillsborough County, both independent governmental units, which are remitted to them as required by law. At December 31, 2013, the balance of the property tax appropriation due to the Mascenic Regional School District is \$603,274.

NOTE 7—DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policy

Covered public safety employees are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers and general employees were 19.95% and 8.8%, respectively through June 30, 2013, and 25.30% and 10.77%, respectively thereafter. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

Under RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2013, 2012, and 2011 were \$77,515, \$63,392, and \$56,330, respectively, equal to the required contributions for each year.

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides dental, medical and pharmacy benefits to its eligible retirees. Dental, medical and pharmacy benefits have three groups of coverage. For group one, general employees covered by the New Hampshire Retirement System (NHRS), the employee must reach the age of 50 with 10 years of service, obtain 70 points (the sum of age and years of service) or reach the age of 60 to qualify for this benefit. For group two, public safety employees covered by the NHRS, the employee must reach the age of 45 with 20 years of service or reach the age of 60 to qualify for this benefit. All other retirees and spouses of retirees pay the full cost of the health care coverage. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of January 1, 2012, the actuarial valuation date, approximately 1 retiree and 10 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Annual OPEB Costs

The Town's fiscal 2013 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined using the alternative measurement method in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of twenty years. The Town's annual OPEB cost for the fiscal year ending December 31, 2013 including the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2012 is as follows:

Annual Required Contribution (ARC)	\$ 20,556
Interest on Net OPEB obligation (NOO)	227
NOO Amortization adjustment to ARC	<u>(418)</u>
Annual OPEB cost	20,365
Expected benefit payments	<u>(16,370)</u>
Increase in Net OPEB obligation	3,995
Net OPEB obligation - beginning of year	<u>5,674</u>
Net OPEB obligation - end of year	<u><u>\$ 9,669</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending December 31, 2013 and 2012 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2013	\$ 20,365	80.4%	\$ 9,669
12/31/2012	\$ 20,556	72.4%	\$ 5,674

The Town's net OPEB obligation as of December 31, 2013 is recognized as a liability in these financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of January 1, 2012, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 146,611
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 146,611</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 426,468
UAAL as a percentage of covered payroll	34.4%

The alternative measurement valuation involves estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other key assumptions. Internally generated key assumptions, based on recent trends

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

within the Town, include general considerations, expected point at which benefits begin, and marital and dependency status. Mortality assumptions were derived from the RP2000 Mortality Table. Turnover assumptions were based on the Standard Turnover Assumption from pronouncement GASB No. 45. The assumption on health care trends was provided by an independent company that assisted the Town in the preparation of the alternative measurement method for GASB 45. Based on this independent company's help, the health care trends do not reflect potential changes in future health costs due to the passage of the Patient Protection and Affordable Care Act signed on March 23, 2010, as amended by the Health Care and Education Reconciliation Act signed on March 30, 2010 as the impact of these recent legislations are unknown. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the January 1, 2012 actuarial valuation, the Percentage Unit Credit method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 3.0% investment rate of return and an annual healthcare cost trend rate of 10% in fiscal year 2013, and then reduced by .5% decrements to an ultimate rate of 5.0% after 10 years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of twenty years on an open group basis. This has been calculated assuming level dollar amortization payment increases per year.

NOTE 9—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2013 are as follows:

	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,271,977		\$ (75,200)	\$ 1,196,777	\$ 73,944
Unamortized bond premium	111,945		(11,235)	100,710	12,302
Total Bonds Payable	1,383,922	\$ -	(86,435)	1,297,487	86,246
Capital lease payable	111,113		(20,262)	90,851	21,198
	<u>\$ 1,495,035</u>	<u>\$ -</u>	<u>\$ (106,697)</u>	<u>\$ 1,388,338</u>	<u>\$ 107,444</u>

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Payments on the general obligation bonds and capital leases are paid out of the General Fund. Amortization of the bond premium is recognized as a component of interest expense on the Statement of Activities (Exhibit B).

