

TOWN OF GREENVILLE, NEW HAMPSHIRE

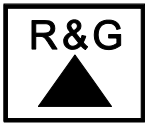
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

**TOWN OF GREENVILLE, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Greenville
Greenville, NH

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, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 and for the year ended December 31, 2014, 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 schedule of funding progress on page 30 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 and economic 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Greenville's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

May 12, 2015

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Net Position
December 31, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,277,714
Investments	1,119,089
Intergovernmental receivable	531,677
Other receivables, net of allowance for uncollectibles	733,036
Capital assets, not being depreciated:	
Land	1,163,140
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	2,882,632
Machinery, vehicles and equipment	405,447
Infrastructure	6,923,370
Total assets	<u>16,036,105</u>
LIABILITIES	
Accounts payable	36,346
Accrued payroll and benefits	19,733
Accrued interest payable	17,580
Intergovernmental payable	539,576
Noncurrent obligations:	
Due within one year:	
Bonds payable	76,606
Unamortized bond premium	12,630
Capital lease payable	22,177
Due in more than one year:	
Bonds payable	1,046,227
Unamortized bond premium	75,778
Capital lease payable	47,476
Other post-employment benefits payable	15,317
Total liabilities	<u>1,909,446</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	<u>18,507</u>
NET POSITION	
Net investment in capital assets	10,093,695
Restricted for:	
Endowments:	
Nonexpendable	30,083
Expendable	11,218
Other purposes	32,011
Unrestricted	3,941,145
Total net position	<u>\$ 14,108,152</u>

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

EXHIBIT 2
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2014

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
General government	\$ 555,956	\$ 970	\$ 38	\$ -	\$ (554,948)
Public safety	750,888	13,579	213,042	-	(524,267)
Highways and streets	514,825	-	71,275	-	(443,550)
Sanitation	425,651	361,047	-	-	(64,604)
Water distribution and treatment	300,272	310,230	-	-	9,958
Health	11,819	-	-	-	(11,819)
Welfare	18,250	1,183	-	-	(17,067)
Culture and recreation	156,554	5,285	-	-	(151,269)
Conservation	100	-	-	-	(100)
Interest on long-term debt	30,612	-	-	-	(30,612)
Capital outlay	108,001	-	-	299,352	191,351
Total governmental activities	<u>\$ 2,872,928</u>	<u>\$ 692,294</u>	<u>\$ 284,355</u>	<u>\$ 299,352</u>	<u>(1,596,927)</u>
General revenues:					
Property taxes					1,156,033
Other taxes					141,797
Licenses and permits					276,971
Grants and contributions not restricted to specific programs					100,231
Miscellaneous					60,015
Total general revenues					<u>1,735,047</u>
Change in net position					138,120
Net position, beginning, as restated, see Note III.D.					<u>13,970,032</u>
Net position, ending					<u>\$ 14,108,152</u>

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

EXHIBIT 3
TOWN OF GREENVILLE, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2014

	General	Water	Sewer	High Street	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,937,419	\$ 170,393	\$ 127,136	\$ 31	\$ 42,735	\$ 2,277,714
Investments	779,218	250,214	43,094	-	46,563	1,119,089
Receivables, net of allowance for uncollectibles:						
Taxes	630,669	-	-	-	-	630,669
Accounts	3,724	32,327	63,726	-	2,590	102,367
Intergovernmental	28,181	-	-	227,646	-	255,827
Interfund receivable	227,664	-	-	-	-	227,664
Total assets	<u>\$ 3,606,875</u>	<u>\$ 452,934</u>	<u>\$ 233,956</u>	<u>\$ 227,677</u>	<u>\$ 91,888</u>	<u>\$ 4,613,330</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 36,346	\$ -	\$ -	\$ -	\$ -	\$ 36,346
Accrued salaries and benefits	19,271	231	231	-	-	19,733
Intergovernmental payable	539,576	-	-	-	-	539,576
Interfund payable	-	-	-	227,645	19	227,664
Total liabilities	<u>595,193</u>	<u>231</u>	<u>231</u>	<u>227,645</u>	<u>19</u>	<u>823,319</u>
Deferred inflows of resources:						
Deferred revenue	<u>583,823</u>	<u>28,117</u>	<u>53,073</u>	<u>227,646</u>	<u>-</u>	<u>892,659</u>
Fund balances:						
Nonspendable	-	-	-	-	30,083	30,083
Restricted	32,400	-	-	-	11,219	43,619
Committed	907,534	424,586	180,652	-	50,567	1,563,339
Assigned	36,014	-	-	-	-	36,014
Unassigned	1,451,911	-	-	(227,614)	-	1,224,297
Total fund balances	<u>2,427,859</u>	<u>424,586</u>	<u>180,652</u>	<u>(227,614)</u>	<u>91,869</u>	<u>2,897,352</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,606,875</u>	<u>\$ 452,934</u>	<u>\$ 233,956</u>	<u>\$ 227,677</u>	<u>\$ 91,888</u>	<u>\$ 4,613,330</u>

