

TOWN OF GREENVILLE, NEW HAMPSHIRE

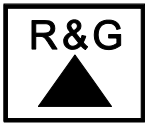
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016

**TOWN OF GREENVILLE, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

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 as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, as of December 31, 2016, and the respective changes in financial position thereof, and the budgetary comparison for the General, Water and Sewer Funds, 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 and pension schedules on pages 33 - 35 be presented to supplement the basic financial statements.

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

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of 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 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.

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

July 13, 2017

Roberts & Heune, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Net Position
December 31, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,997,118
Investments	25,329
Intergovernmental receivable	226,838
Other receivables, net of allowance for uncollectibles	515,941
Tax deeded property held for resale	70,974
Capital assets, not being depreciated:	
Land	1,163,140
Construction in progress	23,176
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	2,687,966
Machinery, vehicles and equipment	358,318
Infrastructure	6,718,763
Total assets	<u>14,787,563</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>430,869</u>
 LIABILITIES	
Accounts payable	83,126
Accrued payroll and benefits	20,085
Accrued interest payable	14,895
Intergovernmental payable	672,788
Retainage payable	2,586
Noncurrent obligations:	
Due within one year:	
Bonds payable	81,989
Unamortized bond premium	12,630
Capital leases payable	33,947
Due in more than one year:	
Bonds payable	884,951
Unamortized bond premium	50,518
State revolving fund loan payable	21,309
Capital leases payable	31,740
Other postemployment benefits payable	20,116
Net pension liability	1,408,718
Total liabilities	<u>3,339,398</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	20,774
Unearned revenue	19,881
Total deferred inflows of resources	<u>40,655</u>
 NET POSITION	
Net investment in capital assets	9,855,588
Restricted for:	
Endowments:	
Nonexpendable	30,083
Expendable	11,278
Other purposes	30,609
Unrestricted	1,910,821
Total net position	<u>\$ 11,838,379</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, 2016

		Program Revenues			Net (Expense)
		Charges	Operating	Capital	Revenue and
	Expenses	for	Grants and	Grants and	Changes in Net
		Services	Contributions	Contributions	Position
Governmental activities:					
General government	\$ 595,184	\$ 1,897	\$ 74	\$ -	\$ (593,213)
Public safety	867,370	100,495	226,951	-	(539,924)
Highways and streets	313,284	-	3,600	-	(309,684)
Sanitation	500,758	340,473	-	-	(160,285)
Water distribution and treatment	472,862	300,914	-	-	(171,948)
Health	15,908	-	-	-	(15,908)
Welfare	28,055	-	-	-	(28,055)
Culture and recreation	179,140	-	-	-	(179,140)
Interest on long-term debt	26,360	-	-	-	(26,360)
Capital outlay	160,919	-	-	43,469	(117,450)
Total primary government	<u>\$ 3,159,840</u>	<u>\$ 743,779</u>	<u>\$ 230,625</u>	<u>\$ 43,469</u>	<u>(2,141,967)</u>
General revenues:					
Property taxes					760,100
Other taxes					113,847
Licenses and permits					339,503
Grants and contributions not restricted to specific programs					107,041
Miscellaneous					26,518
Total general revenues					<u>1,347,009</u>
Change in net position					(794,958)
Net position, beginning					<u>12,633,337</u>
Net position, ending					<u>\$ 11,838,379</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, 2016

	General	Water	Sewer	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,491,922	\$ 289,520	\$ 131,781	\$ 83,895	\$ 2,997,118
Investments	19,941	-	-	5,388	25,329
Receivables, net of allowance for uncollectibles:					
Taxes	391,570	-	-	-	391,570
Accounts	42	36,139	75,477	12,713	124,371
Intergovernmental	500	-	-	-	500
Interfund receivable	24,780	-	11	2	24,793
Tax deeded property held for resale	70,974	-	-	-	70,974
Total assets	<u>\$ 2,999,729</u>	<u>\$ 325,659</u>	<u>\$ 207,269</u>	<u>\$ 101,998</u>	<u>\$ 3,634,655</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 57,988	\$ 1,437	\$ 23,701	\$ -	\$ 83,126
Accrued salaries and benefits	20,085	-	-	-	20,085
Intergovernmental payable	672,788	-	-	-	672,788
Retainage payable	-	2,586	-	-	2,586
Interfund payable	13	12,585	11,580	615	24,793
Total liabilities	<u>750,874</u>	<u>16,608</u>	<u>35,281</u>	<u>615</u>	<u>803,378</u>
Deferred inflows of resources:					
Deferred revenue	<u>372,809</u>	<u>33,096</u>	<u>71,366</u>	<u>270</u>	<u>477,541</u>
Fund balances:					
Nonspendable	70,974	-	-	30,083	101,057
Restricted	30,999	-	-	11,278	42,277
Committed	822,421	275,955	100,622	59,752	1,258,750
Assigned	49,935	-	-	-	49,935
Unassigned	901,717	-	-	-	901,717
Total fund balances	<u>1,876,046</u>	<u>275,955</u>	<u>100,622</u>	<u>101,113</u>	<u>2,353,736</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,999,729</u>	<u>\$ 325,659</u>	<u>\$ 207,269</u>	<u>\$ 101,998</u>	<u>\$ 3,634,655</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, 2016

