

# TOWN OF GREENVILLE, NEW HAMPSHIRE

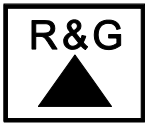
## FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2017

**TOWN OF GREENVILLE, NEW HAMPSHIRE  
FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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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, 2017, 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, 2017, 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.

*Roberts & Heene, PLLC*

Concord, New Hampshire  
June 5, 2018

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**TOWN OF GREENVILLE, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2017**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,134,114
Investments	667,729
Intergovernmental receivable	201,642
Other receivables, net of allowance for uncollectibles	770,913
Tax deeded property held for resale	54,657
Capital assets, not being depreciated:	
Land	1,271,014
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	2,963,100
Machinery, vehicles and equipment	282,705
Infrastructure	6,529,789
Total assets	<u>14,875,663</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	<u>358,715</u>
<b>LIABILITIES</b>	
Accounts payable	41,176
Accrued payroll and benefits	19,064
Accrued interest payable	19,258
Intergovernmental payable	777,434
Retainage payable	11,732
Performance and escrow deposits	1,831
Noncurrent obligations:	
Due within one year:	
Bonds payable	124,978
Unamortized bond premium	12,630
Capital lease payable	10,113
Due in more than one year:	
Bonds payable	904,973
Unamortized bond premium	37,888
Capital lease payable	21,627
Other postemployment benefits payable	21,569
Net pension liability	1,418,894
Total liabilities	<u>3,423,167</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	9,939
Deferred amounts related to pensions	38,233
Total deferred inflows of resources	<u>48,172</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,934,399
Restricted for:	
Endowments:	
Nonexpendable	30,083
Expendable	11,347
Other purposes	32,839
Unrestricted	1,754,371
Total net position	<u>\$ 11,763,039</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, 2017**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 588,667	\$ 1,795	\$ 302	\$ -	\$ (586,570)
Public safety	929,543	90,176	219,512	-	(619,855)
Highways and streets	335,500	-	43,413	37,076	(255,011)
Sanitation	476,358	370,415	-	-	(105,943)
Water distribution and treatment	493,348	316,402	-	-	(176,946)
Health	15,175	-	-	-	(15,175)
Welfare	18,093	395	-	-	(17,698)
Culture and recreation	175,874	1,042	-	-	(174,832)
Conservation	100	-	-	-	(100)
Economic development	421	-	-	-	(421)
Interest on long-term debt	28,748	-	-	-	(28,748)
Capital outlay	74,602	-	-	-	(74,602)
Total primary government	<u>\$ 3,136,429</u>	<u>\$ 780,225</u>	<u>\$ 263,227</u>	<u>\$ 37,076</u>	<u>(2,055,901)</u>
General revenues:					
Property taxes					1,356,263
Other taxes					115,479
Licenses and permits					353,573
Grants and contributions not restricted to specific programs					106,653
Miscellaneous					48,593
Total general revenues					<u>1,980,561</u>
Change in net position					(75,340)
Net position, beginning					<u>11,838,379</u>
Net position, ending					<u>\$ 11,763,039</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, 2017**

	General	Water	Sewer	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,777,843	\$ 161,042	\$ 109,306	\$ 85,923	\$ 2,134,114
Investments	640,908	-	-	26,821	667,729
Receivables, net of allowance for uncollectibles:					
Taxes	571,382	-	-	-	571,382
Accounts	1,500	108,070	86,623	3,338	199,531
Interfund receivable	11,397	-	11	7	11,415
Tax deeded property held for resale	54,657	-	-	-	54,657
Total assets	<u>\$ 3,057,687</u>	<u>\$ 269,112</u>	<u>\$ 195,940</u>	<u>\$ 116,089</u>	<u>\$ 3,638,828</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 38,376	\$ 363	\$ 2,437	\$ -	\$ 41,176
Accrued salaries and benefits	18,794	135	135	-	19,064
Intergovernmental payable	777,434	-	-	-	777,434
Retainage payable	8,238	3,494	-	-	11,732
Interfund payable	18	5,530	5,672	195	11,415
Escrow and performance deposits	1,831	-	-	-	1,831
Total liabilities	<u>844,691</u>	<u>9,522</u>	<u>8,244</u>	<u>195</u>	<u>862,652</u>
Deferred inflows of resources:					
Deferred revenue	<u>508,764</u>	<u>105,630</u>	<u>80,522</u>	<u>270</u>	<u>695,186</u>
Fund balances:					
Nonspendable	54,657	-	-	30,083	84,740
Restricted	113,415	-	-	11,347	124,762
Committed	948,358	153,960	107,174	74,194	1,283,686
Assigned	27,640	-	-	-	27,640
Unassigned	560,162	-	-	-	560,162
Total fund balances	<u>1,704,232</u>	<u>153,960</u>	<u>107,174</u>	<u>115,624</u>	<u>2,080,990</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,057,687</u>	<u>\$ 269,112</u>	<u>\$ 195,940</u>	<u>\$ 116,089</u>	<u>\$ 3,638,828</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, 2017**