General Obligation Bonds

Bonds payable at December 31, 2013 are comprised of the following individual issues:

\$782,900 - 2012 Refunding Bond, due in annual installments varying from \$48,295 to \$81,890, including interest at 2.0-5.0% through February 2029	\$ 731,000
\$124,552 Water Meter Bond payable in annual installments of \$6,979 including interest at 1.79% through July 1, 2020	45,533
\$875,000 Sewer Clarifier Bond payable in an annual installment of \$31,031, including interest, on April 2, 2012 and then in annual installments of \$30,825, including interest at 3.104% through April 1, 2031	420,244
Add: Unamortized bond premium	100,710
	<u>\$ 1,297,487</u>

Debt service requirements to retire general obligation bonds outstanding at December 31, 2013 are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 73,944	\$ 44,919	\$ 118,863
2015	76,606	38,717	115,323
2016	79,287	39,916	119,203
2017	81,989	37,015	119,004
2018	85,710	33,699	119,409
2019-2023	327,807	128,729	456,536
2024-2028	336,417	61,547	397,964
2029-2031	135,017	6,657	141,674
Total	1,196,777	391,199	1,587,976
Add: Bond Premium	100,710		100,710
	<u>\$ 1,297,487</u>	<u>\$ 391,199</u>	<u>\$ 1,688,686</u>

The State of New Hampshire annually reimburses the Town for its share of water related debt service payments. For the year ended December 31, 2013, the water reimbursement was \$91,000. As included on the Statement of Activities (Exhibit B), interest expense for the year ended December 31, 2013 was \$32,395 on general obligation debt for governmental activities.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following is the individual capital lease obligation outstanding at December 31, 2013:

\$255,200 Equipment lease, due in annual installments of	
\$25,395 including interest at 4.62% through April 1, 2017	<u>\$ 90,851</u>

Debt service requirements to retire the capital lease obligation outstanding for governmental activities at December 31, 2013 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 21,198	\$ 4,197	\$ 25,395
2015	22,177	3,218	25,395
2016	23,202	2,193	25,395
2017	24,274	1,121	25,395
	<u>\$ 90,851</u>	<u>\$ 10,729</u>	<u>\$ 101,580</u>

NOTE 10—INTERFUND BALANCES AND TRANSFERS

Although self-balancing funds are maintained by the Town, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable balances must be utilized.

Interfund balances at December 31, 2013 are as follows:

	<u>Due from</u>		<u>Totals</u>
	<u>High Street</u> <u>Capital Projects</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	
<u>Due to</u> General Fund	<u>\$ 70,265</u>	<u>\$ 8,949</u>	<u>\$ 79,214</u>

In addition to the short-term interfunds noted above, the Town's General Fund advanced monies to the Sewer Fund. This advance was to assist in funding the operations and is not expected to be repaid within one year. As of December 31, 2013 the Sewer Fund owes the General Fund for advances in the amount of \$81,837.

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2013 are as follows:

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

	Transfers out			Totals
	General Fund	Sewer Fund	Nonmajor Governmental Fund	
General Fund		\$ 2,750	\$ 57,145	\$ 59,895
High Street Capital Projects Fund	\$ 2,702			2,702
Nonmajor Governmental Funds			115,088	115,088
	<u>\$ 2,702</u>	<u>\$ 2,750</u>	<u>\$ 172,233</u>	<u>\$ 177,685</u>

NOTE 11—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2013 as follows:

Permanent Funds - Endowments	\$ 30,083
Permanent Funds - Income	11,200
Highway Block Grant Funds	26,158
High Street Capital Projects Fund	31
Drug Forfeiture Funds	389
	<u>\$ 67,861</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2013 are as follows:

<u>Fund Balances</u>	General Fund	Sewer Fund	High Street Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Advance to other funds	\$ 81,837				\$ 81,837
Permanent funds - Endowments				\$ 30,083	30,083
Restricted for:					
Permanent funds - Income				11,200	11,200
Capital projects			\$ 31		31
Drug forfeiture funds	389				389
Highway block grant funds	26,158				26,158
Committed for:					
Capital reserve	539,354				539,354
Expendable trust	213,500				213,500
Sewer operations		\$ 177,218			177,218
Conservation				7,745	7,745
Water operations				434,555	434,555
Police special details				26,542	26,542
Carryforward appropriations	125,404				125,404

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Assigned for:

Subsequent years' expenditures	134,370				134,370
Library	23,646				23,646
Civic projects				12,689	12,689
Encumbrances	10,600				10,600

Unassigned:

General operations	1,335,246				1,335,246
	<u>\$ 2,490,504</u>	<u>\$ 177,218</u>	<u>\$ 31</u>	<u>\$ 522,814</u>	<u>\$ 3,190,567</u>