Total fund balances of governmental funds (Exhibit 3)		\$ 2,353,736
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	\$ 15,677,166	
Less accumulated depreciation	<u>(4,725,803)</u>	
		10,951,363
Other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the governmental funds.		
Intergovernmental receivable		226,338
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (24,793)	
Payables	<u>24,793</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue	\$ 353,198	
Deferred water charges	33,096	
Deferred sewer rents	<u>71,366</u>	
		457,660
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(14,895)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 966,940	
Unamortized bond premium	63,148	
State revolving fund loan payable	21,309	
Capital leases outstanding	65,687	
Other postemployment benefits payable	20,116	
Net pension liability	<u>1,408,718</u>	
		(2,545,918)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 430,869	
Deferred inflows of resources related to pensions	<u>(20,774)</u>	
		410,095
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 11,838,379</u></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, 2016

	General	Water	Sewer	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 937,308	\$ -	\$ -	\$ 2	\$ 937,310
Licenses, permits and fees	339,503	-	-	-	339,503
Intergovernmental	400,060	-	-	5,745	405,805
Charges for services	4,024	293,627	323,382	98,368	719,401
Miscellaneous	22,522	1,001	556	2,513	26,592
Total revenues	<u>1,703,417</u>	<u>294,628</u>	<u>323,938</u>	<u>106,628</u>	<u>2,428,611</u>
Expenditures:					
Current:					
General government	558,578	-	-	464	559,042
Public safety	692,732	-	-	94,835	787,567
Highways and streets	253,417	-	-	-	253,417
Sanitation	101,243	-	372,545	-	473,788
Water distribution and treatment	-	236,525	-	-	236,525
Health	15,908	-	-	-	15,908
Welfare	28,055	-	-	-	28,055
Culture and recreation	168,463	-	-	-	168,463
Debt service:					
Principal	72,901	28,978	-	-	101,879
Interest	17,323	-	-	-	17,323
Capital outlay	225,556	225,656	4,712	-	455,924
Total expenditures	<u>2,134,176</u>	<u>491,159</u>	<u>377,257</u>	<u>95,299</u>	<u>3,097,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(430,759)</u>	<u>(196,531)</u>	<u>(53,319)</u>	<u>11,329</u>	<u>(669,280)</u>
Other financing sources (uses):					
Transfers in	38	-	-	-	38
Transfers out	-	-	-	(38)	(38)
Long-term debt issued	-	21,309	-	-	21,309
Inception of capital lease	52,970	-	-	-	52,970
Total other financing sources and uses	<u>53,008</u>	<u>21,309</u>	<u>-</u>	<u>(38)</u>	<u>74,279</u>
Net change in fund balances	(377,751)	(175,222)	(53,319)	11,291	(595,001)
Fund balances, beginning, as restated, see Note III.D.	2,253,797	451,177	153,941	89,822	2,948,737
Fund balances, ending	<u>\$ 1,876,046</u>	<u>\$ 275,955</u>	<u>\$ 100,622</u>	<u>\$ 101,113</u>	<u>\$ 2,353,736</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, 2016

Net change in fund balances of governmental funds (Exhibit 5)	\$	(595,001)
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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 depreciation expense exceeded capitalized capital outlay in the current period.

Capitalized capital outlay	\$ 298,498		
Depreciation expense	(391,296)		
			(92,798)

Some revenues in governmental funds reduce the long-term receivable of the governmental activities.

Proceeds from long-term grant receivable			(24,744)
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Transfers in and out between governmental funds are eliminated on the operating statement.