Total fund balances of governmental funds (Exhibit 3)		\$ 2,080,990
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	\$ 16,168,503	
Less accumulated depreciation	<u>(5,121,895)</u>	
		11,046,608
Other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the governmental funds.		
Intergovernmental receivable		201,642
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (11,415)	
Payables	<u>11,415</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue	\$ 499,095	
Deferred water charges	105,630	
Deferred sewer charges	<u>80,522</u>	
		685,247
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(19,258)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 1,029,951	
Unamortized bond premium	50,518	
Capital lease outstanding	31,740	
Other postemployment benefits payable	21,569	
Net pension liability	<u>1,418,894</u>	
		(2,552,672)
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	\$ 358,715	
Deferred inflows of resources related to pensions	<u>(38,233)</u>	
		320,482
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 11,763,039</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, 2017**

	General	Water	Sewer	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,308,793	\$ -	\$ -	\$ -	\$ 1,308,793
Licenses, permits and fees	353,569	-	-	4	353,573
Intergovernmental	431,350	-	-	-	431,350
Charges for services	4,544	243,868	361,259	88,864	698,535
Miscellaneous	19,688	434	142	1,827	22,091
Total revenues	<u>2,117,944</u>	<u>244,302</u>	<u>361,401</u>	<u>90,695</u>	<u>2,814,342</u>
Expenditures:					
Current:					
General government	556,522	-	-	995	557,517
Public safety	758,970	-	-	74,994	833,964
Highways and streets	286,952	-	-	-	286,952
Sanitation	93,248	-	351,005	-	444,253
Water distribution and treatment	-	245,582	-	-	245,582
Health	15,175	-	-	-	15,175
Welfare	18,093	-	-	-	18,093
Culture and recreation	167,635	-	-	-	167,635
Conservation	100	-	-	-	100
Economic development	421	-	-	-	421
Debt service:					
Principal	53,488	28,979	-	-	82,467
Interest	36,537	-	-	-	36,537
Capital outlay	302,812	215,427	3,844	-	522,083
Total expenditures	<u>2,289,953</u>	<u>489,988</u>	<u>354,849</u>	<u>75,989</u>	<u>3,210,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(172,009)</u>	<u>(245,686)</u>	<u>6,552</u>	<u>14,706</u>	<u>(396,437)</u>
Other financing sources (uses):					
Transfers in	195	-	-	-	195
Transfers out	-	-	-	(195)	(195)
Long-term debt issued	-	123,691	-	-	123,691
Total other financing sources and uses	<u>195</u>	<u>123,691</u>	<u>-</u>	<u>(195)</u>	<u>123,691</u>
Net change in fund balances	(171,814)	(121,995)	6,552	14,511	(272,746)
Fund balances, beginning	1,876,046	275,955	100,622	101,113	2,353,736
Fund balances, ending	<u>\$ 1,704,232</u>	<u>\$ 153,960</u>	<u>\$ 107,174</u>	<u>\$ 115,624</u>	<u>\$ 2,080,990</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, 2017**

Net change in fund balances of governmental funds (Exhibit 5)	\$	(272,746)
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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 capitalized capital outlay exceeded depreciation expense in the current period.

Capitalized capital outlay	\$ 491,337		
Depreciation expense	(396,092)		
			95,245

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

Proceeds from long-term grant receivable			(24,696)
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Transfers in and out between governmental funds are eliminated on the operating statement.