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

EXHIBIT 4
TOWN OF GREENVILLE, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2014

Total fund balances of governmental funds (Exhibit 3)		\$ 2,897,352
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 15,327,385	
Less accumulated depreciation	<u>(3,952,796)</u>	
		11,374,589
Other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the governmental funds.		
Intergovernmental receivable		275,850
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (227,664)	
Payables	<u>227,664</u>	
		-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 565,410	
Deferred grant revenue	227,646	
Deferred water charges	28,023	
Deferred sewer rents	<u>53,073</u>	
		874,152
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(17,580)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 1,122,833	
Unamortized bond premium	88,408	
Capital lease outstanding	69,653	
Other post-employment benefits payable	<u>15,317</u>	
		<u>(1,296,211)</u>
Total net position of governmental activities (Exhibit 1)		<u>\$ 14,108,152</u>

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

EXHIBIT 5
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Water	Sewer	High Street	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 1,269,859	\$ -	\$ -	\$ -	\$ 60	\$ 1,269,919
Licenses, permits and fees	276,971	-	-	-	-	276,971
Intergovernmental	409,016	-	-	71,706	-	480,722
Charges for services	8,212	314,825	370,570	-	12,805	706,412
Miscellaneous	55,995	988	806	-	2,264	60,053
Total revenues	<u>2,020,053</u>	<u>315,813</u>	<u>371,376</u>	<u>71,706</u>	<u>15,129</u>	<u>2,794,077</u>
Expenditures:						
Current:						
General government	542,224	-	-	-	625	542,849
Public safety	713,735	-	-	-	9,946	723,681
Highways and streets	286,055	-	-	-	-	286,055
Sanitation	88,823	-	316,400	-	-	405,223
Water distribution and treatment	-	224,951	-	-	-	224,951
Health	11,819	-	-	-	-	11,819
Welfare	18,250	-	-	-	-	18,250
Culture and recreation	148,780	-	-	-	929	149,709
Conservation	100	-	-	-	-	100
Debt service:						
Principal	45,780	28,164	-	-	-	73,944
Interest	44,105	815	-	-	-	44,920
Capital outlay	117,499	39,235	20,264	329,741	-	506,739
Total expenditures	<u>2,017,170</u>	<u>293,165</u>	<u>336,664</u>	<u>329,741</u>	<u>11,500</u>	<u>2,988,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,883</u>	<u>22,648</u>	<u>34,712</u>	<u>(258,035)</u>	<u>3,629</u>	<u>(194,163)</u>
Other financing sources (uses):						
Transfers in	19	-	17,392	30,390	-	47,801
Transfers out	(47,782)	-	-	-	(19)	(47,801)
Total other financing sources and uses	<u>(47,763)</u>	<u>-</u>	<u>17,392</u>	<u>30,390</u>	<u>(19)</u>	<u>-</u>
Net change in fund balances	(44,880)	22,648	52,104	(227,645)	3,610	(194,163)
Fund balances, beginning, as restated, see Note III.D.	2,472,739	401,938	128,548	31	88,259	3,091,515
Fund balances, ending	<u>\$ 2,427,859</u>	<u>\$ 424,586</u>	<u>\$ 180,652</u>	<u>\$ (227,614)</u>	<u>\$ 91,869</u>	<u>\$ 2,897,352</u>

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

EXHIBIT 6
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, 2014

Net change in fund balances of governmental funds (Exhibit 5)		\$ (194,163)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 409,825	
Depreciation expense	<u>(387,228)</u>	
		22,597
Revenues in the governmental funds reduce long-term assets of the governmental activities.		
Proceeds from long-term grant receivable		(24,468)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (47,801)	
Transfers out	<u>47,801</u>	
		-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ 16,824	
Change in deferred ambulance fees	227,646	
Change in deferred water rents	(4,595)	
Change in deferred sewer rents	<u>(9,523)</u>	
		230,352
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 73,944	
Amortization of bond premium	12,302	
Repayment of capital lease principal	<u>21,198</u>	
		107,444
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 2,006	
Increase in other post-employment benefits payable	<u>(5,648)</u>	
		<u>(3,642)</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ 138,120</u>