Transfers in	\$ (38)		
Transfers out	38		
			-

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	\$ (63,363)		
Change in deferred water charges	7,287		
Change in deferred sewer rents	17,091		
			(38,985)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Loan from State Revolving Fund	\$ (21,309)		
Inception of capital lease	(52,970)		
Repayment of bond principal	79,287		
Amortization of bond premium	12,630		
Repayment of capital lease principal	34,759		
			52,397

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	\$ 925		
Increase in other postemployment benefits payable	(2,069)		
			(1,144)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

Town pension contributions	\$ 108,721		
Cost of benefits earned, net of employee contributions	(203,404)		
			(94,683)

Change in net position of governmental activities (Exhibit 2)	\$	(794,958)
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The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 830,463	\$ 873,945	\$ 43,482
Licenses, permits and fees	315,500	339,503	24,003
Intergovernmental	409,760	400,060	(9,700)
Charges for services	3,000	4,024	1,024
Miscellaneous	8,917	17,653	8,736
Total revenues	<u>1,567,640</u>	<u>1,635,185</u>	<u>67,545</u>
EXPENDITURES			
Current:			
General government	579,366	558,578	20,788
Public safety	782,926	692,290	90,636
Highways and streets	283,674	253,417	30,257
Sanitation	101,243	101,243	-
Health	16,750	15,908	842
Welfare	35,000	28,055	6,945
Culture and recreation	179,051	162,073	16,978
Conservation	450	-	450
Debt service:			
Principal	90,225	72,901	17,324
Interest	-	17,323	(17,323)
Capital outlay	<u>93,975</u>	<u>(1,865)</u>	<u>95,840</u>
Total expenditures	<u>2,162,660</u>	<u>1,899,923</u>	<u>262,737</u>
Deficiency of revenues under expenditures	<u>(595,020)</u>	<u>(264,738)</u>	<u>330,282</u>
Other financing sources (uses):			
Transfers in	20,020	5,963	(14,057)
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(54,980)</u>	<u>(69,037)</u>	<u>(14,057)</u>
Net change in fund balance	<u>\$ (650,000)</u>	<u>(333,775)</u>	<u>\$ 316,225</u>
Increase in nonspendable fund balance		(70,974)	
Unassigned fund balance, beginning		<u>1,659,664</u>	
Unassigned fund balance, ending		<u>\$ 1,254,915</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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 262,460	\$ 293,627	\$ 31,167
Miscellaneous	-	540	540
Total revenues	262,460	294,167	31,707
EXPENDITURES			
Current:			
Water distribution and treatment	240,460	236,525	3,935
Debt service:			
Principal	22,000	22,000	-
Capital outlay	240,000	23,176	216,824
Total expenditures	502,460	281,701	220,759
Excess (deficiency) of revenues over (under) expenditures	(240,000)	12,466	252,466
Other financing sources:			
Transfers in	20,000	-	(20,000)
Long-term debt issued	220,000	21,309	(198,691)
Total other financing sources	240,000	21,309	(20,000)
Net change in fund balance	\$ -	33,775	\$ 232,466
Fund balance, beginning		166,003	
Fund balance, ending		\$ 199,778	

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 (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 388,378	\$ 323,382	\$ (64,996)
Miscellaneous	-	482	482
Total revenues	388,378	323,864	(64,514)
EXPENDITURES			
Current:			
Sanitation	388,378	372,545	15,833
Deficiency of revenues under expenditures	-	(48,681)	(48,681)
Other financing uses:			
Transfers out	-	(20,000)	(20,000)
Net change in fund balance	\$ -	(68,681)	\$ (68,681)
Fund balance, beginning		125,384	
Fund balance, ending		\$ 56,703	

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

EXHIBIT 10
TOWN OF GREENVILLE, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ 12,344
Liabilities:	
Due to developers	<u>12,344</u>
Net position	<u>\$ -</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, 2016

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, 2016.

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, 2016**

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 – Reports as a Special Revenue Fund and accounts for all revenues and expenditures related to the Town’s water treatment and distribution operations.

Sewer Fund – Reports as a Special Revenue Fund and accounts for all revenues and expenditures related to the Town’s sewage disposal operations.

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.

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

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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. Vacation time may not be carried over and accumulated in subsequent years. Employees are entitled to their unused vacation leave upon termination if the employee has been actively employed for at least six months and the employee has given two weeks notice.

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.
- Restricted for endowments, expendable, which consists of the income earned on nonexpendable endowments that is reported in the Permanent Funds.

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- 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; and tax deeded property that is held for resale in the General Fund.
- 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.

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 include 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 \$901,717 at December 31, 2016 is 19% of the total appropriation, including County, School District and Precincts for 2016.