NOTE 13—CONTINGENCIES

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

SCHEDULE 1

TOWN OF GREENVILLE, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,417,323	\$ 1,417,323	\$ 1,493,353	\$ 76,030
Licenses and permits	259,000	259,000	266,939	7,939
Intergovernmental	501,486	482,956	490,886	7,930
Charges for services	8,000	8,000	5,879	(2,121)
Interest income	500	500	1,141	641
Miscellaneous	22,224	22,224	86,098	63,874
Total Revenues	<u>2,208,533</u>	<u>2,190,003</u>	<u>2,344,296</u>	<u>154,293</u>
Expenditures:				
Current operations:				
General government	633,138	633,138	570,896	62,242
Public safety	726,022	726,022	684,940	41,082
Highways and streets	266,861	266,861	260,104	6,757
Sanitation	74,202	74,202	74,201	1
Health and welfare	58,211	58,211	41,136	17,075
Culture and recreation	46,950	46,950	29,063	17,887
Conservation	450	450	100	350
Capital outlay	441,203	355,337	221,402	133,935
Debt service:				
Principal retirement	69,145	69,145	69,145	-
Interest and fiscal charges	42,954	42,954	41,946	1,008
Total Expenditures	<u>2,359,136</u>	<u>2,273,270</u>	<u>1,992,933</u>	<u>280,337</u>
Excess revenues over (under) expenditures	<u>(150,603)</u>	<u>(83,267)</u>	<u>351,363</u>	<u>434,630</u>
Other financing sources (uses):				
Transfers in	63,169	63,169	99,755	36,586
Transfers out	(276,463)	(192,236)	(192,235)	1
Total other financing sources (uses)	<u>(213,294)</u>	<u>(129,067)</u>	<u>(92,480)</u>	<u>36,587</u>
Net change in fund balance	(363,897)	(212,334)	258,883	471,217
Fund balance at beginning of year				
- Budgetary Basis	<u>1,992,718</u>	<u>1,992,718</u>	<u>1,992,718</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 1,628,821</u>	<u>\$ 1,780,384</u>	<u>\$ 2,251,601</u>	<u>\$ 471,217</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF GREENVILLE, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - Sewer Fund

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for services	\$ 288,069	\$ 288,069	\$ 356,737	\$ 68,668
Interest and investment income			133	133
Miscellaneous			85,962	85,962
Total Revenues	<u>288,069</u>	<u>288,069</u>	<u>442,832</u>	<u>154,763</u>
Expenditures:				
Current operations:				
Sanitation	<u>285,319</u>	<u>285,319</u>	<u>281,125</u>	<u>4,194</u>
Total Expenditures	<u>285,319</u>	<u>285,319</u>	<u>281,125</u>	<u>4,194</u>
Excess revenues over expenditures	<u>2,750</u>	<u>2,750</u>	<u>161,707</u>	<u>158,957</u>
Other financing uses:				
Transfers out	<u>(2,750)</u>	<u>(2,750)</u>	<u>(2,750)</u>	<u>-</u>
Total other financing uses	<u>(2,750)</u>	<u>(2,750)</u>	<u>(2,750)</u>	<u>-</u>
Net change in fund balance	-	-	158,957	158,957
Fund balance at beginning of year				
- Budgetary Basis	<u>18,261</u>	<u>18,261</u>	<u>18,261</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 18,261</u>	<u>\$ 18,261</u>	<u>\$ 177,218</u>	<u>\$ 158,957</u>

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF GREENVILLE, NEW HAMPSHIRE
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended December 31, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2012	\$ -	\$ 146,611	\$ 146,611	0.0%	\$ 426,468	34.38%

See accompanying notes to the required supplementary information

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 2,336,233	\$ 2,143,336
Difference in property taxes meeting susceptible to accrual criteria	72,829	
Encumbrances - December 31, 2012		(12,000)
Encumbrances - December 31, 2013		10,600
Non-budgetary activity	(194,404)	(186,161)
Budgetary transfers in and out	229,393	229,393
Per Schedule 1	<u>\$ 2,444,051</u>	<u>\$ 2,185,168</u>

NOTE 2—GENERAL FUND BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2013 are as follows:

Nonspendable:	
Advance to other funds	\$ 81,837
Restricted for:	
Highway block grant funds	26,158
Committed for:	
Carryforward appropriations	125,404
Assigned for:	
Subsequent years' expenditures	134,370
Unassigned:	
General operations	<u>1,883,832</u>
	<u>\$ 2,251,601</u>

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2013

NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the Town is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The Town implemented the provisions of GASB Statement #45 during the year ended December 31, 2012. Accordingly, the funding progress has only been presented for the recent actuarial valuation report. Additional disclosures will be made as the information becomes available.