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

EXHIBIT 7
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,187,511	\$ 1,187,511	\$ 1,286,683	\$ 99,172
Licenses, permits and fees	223,700	223,700	276,971	53,271
Intergovernmental	406,890	406,890	409,016	2,126
Charges for services	10,000	10,000	8,212	(1,788)
Miscellaneous	23,266	23,266	40,482	17,216
Total revenues	<u>1,851,367</u>	<u>1,851,367</u>	<u>2,021,364</u>	<u>169,997</u>
EXPENDITURES				
Current:				
General government	585,247	585,247	542,224	43,023
Public safety	747,772	747,772	703,135	44,637
Highways and streets	270,994	270,994	295,911	(24,917)
Sanitation	90,367	90,367	88,823	1,544
Health	15,960	15,960	11,819	4,141
Welfare	40,001	40,001	18,250	21,751
Culture and recreation	159,697	159,697	146,409	13,288
Conservation	450	450	100	350
Debt service:				
Principal	111,885	67,780	45,780	22,000
Interest	-	44,105	44,105	-
Capital outlay	<u>278,177</u>	<u>278,177</u>	<u>99,219</u>	<u>178,958</u>
Total expenditures	<u>2,300,550</u>	<u>2,300,550</u>	<u>1,995,775</u>	<u>304,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(449,183)</u>	<u>(449,183)</u>	<u>25,589</u>	<u>474,772</u>
Other financing sources (uses):				
Transfers in	35,000	35,000	26,366	(8,634)
Transfers out	<u>(55,187)</u>	<u>(55,187)</u>	<u>(85,577)</u>	<u>(30,390)</u>
Total other financing sources and uses	<u>(20,187)</u>	<u>(20,187)</u>	<u>(59,211)</u>	<u>(39,024)</u>
Net change in fund balance	<u>\$ (469,370)</u>	<u>\$ (469,370)</u>	<u>(33,622)</u>	<u>\$ 435,748</u>
Decrease in nonspendable fund balance			81,837	
Increase in committed fund balance			(49,096)	
Decrease in assigned fund balance			134,370	
Unassigned fund balance, beginning			<u>1,883,832</u>	
Unassigned fund balance, ending			<u>\$ 2,017,321</u>	

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

EXHIBIT 8
TOWN OF GREENVILLE, NEW HAMPSHIRE
Water Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 350,635	\$ 314,825	\$ (35,810)
Miscellaneous	-	756	756
Total revenues	<u>350,635</u>	<u>315,581</u>	<u>(35,054)</u>
EXPENDITURES			
Current:			
Water distribution and treatment	228,635	224,951	3,684
Debt service:			
Principal	22,000	22,000	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>250,635</u>	<u>246,951</u>	<u>3,684</u>
Excess of revenues over expenditures	100,000	68,630	(31,370)
Other financing sources (uses):			
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(31,370)</u>	<u>\$ (31,370)</u>
Committed fund balance, beginning, as restated, see Note III.D.		205,742	
Committed fund balance, ending		<u>\$ 174,372</u>	

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

EXHIBIT 9
TOWN OF GREENVILLE, NEW HAMPSHIRE
Sewer Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 371,191	\$ 370,570	\$ (621)
Miscellaneous	-	766	766
Total revenues	<u>371,191</u>	<u>371,336</u>	<u>145</u>
EXPENDITURES			
Current:			
Sanitation	<u>339,191</u>	<u>316,400</u>	<u>22,791</u>
Excess of revenues over expenditures	32,000	54,936	22,936
Other financing sources:			
Transfers out	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	22,936	<u>\$ 22,936</u>
Committed fund balance, beginning, as restated, see Note III.D.		114,622	
Committed fund balance, ending		<u>\$ 137,558</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Greenville (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2014.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

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

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

Government-Wide Financial Statements

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

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

**TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

Fund Financial Statements

Fund financial statements are provided for the governmental funds. Major individual funds are reported in separate columns with composite columns for nonmajor funds.

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

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year, and defers any not received by that date. When calculating fund balance used to set the tax rate, these taxes are not deferred in accordance with the requirements of the New Hampshire Department of Revenue Administration.

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

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

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental funds:

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

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Water Fund – Accounts for all revenues and expenditures related to the Town’s water treatment and distribution operations.

Sewer Fund – Accounts for all revenues and expenditures related to the Town’s sewage disposal operations.

High Street Fund – Reports as a Capital Project fund to account for slope stabilization for the High Street landslide project. The Town voted an appropriation of \$1,467,127 at the 2012 Town Meeting, and an additional amount of \$347,716 at a Special Town Meeting in 2013.

The Town also reports four nonmajor governmental funds.

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

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town’s treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

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

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

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I.C.2. *Capital Assets and Depreciation*

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Buildings and building improvements	5-40
Machinery, vehicles and equipment	3-40
Infrastructure	15-50

I.C.3. *Long-Term Debt*

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.4. *Compensated Absences*

Full-time employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are entitled to their vacation leave upon termination.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.5. *Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, nonexpendable, which consists of the principal of endowments in the permanent funds that must be permanently invested.