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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. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2016, \$650,000 of the General Fund unassigned fund balance from 2015 was so used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments or 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)	\$ 1,641,148	\$ 315,476	\$ 323,864
Adjustments:			
Basis difference:			
Capital lease inception	52,970	-	-
Tax revenue deferred in the prior year	416,561	-	-
Tax revenue deferred in the current year	(353,198)	-	-
Perspective difference:			
Revenue from library fund	3,032	-	-
Revenue from expendable trust fund	1,837	461	74
Transfer from expendable trust fund	(5,925)	-	-
Per Exhibit 5 (GAAP basis)	<u>\$ 1,756,425</u>	<u>\$ 315,937</u>	<u>\$ 323,938</u>
Expenditures and other financing uses:			
Per Exhibits 7-9 (budgetary basis)	\$ 1,974,923	\$ 281,701	\$ 392,545
Adjustments:			
Basis difference:			
Encumbrances, beginning	201,707	-	-
Encumbrances, ending	(65,758)	-	-
Capital lease inception	52,970	-	-
Perspective difference:			
Expenditures from library fund	6,390	-	-
Expenditures from expendable trust fund	38,944	209,458	4,712
Transfers to expendable trust fund	(75,000)	-	(20,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,134,176</u>	<u>\$ 491,159</u>	<u>\$ 377,257</u>
Fund balance:			
Per Exhibits 7-9 (budgetary basis)	\$ 1,254,915	\$ 199,778	\$ 56,703
Adjustment:			
Basis difference:			
Deferred tax revenue, GAAP basis	(353,198)	-	-
Perspective difference:			
Expendable trust fund	-	76,177	43,919
Per Exhibit 3 (GAAP basis)	<u>\$ 901,717</u>	<u>\$ 275,955</u>	<u>\$ 100,622</u>

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III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2016, the Town had investments in certificates of deposit totaling \$25,329.

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 should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2015 property taxes on August 18th.

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, 2016, upon which the 2016 property tax levy was based was:

For the New Hampshire education tax	\$ 93,665,138
For all other taxes	\$ 97,163,338

The tax rates and amounts assessed for the year ended December 31, 2016 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$8.40	\$ 815,439
School portion:		
State of New Hampshire	\$2.51	235,432
Local	\$12.04	1,169,793
County portion	\$1.33	129,681
Total property taxes assessed		<u>\$ 2,350,345</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2016	\$ 195,772
Levy of 2015	45
Levy of 2013	4
Levy of 2012	450
Levy of 2008	921
Levy of 2007	5
Unredeemed (under tax lien):	
Levy of 2015	128,980
Levy of 2014	72,140
Levy of 2013	3,509
Levies of 2012 and prior	9,744
Less: allowance for estimated uncollectible taxes	(20,000)
Net taxes receivable	<u>\$ 391,570</u>

Deferred Revenue

Deferred revenue in the governmental funds of \$477,541 at December 31, 2016 represents \$353,198 of property taxes, \$33,096 of water charges, and \$71,366 of sewer rents that are not expected to be collected within 60 days from year-end, and therefore, are deferred in accordance with generally accepted accounting principles; \$10,740 in prepayments received that will be applied to the 2017

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property tax levy, and \$9,141 of miscellaneous items. In the governmental activities, the prepayments and miscellaneous items 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	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 1,163,140	\$ -	\$ 1,163,140
Construction in progress	-	23,176	23,176
Total capital assets not being depreciated	<u>1,163,140</u>	<u>23,176</u>	<u>1,186,316</u>
Being depreciated:			
Buildings and building improvements	4,680,048	38,320	4,718,368
Machinery, vehicles and equipment	1,432,106	68,020	1,500,126
Infrastructure	8,103,374	168,982	8,272,356
Total capital assets being depreciated	<u>14,215,528</u>	<u>275,322</u>	<u>14,490,850</u>
Total all capital assets	<u>15,378,668</u>	<u>298,498</u>	<u>15,677,166</u>
Less accumulated depreciation:			
Buildings and building improvements	(1,912,078)	(118,324)	(2,030,402)
Machinery, vehicles and equipment	(1,057,810)	(83,998)	(1,141,808)
Infrastructure	(1,364,619)	(188,974)	(1,553,593)
Total accumulated depreciation	<u>(4,334,507)</u>	<u>(391,296)</u>	<u>(4,725,803)</u>
Net book value, capital assets being depreciated	<u>9,881,021</u>	<u>(115,974)</u>	<u>9,765,047</u>
Net book value, all capital assets	<u>\$ 11,044,161</u>	<u>\$ (92,798)</u>	<u>\$ 10,951,363</u>

Depreciation Expense

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

General government	\$ 3,655
Public safety	50,803
Highways and streets	64,683
Sanitation	25,925
Water distribution and treatment	235,553
Culture and recreation	10,677
Total depreciation expense	<u>\$ 391,296</u>

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III.B. Liabilities

III.B.1. Intergovernmental Payables

The amount due to other governments at December 31, 2016 consists of the balance of the 2016-2017 district assessment due to the Mascenic Regional School District in the amount of \$672,788.