Transfers in	\$ (195)		
Transfers out	195		
			-

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	\$ 145,897		
Change in deferred water charges	72,534		
Change in deferred sewer charges	9,156		
			227,587

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	\$ (123,691)		
Repayment of bond principal	81,989		
Amortization of bond premium	12,630		
Repayment of capital lease principal	33,947		
			4,875

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in accrued interest expense	\$ (4,363)		
Increase in other postemployment benefits payable	(1,453)		
			(5,816)

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	\$ 122,639		
Cost of benefits earned, net of employee contributions	(222,428)		
			(99,789)

Change in net position of governmental activities (Exhibit 2)	\$	(75,340)
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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, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,426,073	\$ 1,426,073	\$ 1,454,690	\$ 28,617
Licenses, permits and fees	336,000	336,000	353,569	17,569
Intergovernmental	390,775	427,851	431,350	3,499
Charges for services	2,900	2,900	4,544	1,644
Miscellaneous	2,950	2,950	14,689	11,739
Total revenues	<u>2,158,698</u>	<u>2,195,774</u>	<u>2,258,842</u>	<u>63,068</u>
<b>EXPENDITURES</b>				
Current:				
General government	615,578	615,578	556,522	59,056
Public safety	806,139	806,139	764,729	41,410
Highways and streets	304,198	304,198	294,617	9,581
Sanitation	93,248	93,248	93,248	-
Health	17,750	17,750	15,175	2,575
Welfare	32,051	32,051	18,093	13,958
Culture and recreation	182,729	182,729	167,897	14,832
Conservation	500	500	100	400
Economic development	1,000	1,000	421	579
Debt service:				
Principal	90,025	90,025	53,488	36,537
Interest	-	-	36,537	(36,537)
Capital outlay	386,500	423,576	411,871	11,705
Total expenditures	<u>2,529,718</u>	<u>2,566,794</u>	<u>2,412,698</u>	<u>154,096</u>
Deficiency of revenues under expenditures	<u>(371,020)</u>	<u>(371,020)</u>	<u>(153,856)</u>	<u>217,164</u>
Other financing sources (uses):				
Transfers in	38,020	38,020	16,490	(21,530)
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(36,980)</u>	<u>(36,980)</u>	<u>(58,510)</u>	<u>(21,530)</u>
Net change in fund balance	<u>\$ (408,000)</u>	<u>\$ (408,000)</u>	<u>(212,366)</u>	<u>\$ 195,634</u>
Decrease in nonspendable fund balance			16,317	
Unassigned fund balance, beginning			<u>1,254,915</u>	
Unassigned fund balance, ending			<u>\$ 1,058,866</u>	

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

**EXHIBIT 8**  
**TOWN OF GREENVILLE, NEW HAMPSHIRE**  
**Water Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 370,914	\$ 243,868	\$ (127,046)
<b>EXPENDITURES</b>			
Current:			
Water distribution and treatment	248,914	245,582	3,332
Debt service	22,000	22,000	-
Capital outlay	123,691	193,532	(69,841)
Total expenditures	394,605	461,114	(66,509)
Deficiency of revenues under expenditures	(23,691)	(217,246)	(193,555)
Other financing sources (uses):			
Transfers out	(100,000)	(100,000)	-
Long-term debt issued	123,691	123,691	-
Total other financing sources and uses	23,691	23,691	-
Net change in fund balance	\$ -	(193,555)	\$ (193,555)
Fund balance, beginning		199,778	
Fund balance, ending		\$ 6,223	

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

**EXHIBIT 9**  
**TOWN OF GREENVILLE, NEW HAMPSHIRE**  
**Sewer Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 389,712	\$ 361,260	\$ (28,452)
<b>EXPENDITURES</b>			
Current:			
Sanitation	389,712	351,005	38,707
Net change in fund balance	\$ -	10,255	\$ 10,255
Fund balance, beginning		56,703	
Fund balance, ending		\$ 66,958	

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, 2017**

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	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$      11,952
Liabilities:	
Due to developers	<u>11,952</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, 2017**

**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, 2017.

**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.

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*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 acquisition 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

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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. 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 balance of the additional highway block grant, 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 Administration, 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 Precinct). The Board of Selectmen has 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 on the budgetary basis of

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\$1,058,866 at December 31, 2017 is 14.4% of the total appropriation, including County, School District and Precinct for 2017.