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- Restricted for endowments, expendable, which consists of the income earned on nonexpendable endowments that is reported in the permanent funds.
- Restricted for other purposes, which consists of the Library Fund balance.
- Unrestricted, which consists of the remaining net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, which are legally required to be maintained intact.
- Restricted, which represents the expendable portion of permanent funds, the library fund, and the Town's drug forfeiture proceeds, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by the highest decision making level of authority, Town Meeting, or by the Board of Selectmen.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of encumbrances.
- Unassigned, which represents the total fund balance in the general fund, less any amounts categorized above, and the deficit balance in the high street fund.

I.D. Fund Balance Policy

Spending Prioritization

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.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue, 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 the Town, County, School District and Precincts). The Selectmen have the authority to apply unassigned fund balance in order to balance the budget and to reduce the property tax rate. The Town's unassigned fund balance of \$1,451,911 at December 31, 2014 is 58% of the total appropriation, including County, School District and Precincts for 2014.

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I.E. Estimates

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

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Water and Sewer Funds. Project length budgets are adopted for the High Street Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2014, \$469,370 of the unassigned fund balance from 2013 was used.

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

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

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II.B. Reconciliation of Budgetary Basis to GAAP

	General Fund	Water Fund	Sewer Fund
Revenues and other financing sources:			
Per Exhibits 7-9 (budgetary basis)	\$ 2,047,730	\$ 315,581	\$ 371,336
Adjustments:			
Basis difference:			
Tax revenue deferred in the prior year	548,586	-	-
Tax revenue deferred in the current year	(565,410)	-	-
Perspective difference:			
Revenues of Library Fund	14,575	-	-
Revenues of Expendable Trust Fund	938	232	40
Transfer from Expendable Trust Fund	(26,347)	-	17,392
Per Exhibit 5 (GAAP basis)	<u>\$ 2,020,072</u>	<u>\$ 315,813</u>	<u>\$ 388,768</u>
Expenditures and other financing uses:			
Per Exhibits 7-9 (budgetary basis)	\$ 2,081,352	\$ 346,951	\$ 348,400
Adjustments:			
Basis difference:			
Encumbrances, beginning	36,758	-	-
Encumbrances, ending	(36,014)	-	-
Perspective difference:			
Expenditures of Library Fund	111,604	-	-
Expenditures of Expendable Trust Fund	18,280	46,214	20,264
Transfer to Library Fund	(109,233)	-	-
Transfer to Expendable Trust Fund	(37,795)	(100,000)	(32,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,064,952</u>	<u>\$ 293,165</u>	<u>\$ 336,664</u>
Fund balance:			
Per Exhibits 7-9 (budgetary basis)	\$ 2,017,321	\$ 174,372	\$ 137,558
Adjustments:			
Basis difference:			
Deferred tax revenue, GAAP basis	(565,410)	-	-
Perspective difference:			
Expendable Trust Fund	-	250,214	43,094
Per Exhibit 3 (GAAP basis)	<u>\$ 1,451,911</u>	<u>\$ 424,586</u>	<u>\$ 180,652</u>

The High Street Capital Project was completed during 2014, and had an unspent balance of \$95,030 of the appropriation total of \$1,814,843.

II.C. Deficit Fund Balance

The High Street Fund reports a deficit fund balance of \$227,614 at December 31, 2014. This is the result of the application of generally accepted accounting principles to the recognition of revenue related to the intergovernmental receivable of \$227,646.

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III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2014, the Town had investments in certificates of deposit totaling \$1,119,089.

Investment Risks

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. New Hampshire law limits investments to those described in Note I.C.1. The Town's policy is to invest in fully insured or collateralized certificates of deposit.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have an investment policy that addresses concentration of credit risk, but requires investments to be fully insured or collateralized.

III.A.2. Receivables and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2013 property taxes on June 4th.

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

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The net assessed valuation as of April 1, 2014, upon which the 2014 property tax levy was based was:

For the New Hampshire education tax	\$ 93,867,210
For all other taxes	\$ 97,723,710

The tax rates and amounts assessed for the year ended December 31, 2014 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	<u>\$12.20</u>	\$ 1,191,990
School portion:		
State of New Hampshire	\$2.29	214,917
Local	\$10.39	1,015,172
County portion	\$1.23	<u>120,655</u>
Total property taxes assessed		<u><u>\$ 2,542,734</u></u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2014	\$ 268,788
Levy of 2013	255
Levy of 2012	620
Levy of 2008	921
Levy of 2007	5
Unredeemed (under tax lien):	
Levy of 2013	179,155
Levy of 2012	105,427
Levy of 2011	81,904
Levies of 2010 and prior	9,689
Land use change	3,905
Less: allowance for estimated uncollectible taxes	<u>(20,000)</u>
Net taxes receivable	<u><u>\$ 630,669</u></u>

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Deferred Revenue

Deferred revenue in the governmental funds of \$892,659 at December 31, 2014 represents \$565,410 of property taxes, \$28,117 of water charges, \$53,073 of sewer rents, and \$227,646 in State and Federal grants that are not expected to be collected within 60 days from year-end, and therefore, are deferred in accordance with generally accepted accounting principles; and \$18,413 in prepayments received that will be applied to the 2015 property tax levy.