III.B.2. Long-Term Debt

Long-term debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2016	Current Portion
General obligation bonds payable:						
Water meters	\$ 124,552	2011	2020	1.76	\$ 26,709	\$ 6,501
Sewer clarifier	\$ 875,000	2012	2031	3.10	365,231	19,488
Refunding bond	\$ 782,900	2012	2029	2.0-5.0	575,000	56,000
					<u>966,940</u>	<u>81,989</u>
Unamortized bond premium					<u>63,148</u>	<u>12,630</u>
State revolving fund loan payable					<u>21,309</u>	<u>-</u>
Capital leases payable:						
Pumper truck	\$ 201,098	2007	2017	4.62	24,274	24,274
Dodge Ram 5500	\$ 52,970	2016	2020	4.55	41,413	9,673
					<u>65,687</u>	<u>33,947</u>
Other postemployment benefits payable					<u>20,116</u>	<u>-</u>
Net pension liability					<u>1,408,718</u>	<u>-</u>
					<u>\$ 2,545,918</u>	<u>\$ 128,566</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2016:

	General Obligation Bonds Payable	Unamortized Bond Premium	State Revolving Loan Payable	Capital Leases Payable	OPEB Liability	Net Pension Liability	Total
Balance, beginning	\$ 1,046,227	\$ 75,778	\$ -	\$ 47,476	\$ 18,047	\$ 1,021,557	\$ 2,209,085
Additions	-	-	21,309	52,970	2,069	387,161	463,509
Reductions	(79,287)	(12,630)	-	(34,759)	-	-	(126,676)
Balance, ending	<u>\$ 966,940</u>	<u>\$ 63,148</u>	<u>\$ 21,309</u>	<u>\$ 65,687</u>	<u>\$ 20,116</u>	<u>\$ 1,408,718</u>	<u>\$ 2,545,918</u>

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Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2017	\$ 81,989	\$ 37,015	\$ 119,004
2018	85,710	33,699	119,409
2019	89,452	30,241	119,693
2020	67,216	27,458	94,674
2021	55,023	25,067	80,090
2022-2026	310,801	87,774	398,575
2027-2031	276,749	23,394	300,143
Totals	<u>\$ 966,940</u>	<u>\$ 264,648</u>	<u>\$ 1,231,588</u>

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

Year Ending December 31,	Principal	Interest	Total
2017	\$ 33,947	\$ 3,005	\$ 36,952
2018	10,113	1,444	11,557
2019	10,573	984	11,557
2020	11,054	503	11,557
Totals	<u>\$ 65,687</u>	<u>\$ 5,936</u>	<u>\$ 71,623</u>

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.”

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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	Water	\$ 12,585
General	Sewer	11,580
General	Nonmajor	615
Sewer	General	11
Nonmajor	General	2
		<u>\$ 24,793</u>

The amounts due to the General Fund from the Water, Sewer and Nonmajor Funds represent disbursements to be reimbursed and income earned in 2016 for the maintenance of cemetery lots. The amount due from the General Fund to the Sewer and Nonmajor Funds represents sewer rents to be transferred and land use change taxes collected on behalf of the Conservation Commission Fund.

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 amount transferred to the General Fund from the Nonmajor Funds of \$38 represents income earned in 2016 in the Permanent Fund for the maintenance of cemetery lots.

III.D. Restatement of Beginning Equity

Equity at January 1, 2016 was restated to reflect the following adjustment:

	<u>Governmental Activities</u>	<u>Nonmajor Funds</u>
To remove agency funds	\$ (9,914)	\$ (9,914)
Net position/fund balance, as previously reported	12,643,251	99,736
Net position/fund balance, as restated	<u>\$ 12,633,337</u>	<u>\$ 89,822</u>