**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 2017, \$300,000 of the General Fund's unassigned fund balance from 2016 was so used, and \$108,000 was appropriated from fund balance.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restrictions, 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, economic development, 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 Exhibit 7-9 (budgetary basis)	\$ 2,275,332	\$ 367,559	\$ 361,260
Adjustments:			
Basis difference:			
Tax revenue deferred in the prior year	353,198	-	-
Tax revenue deferred in the current year	(499,095)	-	-
Perspective difference:			
Revenue from library fund	1,968	-	-
Revenue from drug forfeiture fund	1	-	-
Revenue from expendable trust fund	3,030	434	141
Transfers from expendable trust fund	(16,295)	-	-
Per Exhibit 5 (GAAP basis)	<u>\$ 2,118,139</u>	<u>\$ 367,993</u>	<u>\$ 361,401</u>
Expenditures and other financing uses:			
Per Exhibit 7-9 (budgetary basis)	\$ 2,487,698	\$ 561,114	\$ 351,005
Adjustments:			
Basis difference:			
Encumbrances, beginning	65,758	-	-
Encumbrances, ending	(188,841)	-	-
Perspective difference:			
Expenditures from library fund	(262)	-	-
Expenditures from expendable trust fund	600	28,874	3,844
Transfers to expendable trust fund	(75,000)	(100,000)	-
Per Exhibit 5 (GAAP basis)	<u>\$ 2,289,953</u>	<u>\$ 489,988</u>	<u>\$ 354,849</u>
Unassigned fund balance:			
Per Exhibit 7-9 (budgetary basis)	\$ 1,058,866	\$ 6,223	\$ 66,958
Adjustment:			
Basis difference:			
Deferred tax revenue, GAAP basis	(499,095)	-	-
Perspective difference:			
Expendable trust fund	-	147,737	40,216
Drug forfeiture fund	391	-	-
Per Exhibit 3 (GAAP basis)	<u>\$ 560,162</u>	<u>\$ 153,960</u>	<u>\$ 107,174</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, 2017, the Town had the following investments:

Certificates of Deposit	\$ 25,462
New Hampshire Public Deposit Investment Pool	642,267
	<u>\$ 667,729</u>

*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 2016 property taxes on July 25th.

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, 2017, upon which the 2017 property tax levy was based was:

For the New Hampshire education tax	\$ 94,087,224
For all other taxes	\$ 97,585,424

The tax rates and amounts assessed for the year ended December 31, 2017 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$14.45	\$ 1,409,626
School portion:		
State of New Hampshire	\$2.43	228,589
Local	\$12.91	1,259,881
County portion	\$1.29	126,358
Total property taxes assessed		<u>\$ 3,024,454</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2017	\$ 364,675
Levies of prior years	1,423
Unredeemed (under tax lien):	
Levy of 2016	119,956
Levy of 2015	83,720
Levy of 2014	3,454
Levies of 2013 and prior	9,110
Land use change	8,588
Timber	456
Less: allowance for estimated uncollectible taxes	(20,000)
Net taxes receivable	<u>\$ 571,382</u>

*Deferred Revenue*

Deferred revenue in the governmental funds of \$695,186 at December 31, 2017 represents \$499,095 of property taxes, \$105,630 of water charges, and \$80,522 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; \$9,669 in prepayments received that will be applied to the 2018 property tax levy, and \$270 of miscellaneous items. In the governmental activities, the prepayments and miscellaneous items are recorded as unearned revenue.

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**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	\$ 1,163,140	\$ 107,874	\$ -	\$ 1,271,014
Construction in progress	23,176	-	(23,176)	-
Total capital assets not being depreciated	<u>1,186,316</u>	<u>107,874</u>	<u>(23,176)</u>	<u>1,271,014</u>
Being depreciated:				
Buildings and building improvements	4,718,368	406,639	-	5,125,007
Machinery, vehicles and equipment	1,500,126	-	-	1,500,126
Infrastructure	8,272,356	-	-	8,272,356
Total capital assets being depreciated	<u>14,490,850</u>	<u>406,639</u>	<u>-</u>	<u>14,897,489</u>
Total all capital assets	<u>15,677,166</u>	<u>514,513</u>	<u>(23,176)</u>	<u>16,168,503</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,030,402)	(131,505)	-	(2,161,907)
Machinery, vehicles and equipment	(1,141,808)	(75,613)	-	(1,217,421)
Infrastructure	(1,553,593)	(188,974)	-	(1,742,567)
Total accumulated depreciation	<u>(4,725,803)</u>	<u>(396,092)</u>	<u>-</u>	<u>(5,121,895)</u>
Net book value, capital assets being depreciated	<u>9,765,047</u>	<u>10,547</u>	<u>-</u>	<u>9,775,594</u>
Net book value, all capital assets	<u>\$ 10,951,363</u>	<u>\$ 118,421</u>	<u>\$ (23,176)</u>	<u>\$ 11,046,608</u>