SCHEDULE I
TOWN OF GREENVILLE, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass Through Payments from the New Hampshire Community Development Finance Authority Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii #11-121-EGPF	14.228	\$ 162,264
Total Department of Housing and Urban Development		<u>162,264</u>
DEPARTMENT OF HOMELAND SECURITY		
Pass Through Payments from the New Hampshire Department of Homeland Security and Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters) #FEMA-1913-DR-NH #FEMA-4105-DR-NH	97.036	932,080 <u>10,222</u> 942,302
Hazard Mitigation Grant #FEMA-1812-DR-NH-25R	97.039	<u>33,169</u>
Total Department of Homeland Security		<u>975,471</u>
Total Expenditures of Federal Awards		<u><u>\$1,137,735</u></u>

See notes to schedule of expenditures of federal awards

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2013

NOTE 1—GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Greenville, New Hampshire. The Town of Greenville, New Hampshire's reporting entity is defined in Note 1 to the Town's basic financial statements.

NOTE 2—BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's basic financial statements.

NOTE 3—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The recognition of expenditures of federal awards has been reported in the Town's basic financial statements as intergovernmental revenues in the governmental funds as follows:

Major Governmental Funds:	
General Fund	\$ 43,391
High Street Capital Projects Fund	<u>1,094,344</u>
	<u>\$ 1,137,735</u>

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

Independent Auditor's Report

To the Board of Selectmen
Town of Greenville, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenville, New Hampshire, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Greenville, New Hampshire's basic financial statements, and have issued our report thereon dated July 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Greenville, New Hampshire's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Greenville, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Greenville, New Hampshire'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.

Compliance and Other Matters

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

Purpose of this Report

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

Jacobs Cuckey & Company PC

Manchester, New Hampshire
July 22, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE****Independent Auditor's Report**

To the Board of Selectmen
Town of Greenville, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the Town of Greenville, New Hampshire's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town of Greenville, New Hampshire's major federal program for the year ended December 31, 2013. The Town of Greenville, New Hampshire's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town of Greenville, New Hampshire's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Greenville, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Greenville, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2013.

Report on Internal Control over Compliance

Management of the Town of Greenville, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Greenville, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Greenville, New Hampshire's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
July 22, 2014

**Town of Greenville, New Hampshire
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013**

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified - all reporting units</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___ no
Significant deficiency(ies) identified		
not considered to be material weaknesses?	_____yes	___X___ none reported
Noncompliance material to financial statements noted?	_____yes	___X___ no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____yes	___X___ no
Significant deficiency(ies) identified		
not considered to be material weaknesses?	_____yes	___X___ none reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____yes	___X___ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and B program: \$ 300,000.

Auditee qualified as low-risk auditee?	_____yes	___X___ no
--	----------	------------

Section II--Financial Statement Findings

There were no findings relating to the financial statements required to be reported by GAGAS.

Section III--Federal Award Findings and Questioned Costs

There were no findings and questioned costs required to be reported under OMB Circular A-133 .510(a).

SCHEDULE A
TOWN OF GREENVILLE, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2013

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Totals
ASSETS			
Cash and cash equivalents	\$ 239,606		\$ 239,606
Investments	210,310	\$ 41,283	251,593
Taxes receivable	37,877		37,877
Accounts receivable	2,910		2,910
Total Assets	<u>490,703</u>	<u>41,283</u>	<u>531,986</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>\$ 490,703</u>	<u>\$ 41,283</u>	<u>\$ 531,986</u>
LIABILITIES			
Accrued expenses	\$ 223		\$ 223
Due to other funds	8,949		8,949
Total Liabilities	<u>9,172</u>	<u>\$ -</u>	<u>9,172</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		30,083	30,083
Restricted		11,200	11,200
Committed	468,842		468,842
Assigned	12,689		12,689
Total Fund Balances	<u>481,531</u>	<u>41,283</u>	<u>522,814</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 490,703</u>	<u>\$ 41,283</u>	<u>\$ 531,986</u>

SCHEDULE A-1
TOWN OF GREENVILLE, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2013