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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	Nonmajor Funds
Nonspendable:				
Endowments	\$ -	\$ -	\$ -	\$ 30,083
Tax deeded property	70,974	-	-	-
Total nonspendable	<u>70,974</u>	<u>-</u>	<u>-</u>	<u>30,083</u>
Restricted:				
General government	390	-	-	11,278
Culture and recreation	30,609	-	-	-
Total restricted	<u>30,999</u>	<u>-</u>	<u>-</u>	<u>11,278</u>
Committed:				
General government	134,817	-	-	15,806
Public safety	307,034	-	-	35,527
Highways and streets	326,368	-	-	-
Sanitation	15	-	100,622	-
Water distribution and treatment	20,518	275,355	-	-
Culture and recreation	17,846	-	-	-
Conservation	-	-	-	8,419
Capital outlay	15,823	-	-	-
Total committed	<u>822,421</u>	<u>275,355</u>	<u>100,622</u>	<u>59,752</u>
Assigned:				
Public safety	14,216	-	-	-
Highways and streets	35,719	-	-	-
Total assigned	<u>49,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	901,717	-	-	-
Total fund balance	<u>\$ 1,876,046</u>	<u>\$ 275,355</u>	<u>\$ 100,622</u>	<u>\$ 101,113</u>

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) through June 30, and the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation Program, which is considered a public entity risk pool, currently operating as common risk management and insurance programs for member governmental entities.

The Trust was 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 shared in contributing to the cost of, and receiving benefits from, a self-insured pooled risk

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management program. The membership and coverage ran from July 1 to June 30. Contributions paid in 2016 to be recorded as an insurance expenditure/expense totaled \$22,461 for property/liability. There were no unpaid contributions for the year ended December 31, 2016.

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 \$19,955 for this coverage. The Town also paid \$1,525 for unemployment compensation coverage.

IV.B. Retirement Pensions

General Information about the Pension Plan

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 at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and other employees are 11.55% and 7%, respectively, of gross earnings. The rates of contribution from the Town were 26.38% for police officers and 11.17% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2014, 2015 and 2016 were \$95,436, \$101,867 and \$108,721, respectively. The amounts are paid on a monthly basis as due.

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

At December 31, 2016, the Town reported a liability of \$1,408,718 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2016, the

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Town's proportion was 0.0265%, which was an increase of 0.0007% from its proportion measured as of June 30, 2015.

For 2016, the Town recognized pension expense of \$203,404. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 108,203	\$ 2,985
Net differences between projected and actual earnings on pension plan investments	88,137	-
Changes in assumptions	173,368	-
Differences between expected and actual experience	3,915	17,789
Town contributions subsequent to the measurement date	57,246	-
	<u>\$ 430,869</u>	<u>\$ 20,774</u>

The Town reported \$57,246 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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

Year Ended June 30,	
2017	\$ 85,973
2018	85,973
2019	105,037
2020	72,168
2021	3,698
	<u>\$ 352,849</u>

**TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, using the following actuarial assumptions:

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

Mortality rates were based on the RP-2014 Mortality Table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 1,810,107	\$ 1,408,718	\$ 1,075,830

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

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.

TOWN OF GREENVILLE, NEW HAMPSHIRE
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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, 2016, 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 2016 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.

The Town's annual OPEB cost for the year ended December 31, 2016 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, 2016 are as follow:

Annual Required Contribution (ARC)	\$ 9,567
Interest on net OPEB Obligation	722
Adjustment of ARC	(1,328)
Annual OPEB Cost	<u>8,961</u>
Contributions made	(6,892)
Increase in net OPEB Obligation	<u>2,069</u>
Net OPEB Obligation – beginning of year	<u>18,047</u>
Net OPEB Obligation – ending of year	<u><u>\$ 20,116</u></u>

TOWN OF GREENVILLE, NEW HAMPSHIRE
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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, 2014, 2015 and 2016 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
December 31, 2015	\$ 9,053	69.8%	\$ 18,047
December 31, 2016	\$ 8,961	76.9%	\$ 20,116

Funded Status and Funding Progress for OPEB

The most recent actuarial valuation date was January 1, 2015, and included roll forward calculations for the subsequent two years. The funded status of the plan as of December 31, 2016 is as follows:

Actuarial Accrued Liability (AAL)	\$ 60,447
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 60,447</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	\$ 472,072
UAAL as a percentage of covered payroll	12.8%

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. 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. 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