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*Depreciation Expense*

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

Governmental activities:	
General government	\$ 3,885
Public safety	48,880
Highways and streets	58,221
Sanitation	30,407
Water distribution and treatment	246,460
Culture and recreation	8,239
Total depreciation expense	<u>\$ 396,092</u>

**III.B. Liabilities**

**III.B.1. Intergovernmental Payable**

The amount due to other governments at December 31, 2017 consists of the balance of the 2017-2018 district assessment due to the Mascenic Regional School District in the amount of \$777,434.

**III.B.2. Long-Term Debt**

Long-term debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2017	Current Portion
General obligation bonds payable:						
Water meters	\$ 124,552	2011	2020	1.76	\$ 20,208	\$ 6,617
Sewer clarifier	\$ 875,000	2012	2031	3.10	345,743	20,093
Refunding bond	\$ 782,900	2012	2029	2.0-5.0	519,000	59,000
Pump improvements	\$ 145,000	2017	2027	1.515	145,000	39,268
					<u>1,029,951</u>	<u>124,978</u>
Unamortized bond premium					50,518	12,630
Capital lease payable:						
Dodge Ram 5500	\$ 52,970	2016	2020	4.55	31,740	10,113
Other postemployment benefits payable					<u>21,569</u>	-
Net pension liability					<u>1,418,894</u>	-
					<u>\$ 2,552,672</u>	<u>\$ 147,721</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, 2017:

	General Obligation Bonds Payable	Unamortized Bond Premium	State Revolving Loan Payable	Capital Lease Payable	OPEB Liability	Net Pension Liability	Total
Balance, beginning	\$ 966,940	\$ 63,148	\$ 21,309	\$ 65,687	\$ 20,116	\$ 1,408,718	\$ 2,545,918
Additions	145,000	-	123,691	-	1,453	10,176	280,320
Reductions	(81,989)	(12,630)	(145,000)	(33,947)	-	-	(273,566)
Balance, ending	<u>\$ 1,029,951</u>	<u>\$ 50,518</u>	<u>\$ -</u>	<u>\$ 31,740</u>	<u>\$ 21,569</u>	<u>\$ 1,418,894</u>	<u>\$ 2,552,672</u>

*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
2018	\$ 124,978	\$ 36,020	\$ 160,998
2019	100,506	31,843	132,349
2020	78,437	28,892	107,329
2021	66,414	26,331	92,745
2022	68,270	23,801	92,071
2023-2027	384,053	77,507	461,560
2028-2031	207,293	13,730	234,753
Totals	<u>\$ 1,029,951</u>	<u>\$ 238,124</u>	<u>\$ 1,281,805</u>

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 10,113	\$ 1,444	\$ 11,557
2019	10,573	984	11,557
2020	11,054	503	11,557
Totals	<u>\$ 31,740</u>	<u>\$ 2,931</u>	<u>\$ 34,671</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	Water	\$ 5,530
General	Sewer	5,672
General	Nonmajor	195
Sewer	General	11
Nonmajor	General	7
		<u>\$ 11,415</u>

The amounts due to the General Fund from the Water and Sewer Funds represent disbursements to be reimbursed. The amount due to the General Fund from the Nonmajor Funds represents income earned in 2017 for the maintenance of cemetery lots. The amounts due from the General Fund to the Sewer and Nonmajor Funds represent 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 \$195 represents income earned in 2017 in the Permanent Fund for the maintenance of cemetery lots.