In the governmental activities, only the prepayments are recorded as unearned revenue.

III.A.3. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,152,053	\$ 11,087	\$ -	\$ 1,163,140
Construction in progress	1,706,156	329,741	(2,035,897)	-
Total capital assets not being depreciated	<u>2,858,209</u>	<u>340,828</u>	<u>(2,035,897)</u>	<u>1,163,140</u>
Being depreciated:				
Buildings and building improvements	4,661,768	18,280	-	4,680,048
Machinery, vehicles and equipment	1,358,019	50,717	(27,913)	1,380,823
Infrastructure	6,067,477	2,035,897	-	8,103,374
Total capital assets being depreciated	<u>12,087,264</u>	<u>2,104,894</u>	<u>(27,913)</u>	<u>14,164,245</u>
Total all capital assets	<u>14,945,473</u>	<u>2,445,722</u>	<u>(2,063,810)</u>	<u>15,327,385</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,679,839)	(117,577)	-	(1,797,416)
Machinery, vehicles and equipment	(918,253)	(85,036)	27,913	(975,376)
Infrastructure	(995,389)	(184,615)	-	(1,180,004)
Total accumulated depreciation	<u>(3,593,481)</u>	<u>(387,228)</u>	<u>27,913</u>	<u>(3,952,796)</u>
Net book value, capital assets being depreciated	<u>8,493,783</u>	<u>1,717,666</u>	<u>-</u>	<u>10,211,449</u>
Net book value, all capital assets	<u>\$ 11,351,992</u>	<u>\$ 2,058,494</u>	<u>\$ (2,035,897)</u>	<u>\$ 11,374,589</u>

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Depreciation Expense

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

Governmental activities:	
General government	\$ 7,459
Public safety	48,405
Highways and streets	228,770
Sanitation	20,428
Water distribution and treatment	75,321
Culture and recreation	6,845
Total depreciation expense	<u>\$ 387,228</u>

III.B. Liabilities

III.B.1 Intergovernmental Payables

The amount due to other governments at December 31, 2014 consists of the balance of the 2014-2015 district assessment due to the Mascenic Regional School District in the amount of \$539,576.

III.B.2 Long-Term Debt

Long-term debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2014	Current Portion
General obligation bonds payable:						
Water meters	\$ 124,552	2011	2020	1.79	\$ 39,367	\$ 6,274
Sewer clarifier	\$ 875,000	2012	2031	3.10	402,466	18,332
Refunding bond	\$ 782,900	2012	2029	2.0-5.0	681,000	52,000
					<u>1,122,833</u>	<u>76,606</u>
Unamortized bond premium					88,408	12,630
Capital lease payable:						
Pumper truck	\$ 201,098	2007	2017	4.62	69,653	22,177
Other post-employment benefits payable					15,317	-
					<u>\$ 1,296,211</u>	<u>\$ 111,413</u>

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Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2014:

	General Obligation Bonds Payable	Unamortized Bond Premium	Capital Lease Payable	OPEB Liability	Total
Balance, beginning	\$ 1,196,777	\$ 100,710	\$ 90,851	\$ 9,669	\$ 1,398,007
Additions	-	-	-	5,648	5,648
Reductions	(73,944)	(12,302)	(21,198)	-	(107,444)
Balance, ending	<u>\$ 1,122,833</u>	<u>\$ 88,408</u>	<u>\$ 69,653</u>	<u>\$ 15,317</u>	<u>\$ 1,296,211</u>

Debt Service Requirements to Maturity

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 76,606	\$ 42,718	\$ 119,324
2016	79,287	39,916	119,203
2017	81,989	37,015	119,004
2018	85,710	33,699	119,409
2019	89,452	30,241	119,693
2020-2024	300,494	113,165	413,659
2025-2029	350,403	47,772	398,175
2030-2033	58,892	2,756	61,648
Totals	<u>\$ 1,122,833</u>	<u>\$ 347,282</u>	<u>\$ 1,470,115</u>

The future minimum lease obligations for the capital lease are as follow:

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 22,177	\$ 3,218	\$ 25,395
2016	23,202	2,193	25,395
2017	24,274	1,121	25,395
Totals	<u>\$ 69,653</u>	<u>\$ 6,532</u>	<u>\$ 76,185</u>

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III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	High Street	\$ 227,645
General	Permanent	19
		<u>\$ 227,664</u>

The amount due to the General Fund from the High Street Fund represents an overdraft of pooled cash. The amount due from the Permanent Fund to the General Fund represents income earned in 2014 for the maintenance of cemetery lots.