	Civic Projects Fund	Conservation Fund	Water Fund	Police Special Details Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 12,689	\$ 2,580	\$ 200,705	\$ 23,632	\$ 239,606
Investments		5,165	205,145		210,310
Taxes receivable			37,877		37,877
Accounts receivable				2,910	2,910
Total Assets	<u>12,689</u>	<u>7,745</u>	<u>443,727</u>	<u>26,542</u>	<u>490,703</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources					
Total Assets and Deferred Outflows of Resources	<u>\$ 12,689</u>	<u>\$ 7,745</u>	<u>\$ 443,727</u>	<u>\$ 26,542</u>	<u>\$ 490,703</u>
LIABILITIES					
Accrued expenses			\$ 223		\$ 223
Due to other funds			8,949		8,949
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>9,172</u>	<u>\$ -</u>	<u>9,172</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Committed		7,745	434,555	26,542	468,842
Assigned	12,689				12,689
Total Fund Balances	<u>12,689</u>	<u>7,745</u>	<u>434,555</u>	<u>26,542</u>	<u>481,531</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,689</u>	<u>\$ 7,745</u>	<u>\$ 443,727</u>	<u>\$ 26,542</u>	<u>\$ 490,703</u>

SCHEDULE B

TOWN OF GREENVILLE, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Funds

For the Year Ended December 31, 2013

	Special Revenue Funds	ARRA Clarifier Capital Projects Fund	Permanent Funds	Total Nonmajor Governmental Totals
Revenues:				
Taxes	\$ 2,580			\$ 2,580
Charges for services	352,268			352,268
Interest and investment income	485	\$ 2	\$ 54	541
Miscellaneous	4,018			4,018
Total Revenues	<u>359,351</u>	<u>2</u>	<u>54</u>	<u>359,407</u>
Expenditures:				
Current operations:				
General government			28	28
Public safety	22,081			22,081
Water distribution and treatment	221,298			221,298
Capital outlay	21,853			21,853
Debt service:				
Principal retirement	6,055			6,055
Interest and fiscal charges	923			923
Total Expenditures	<u>272,210</u>	<u>-</u>	<u>28</u>	<u>272,238</u>
Excess revenues over (under) expenditures	<u>87,141</u>	<u>2</u>	<u>26</u>	<u>87,169</u>
Other financing uses:				
Transfers in	115,088			115,088
Transfers out	(154,841)	(17,392)		(172,233)
Total other financing uses	<u>(39,753)</u>	<u>(17,392)</u>	<u>-</u>	<u>(57,145)</u>
Net change in fund balances	47,388	(17,390)	26	30,024
Fund balances at beginning of year	<u>434,143</u>	<u>17,390</u>	<u>41,257</u>	<u>492,790</u>
Fund balances at end of year	<u>\$ 481,531</u>	<u>\$ -</u>	<u>\$ 41,283</u>	<u>\$ 522,814</u>

SCHEDULE B-1

TOWN OF GREENVILLE, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended December 31, 2013

	Civic Projects Fund	Conservation Fund	Water Fund	Police Special Details Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes		\$ 2,580			\$ 2,580
Charges for services			\$ 331,458	\$ 20,810	352,268
Interest and investment income		77	371	37	485
Miscellaneous	\$ 1,835		2,183		4,018
Total Revenues	<u>1,835</u>	<u>2,657</u>	<u>334,012</u>	<u>20,847</u>	<u>359,351</u>
Expenditures:					
Current operations:					
Public safety	681			21,400	22,081
Water distribution and treatment			221,298		221,298
Capital outlay			21,853		21,853
Debt service:					
Principal retirement			6,055		6,055
Interest and fiscal charges			923		923
Total Expenditures	<u>681</u>	<u>-</u>	<u>250,129</u>	<u>21,400</u>	<u>272,210</u>
Net change in fund balances	<u>1,154</u>	<u>2,657</u>	<u>83,883</u>	<u>(553)</u>	<u>87,141</u>
Other financing sources (uses):					
Transfers in		5,088	110,000		115,088
Transfers out	(5,088)		(149,753)		(154,841)
Total other financing sources (uses)	<u>(5,088)</u>	<u>5,088</u>	<u>(39,753)</u>	<u>-</u>	<u>(39,753)</u>
Net change in fund balances	(3,934)	7,745	44,130	(553)	47,388
Fund balances at beginning of year	<u>16,623</u>	<u>-</u>	<u>390,425</u>	<u>27,095</u>	<u>434,143</u>
Fund balances at end of year	<u>\$ 12,689</u>	<u>\$ 7,745</u>	<u>\$ 434,555</u>	<u>\$ 26,542</u>	<u>\$ 481,531</u>