TOWN OF GREENVILLE, NEW HAMPSHIRE
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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 is based on the plan as understood by the Town and the plan members and includes 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, 2015 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 9% in fiscal year 2016, and then reduced by .5% decrements to an ultimate rate of 5.0% after 8 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 11
TOWN OF GREENVILLE, NEW HAMPSHIRE
Other Postemployment Benefits
Schedule of Funding Progress
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll (AAL)
January 1, 2012	\$ -	\$ 146,611	\$ 146,611	0.0%	\$ 426,468	34.40%
January 1, 2013	\$ -	\$ 146,611	\$ 146,611	0.0%	\$ 426,468	34.40%
January 1, 2014	\$ -	\$ 146,611	\$ 146,611	0.0%	\$ 426,468	34.40%
January 1, 2015	\$ -	\$ 60,447	\$ 60,447	0.0%	\$ 472,072	12.80%
January 1, 2016	\$ -	\$ 60,447	\$ 60,447	0.0%	\$ 472,072	12.80%

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

EXHIBIT 12
TOWN OF GREENVILLE, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

For the year ended	Town's proportion of net pension liability	Town's proportionate share of the net pension liability	Town's covered- employee payroll	Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.0259%	\$ 922,376	\$ 472,072	195.39%	66.32%
2015	0.0258%	\$ 1,021,557	\$ 573,152	178.23%	65.47%
2016	0.0265%	\$ 1,408,718	\$ 596,644	236.11%	58.30%

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

EXHIBIT 13
TOWN OF GREENVILLE, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

For the year ended	Contractually required contribution	Contribution in relation to the contractually required contribution	Contribution deficiency	Town's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2014	\$ 95,436	\$ (95,436)	\$ -	\$ 472,072	20.22%
2015	\$ 101,864	\$ (101,864)	\$ -	\$ 573,152	17.77%
2016	\$ 108,721	\$ (108,721)	\$ -	\$ 596,644	18.22%

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

TOWN OF GREENVILLE, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016

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

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 14
TOWN OF GREENVILLE, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2016

	Special Revenue Funds			Permanent Fund	Total
	Civic Projects	Police Detail	Conservation Commission		
ASSETS					
Cash and cash equivalents	\$ 15,806	\$ 23,661	\$ 3,029	\$ 41,399	\$ 83,895
Investments	-	-	5,388	-	5,388
Accounts receivable	-	12,713	-	-	12,713
Interfund receivable	-	-	2	-	2
Total assets	<u>\$ 15,806</u>	<u>\$ 36,374</u>	<u>\$ 8,419</u>	<u>\$ 41,399</u>	<u>\$ 101,998</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Interfund payable	<u>\$ -</u>	<u>\$ 577</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 615</u>
Deferred inflows of resources:					
Deferred revenue	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>270</u>
Fund balances:					
Nonspendable	-	-	-	30,083	30,083
Restricted	-	-	-	11,278	11,278
Committed	<u>15,806</u>	<u>35,527</u>	<u>8,419</u>	<u>-</u>	<u>59,752</u>
Total fund balances	<u>15,806</u>	<u>35,527</u>	<u>8,419</u>	<u>41,361</u>	<u>101,113</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,806</u>	<u>\$ 36,374</u>	<u>\$ 8,419</u>	<u>\$ 41,399</u>	<u>\$ 101,998</u>

EXHIBIT 15
TOWN OF GREENVILLE, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	Special Revenue Funds			Permanent	
	Civic Projects	Police Detail	Conservation Commission	Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ 2	\$ -	\$ 2
Intergovernmental	-	5,745	-	-	5,745
Charges for services	-	98,368	-	-	98,368
Miscellaneous	2,335	30	74	74	2,513
Total revenues	2,335	104,143	76	74	106,628
EXPENDITURES					
Current:					
General government	464	-	-	-	464
Public safety	-	94,835	-	-	94,835
Total expenditures	464	94,835	-	-	95,299
Excess of revenues over expenditures	1,871	9,308	76	74	11,329
Other financing uses:					
Transfers out	-	-	-	(38)	(38)
Net change in fund balances	1,871	9,308	76	36	11,291
Fund balances, beginning, as restated, see Note III.D.	13,935	26,219	8,343	41,325	89,822
Fund balances, ending	\$ 15,806	\$ 35,527	\$ 8,419	\$ 41,361	\$ 101,113