III.C.2. *Transfers*

Transfers within the reporting entity are for the purposes of moving monies voted by Town Meeting, and distributing trust income to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	<u>Transfers In:</u>			
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>High Street Fund</u>	<u>Total</u>
Transfers out:				
General fund	\$ -	\$ 17,392	\$ 30,390	\$ 47,782
Nonmajor funds	19	-	-	19
	<u>\$ 19</u>	<u>\$ 17,392</u>	<u>\$ 30,390</u>	<u>\$ 47,801</u>

The amounts transferred to the Sewer Fund and High Street Fund from the General Fund represent voted appropriations. The amount transferred to the General Fund from the Nonmajor Funds represents income earned in 2014 in the Permanent Fund for the maintenance of cemetery lots.

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III.D. Restatement of Beginning Equity

Equity at January 1, 2014 was restated to reflect the following adjustments:

	Governmental Activities	General Fund	Water Fund	Sewer Fund
To record sewer capital reserve in the sewer fund	\$ -	\$ (13,926)	\$ -	\$ 13,926
To record additional payable	(3,839)	(3,839)		
To record deferred revenue	-	-	(32,617)	(62,596)
To record long-term receivable	96,019	-	-	-
Net position/fund balance, as previously reported	13,877,852	2,490,504	434,555	177,218
Net position/fund balance, as restated	<u>\$ 13,970,032</u>	<u>\$ 2,472,739</u>	<u>\$ 401,938</u>	<u>\$ 128,548</u>

III.E. Fund Equity

The components of fund balance, as described in Note I.C.5, are reported for the following purposes:

	General Fund	Water Fund	Sewer Fund	High Street Fund	Nonmajor Funds
Nonspendable:					
Endowments	\$ -	\$ -	\$ -	\$ -	\$ 30,083
Restricted:					
General government	-	-	-	-	11,219
Public safety	389	-	-	-	-
Culture and recreation	32,011	-	-	-	-
Total restricted	<u>32,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,219</u>
Committed:					
General government	139,357	-	-	-	13,242
Public safety	261,189	-	-	-	29,440
Highways and streets	274,953	-	-	-	-
Sanitation	15	-	180,652	-	-
Water distribution and treatment	20,457	424,586	-	-	-
Culture and recreation	37,063	-	-	-	-
Conservation	-	-	-	-	7,885
Capital outlay	174,500	-	-	-	-
Total committed	<u>907,534</u>	<u>424,586</u>	<u>180,652</u>	<u>-</u>	<u>50,567</u>
Assigned:					
Highways and streets	36,014	-	-	-	-
Unassigned	1,451,911	-	-	(227,614)	-
Total fund balance	<u>\$ 2,427,859</u>	<u>\$ 424,586</u>	<u>\$ 180,652</u>	<u>\$ (227,614)</u>	<u>\$ 91,869</u>

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IV. Other Information

IV.A. Risk Management

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

The Trust is organized to provide certain property and liability protection 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 benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. Contributions paid in 2014 to be recorded as an insurance expenditure/expense totaled \$49,953 for property/liability. There were no unpaid contributions for the year ended December 31, 2014. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

The Primex Workers' Compensation Program is a pooled risk management program under RSA 5-B and RSA 281-A. Workers' compensation coverage was provided from January 1 through December 31 at statutory levels. The Town contributed \$17,272 for this coverage.

IV.B. Retirement Pensions

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

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and other employees were 11.55% and 7%, respectively. The rates of contribution for pension and the medical subsidy by the Town was 25.30% for police, and 10.77% for other employees. Employer contributions from the Town during the years 2012, 2013, and 2014 were \$63,392, \$77,515, and \$95,436 respectively. The amounts are paid on a monthly basis as due.

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IV.C. Contingent Liabilities

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

IV.D. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits, the Town provides implicit postretirement medical benefits to its retired employees and their spouses, as required by NH RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The pre-65 benefits are the only benefits included in this valuation. Retirees under the age of 65 have a medical insurance plan with either Anthem Blue Cross and Blue Shield or Matthew Thornton. Both Group I and Group II retirees, as categorized by the New Hampshire Retirement System, qualify for this benefit. Group I employees are required to reach age 55 with a minimum service requirement of 30 years or age 60 with 20 years of service. Group II employees hired before July 1, 2003 are eligible at age 45 with 20 years of service and employees hired after July 1, 2003 are eligible at any age with 20 years of service. Retirees contribute 100% for individual, two person or family medical coverage. Surviving beneficiaries continue to receive access to the Town medical coverage after the death of the retired employee as long as they pay the required premium. As of January 1, 2012, the actuarial valuation date, participants of the postretirement plan that meet eligibility requirements are comprised of 1 retiree and 10 active employees. The plan does not issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

The Town's 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined 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 thirty years.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

The Town's annual OPEB cost for the year ended December 31, 2014 including the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2012 are as follow:

Annual Required Contribution (ARC)	\$ 20,556
Interest on net OPEB Obligation	387
Adjustment of ARC	(711)
Annual OPEB Cost	<u>20,232</u>
Contributions made	(14,584)
Increase in net OPEB Obligation	<u>5,648</u>
Net OPEB Obligation – beginning of year	9,669
Net OPEB Obligation – ending of year	<u>\$ 15,317</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2012, 2013, and 2014 are as follow:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 20,556	72.4%	\$ 5,674
December 31, 2013	\$ 20,365	80.4%	\$ 9,669
December 31, 2014	\$ 20,232	72.1%	\$ 15,317

Funded Status and Funding Progress for OPEB

The most recent actuarial valuation date was January 1, 2012, and included roll forward calculations for the subsequent two years. The funded status of the plan as of December 31, 2014 is as follows:

Actuarial Accrued Liability (AAL)	\$ 146,611
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability	<u>\$ 146,611</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	\$ 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 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.

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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Turnover assumptions were based on the Standard Turnover Assumption from GASB Statement 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 Statement 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.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF GREENVILLE, NEW HAMPSHIRE
Other Post-Employment Benefits
Schedule of Funding Progress
For the Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c)
January 1, 2012	\$ -	\$ 146,611	\$ 146,611	0.0%	\$ 426,468	34.4%

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 10
TOWN OF GREENVILLE, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2014

	Special Revenue Funds				
	Civic Projects	Police Detail	Conservation Commission	Permanent Fund	Total
ASSETS					
Cash and cash equivalents	\$ 13,242	\$ 26,850	\$ 2,643	\$ -	\$ 42,735
Investments	-	-	5,242	41,321	46,563
Accounts receivable	-	2,590	-	-	2,590
Total assets	<u>\$ 13,242</u>	<u>\$ 29,440</u>	<u>\$ 7,885</u>	<u>\$ 41,321</u>	<u>\$ 91,888</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>
Fund balances:					
Nonspendable	-	-	-	30,083	30,083
Restricted	-	-	-	11,219	11,219
Committed	13,242	29,440	7,885	-	50,567
Total fund balances	<u>13,242</u>	<u>29,440</u>	<u>7,885</u>	<u>41,302</u>	<u>91,869</u>
Total liabilities and fund balances	<u>\$ 13,242</u>	<u>\$ 29,440</u>	<u>\$ 7,885</u>	<u>\$ 41,321</u>	<u>\$ 91,888</u>

EXHIBIT 11
TOWN OF GREENVILLE, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2014

	Special Revenue Funds			Permanent	
	Civic Projects	Police Detail	Conservation Commission	Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ 60	\$ -	\$ 60
Charges for services	-	12,805	-	-	12,805
Miscellaneous	2,107	39	80	38	2,264
Total revenues	2,107	12,844	140	38	15,129
EXPENDITURES					
Current:					
General government	625	-	-	-	625
Public safety	-	9,946	-	-	9,946
Culture and recreation	929	-	-	-	929
Total expenditures	1,554	9,946	-	-	11,500
Excess of revenues over expenditures	553	2,898	140	38	3,629
Other financing uses:					
Transfers out	-	-	-	(19)	(19)
Net change in fund balances	553	2,898	140	19	3,610
Fund balances, beginning	12,689	26,542	7,745	41,283	88,259
Fund balances, ending	\$ 13,242	\$ 29,440	\$ 7,885	\$ 41,302	\$ 91,869

EXHIBIT 12
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,090,771	\$ 1,144,946	\$ 54,175
Land use change	240	240	-
Timber	8,500	19,521	11,021
Payments in lieu of taxes	40,000	39,762	(238)
Interest and penalties on delinquent taxes	48,000	82,214	34,214
Total taxes	<u>1,187,511</u>	<u>1,286,683</u>	<u>99,172</u>
Licenses, permits and fees:			
Business licenses and permits	500	500	-
Motor vehicle permits	207,000	255,338	48,338
Building permits	1,200	1,648	448
Other	15,000	19,485	4,485
Total licenses, permits and fees	<u>223,700</u>	<u>276,971</u>	<u>53,271</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	100,230	100,230	-
Highway block grant	37,535	37,671	136
State and federal forest land	1	1	-
Water filtration grant	24,468	24,468	-
Federal sources:			
FEMA	23,497	33,604	10,107
Other government sources:			
Town of Temple	<u>221,159</u>	<u>213,042</u>	<u>(8,117)</u>
Total intergovernmental	<u>406,890</u>	<u>409,016</u>	<u>2,126</u>
Charges for services:			
Income from departments	<u>10,000</u>	<u>8,212</u>	<u>(1,788)</u>
Miscellaneous:			
Sale of property	22,566	22,796	230
Interest on investments	700	838	138
Fines and forfeits	-	263	263
Insurance dividends and reimbursements	-	16,533	16,533
Other	-	52	52
Total miscellaneous	<u>23,266</u>	<u>40,482</u>	<u>17,216</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	35,000	26,347	(8,653)
Nonmajor funds	-	19	19
Total other financing sources	<u>35,000</u>	<u>26,366</u>	<u>(8,634)</u>
Total revenues and other financing sources	1,886,367	<u>\$ 2,047,730</u>	<u>\$ 161,363</u>
Use of fund balance to reduce taxes	469,370		
Total revenues, other financing sources and use of fund balance	<u>\$ 2,355,737</u>		