EXHIBIT 16
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 731,582	\$ 760,100	\$ 28,518
Land use change	1,520	10	(1,510)
Timber	178	-	(178)
Payments in lieu of taxes	32,183	33,704	1,521
Interest and penalties on delinquent taxes	65,000	80,131	15,131
Total taxes	<u>830,463</u>	<u>873,945</u>	<u>43,482</u>
Licenses, permits and fees:			
Business licenses and permits	500	500	-
Motor vehicle permits	285,000	308,189	23,189
Building permits	10,000	10,404	404
Other	20,000	20,410	410
Total licenses, permits and fees	<u>315,500</u>	<u>339,503</u>	<u>24,003</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	107,039	107,039	-
Highway block grant	43,469	43,469	-
State and federal forest land	2	2	-
Water filtration grant	24,744	24,744	-
Federal sources:			
FEMA	-	3,600	3,600
Other government sources:			
Town of Temple	234,506	221,206	(13,300)
Total intergovernmental	<u>409,760</u>	<u>400,060</u>	<u>(9,700)</u>
Charges for services:			
Income from departments	<u>3,000</u>	<u>4,024</u>	<u>1,024</u>
Miscellaneous:			
Sale of property	8,417	13,463	5,046
Interest on investments	500	747	247
Fines and forfeits	-	400	400
Insurance dividends and reimbursements	-	1,895	1,895
Other	-	1,148	1,148
Total miscellaneous	<u>8,917</u>	<u>17,653</u>	<u>8,736</u>
Other financing sources:			
Transfers in:			
Expendable trust fund	20,000	5,925	(14,075)
Nonmajor funds	20	38	18
Total other financing sources	<u>20,020</u>	<u>5,963</u>	<u>(14,057)</u>
Total revenues and other financing sources	1,587,660	<u>\$ 1,641,148</u>	<u>\$ 53,488</u>
Use of fund balance to reduce taxes	650,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 2,237,660</u>		

EXHIBIT 17
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 140,992	\$ 136,015	\$ -	\$ 4,977
Election and registration	-	57,068	63,184	-	(6,116)
Financial administration	-	114,337	118,126	-	(3,789)
Legal	-	22,000	16,207	-	5,793
Personnel administration	-	161,783	149,455	-	12,328
Planning and zoning	-	14,400	10,197	-	4,203
General government buildings	-	49,375	45,870	-	3,505
Cemeteries	-	4,200	4,098	-	102
Insurance, not otherwise allocated	-	11,930	12,145	-	(215)
Advertising and regional associations	-	2,281	2,281	-	-
Other	-	1,000	1,000	-	-
Total general government	-	579,366	558,578	-	20,788
Public safety:					
Police	-	594,887	532,573	-	62,314
Ambulance	-	34,889	33,720	-	1,169
Fire	14,658	133,958	111,287	13,716	23,613
Building inspection	-	7,001	4,063	-	2,938
Emergency management	-	8,500	7,554	500	446
Other	-	3,691	3,535	-	156
Total public safety	14,658	782,926	692,732	14,216	90,636
Highways and streets:					
Administration	-	178,674	174,356	-	4,318
Highways and streets	-	86,000	63,433	-	22,567
Street lighting	-	19,000	15,628	-	3,372
Total highways and streets	-	283,674	253,417	-	30,257
Sanitation:					
Solid waste disposal	-	101,243	101,243	-	-
Health:					
Administration	-	850	750	-	100
Pest control	-	4,200	2,562	-	1,638
Health agencies and hospitals	-	11,700	12,596	-	(896)
Total health	-	16,750	15,908	-	842
Welfare:					
Administration and direct assistance	-	35,000	28,055	-	6,945

(continued)

EXHIBIT 17 (continued)
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	42,220	34,224	-	7,996
Public library	-	128,831	117,268	-	11,563
Patriotic purposes	-	8,000	10,581	-	(2,581)
Total culture and recreation	-	179,051	162,073	-	16,978
Conservation	-	450	-	-	450
Debt service:					
Principal	-	90,225	72,901	-	17,324
Interest	-	-	17,323	-	(17,323)
Total debt service	-	90,225	90,224	-	1
Capital outlay:					
Machinery, vehicles and equipment	-	12,006	11,557	-	449
Buildings	-	20,000	5,925	-	14,075
Improvements other than buildings	187,049	61,969	116,160	51,542	81,316
Total capital outlay	187,049	93,975	133,642	51,542	95,840
Other financing uses:					
Transfers out:					
Expendable trust funds	-	75,000	75,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 201,707	\$ 2,237,660	\$ 2,110,872	\$ 65,758	\$ 262,737

EXHIBIT 18
TOWN OF GREENVILLE, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

Unassigned fund balance, beginning		\$ 1,659,664
Changes:		
Unassigned fund balance used to reduce tax rate		(650,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 53,488	
Unexpended balance of appropriations (Exhibit 17)	<u>262,737</u>	
Budget surplus		316,225
Increase in nonspendable fund balance		<u>(70,974)</u>
Unassigned fund balance, ending		<u><u>\$ 1,254,915</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, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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.

July 13, 2017

Roberts & Greene, PLLC