EXHIBIT 13
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 116,700	\$ 114,960	\$ -	\$ 1,740
Election and registration	-	56,785	48,397	-	8,388
Financial administration	-	107,602	105,004	-	2,598
Legal	-	30,000	36,310	-	(6,310)
Personnel administration	-	165,682	153,539	-	12,143
Planning and zoning	-	7,750	6,260	-	1,490
General government buildings	-	60,734	43,115	-	17,619
Cemeteries	-	700	295	-	405
Insurance, not otherwise allocated	-	36,002	31,052	-	4,950
Advertising and regional associations	-	2,292	2,292	-	-
Other	-	1,000	1,000	-	-
Total general government	-	585,247	542,224	-	43,023
Public safety:					
Police	-	567,074	555,091	-	11,983
Ambulance	-	28,154	28,153	-	1
Fire	10,600	135,607	116,573	-	29,634
Building inspection	-	7,501	6,368	-	1,133
Emergency management	-	5,900	4,015	-	1,885
Other	-	3,536	3,535	-	1
Total public safety	10,600	747,772	713,735	-	44,637
Highways and streets:					
Administration	-	174,494	169,933	-	4,561
Highways and streets	-	79,500	55,191	36,014	(11,705)
Street lighting	-	17,000	14,808	-	2,192
Other	26,158	-	46,123	-	(19,965)
Total highways and streets	26,158	270,994	286,055	36,014	(24,917)
Sanitation:					
Solid waste disposal	-	90,367	88,823	-	1,544
Health:					
Administration	-	500	500	-	-
Pest control	-	5,800	2,218	-	3,582
Health agencies and hospitals	-	9,660	9,101	-	559
Total health	-	15,960	11,819	-	4,141
Welfare:					
Vendor payments	-	40,001	18,250	-	21,751

(continued)

EXHIBIT 13 (continued)
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	40,100	31,086	-	9,014
Public library	-	113,447	109,233	-	4,214
Patriotic purposes	-	6,150	6,090	-	60
Total culture and recreation	-	159,697	146,409	-	13,288
Conservation	-	450	100	-	350
Debt service:					
Principal	-	67,780	45,780	-	22,000
Interest	-	44,105	44,105	-	-
Total debt service	-	111,885	89,885	-	22,000
Capital outlay:					
Machinery, vehicles and equipment	-	35,000	24,116	-	10,884
Improvements other than buildings	-	243,177	75,103	-	168,074
Total capital outlay	-	278,177	99,219	-	178,958
Other financing uses:					
Transfers out:					
Expendable trust funds	-	55,187	55,187	-	-
Nonmajor funds	-	-	30,390	-	(30,390)
Total other financing uses	-	55,187	85,577	-	(30,390)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 36,758	\$ 2,355,737	\$ 2,082,096	\$ 36,014	\$ 274,385

EXHIBIT 14
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2014

Unassigned fund balance, beginning		\$	1,883,832
Changes:			
Unassigned fund balance used to reduce tax rate			(469,370)
Budget summary:			
Revenue surplus (Exhibit 12)	\$	161,363	
Unexpended balance of appropriations (Exhibit 13)		<u>274,385</u>	
Budget surplus			435,748
Decrease in nonspendable fund balance			81,837
Increase in committed fund balance			(49,096)
Decrease in assigned fund balance			<u>134,370</u>
Unassigned fund balance, ending		\$	<u><u>2,017,321</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Greenville as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Greenville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses may exist that were not identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We do wish to communicate the following matter:

Credit Balances – Taxes

Of the \$18,413 reported as deferred revenue for prepaid taxes, we noted that \$11,961 represented receipts from prior years that are still unapplied in the tax accounting software. It is unclear if those items represents refunds issued in past years, or tax payments that should be posted to owners' accounts. We recommend that the tax collector investigate and take the necessary steps to resolve these balances.

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

May 12, 2015

Roberts & Greene, PLLC