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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	54,657	-	-	-
Total nonspendable	<u>54,657</u>	<u>-</u>	<u>-</u>	<u>30,083</u>
Restricted:				
General government	-	-	-	11,347
Highways and streets	80,576	-	-	-
Culture and recreation	32,839	-	-	-
Total restricted	<u>113,415</u>	<u>-</u>	<u>-</u>	<u>11,347</u>
Committed:				
General government	125,589	-	-	16,213
Public safety	338,151	-	-	49,480
Highways and streets	347,531	-	-	-
Sanitation	15	-	107,174	-
Water distribution and treatment	20,589	153,960	-	-
Culture and recreation	35,858	-	-	-
Conservation	-	-	-	8,501
Capital outlay	80,625	-	-	-
Total committed	<u>948,358</u>	<u>153,960</u>	<u>107,174</u>	<u>74,194</u>
Assigned:				
Public safety	19,975	-	-	-
Highways and streets	7,665	-	-	-
Total assigned	<u>27,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	560,162	-	-	-
Total fund balance	<u><u>\$ 1,704,232</u></u>	<u><u>\$ 153,960</u></u>	<u><u>\$ 107,174</u></u>	<u><u>\$ 115,624</u></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 New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

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The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers' compensation and property/liability coverage was provided from January 1 through December 31 at statutory levels. Contributions paid in 2017 to be recorded as an insurance expenditure/expense totaled \$46,444 for property/liability and \$17,186 for workers' compensation. The Town also paid \$1,365 for unemployment compensation coverage. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Primex foresees no likelihood of any additional assessments for past years.

**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](http://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 for the period of January 1<sup>st</sup> to June 30<sup>th</sup> were 26.38% for police officers and 11.17% for other employees increasing on July 1<sup>st</sup> to 29.43% for police and 11.38% 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 2015, 2016 and 2017 were \$101,867, \$108,721 and \$122,639, 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, 2017, the Town reported a liability of \$1,418,894 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of

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June 30, 2017, the Town's proportion was 0.0289%, which was an increase of 0.0024% from its proportion measured as of June 30, 2016.

For 2017, the Town recognized pension expense of \$222,428. 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	\$ 152,630	\$ 2,105
Net differences between projected and actual earnings on pension plan investments	-	18,070
Changes in assumptions	142,476	-
Differences between expected and actual experience	3,217	18,058
Town contributions subsequent to the measurement date	60,392	-
	<u>\$ 358,715</u>	<u>\$ 38,233</u>

The Town reported \$60,392 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 December 31,	
2018	\$ 84,238
2019	106,135
2020	72,048
2021	(2,331)
	<u>\$ 260,090</u>



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*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, 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 Health Annuitant and Employee generational mortality tables for males and females, adjusted for mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2016 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	\$ 1,869,322	\$ 1,418,894	\$ 1,049,786

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.

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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, 2017, 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 2017 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, 2017 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, 2017 are as follow:

Annual Required Contribution (ARC)	\$ 9,567
Interest on net OPEB obligation	805
Adjustment of ARC	(1,480)
Annual OPEB cost	8,892
Contributions made	(7,439)
Increase in net OPEB obligation	1,453
Net OPEB obligation – beginning of year	20,116
Net OPEB obligation – ending of year	<u>\$ 21,569</u>

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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, 2016 and 2017 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
December 31, 2017	\$ 8,892	83.7%	\$ 21,569

*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, 2017 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

**TOWN OF GREENVILLE, NEW HAMPSHIRE  
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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 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**

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
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%
January 1, 2017	\$ -	\$ 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 December 31,	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 Postion 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%
2017	0.0289%	\$ 1,418,894	\$ 639,195	221.98%	62.66%

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 December 31,	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%
2017	\$ 122,639	\$ (122,639)	\$ -	\$ 639,195	19.19%

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, 2017**

The Schedule of Funding Progress, Schedule of the Town's Proportionate Share of the Net Pension Liability and Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the sixth year that the Town has reported the OPEB schedule, and the third year that the Town has presented the pension schedules, only six and four 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, 2017**

	Special Revenue Funds			Permanent	
	Civic Projects	Police Detail	Conservation Commission	Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,213	\$ 46,412	\$ 3,036	\$ 20,262	\$ 85,923
Investments	-	-	5,458	21,363	26,821
Accounts receivable	-	3,338	-	-	3,338
Interfund receivable	-	-	7	-	7
Total assets	<u>\$ 16,213</u>	<u>\$ 49,750</u>	<u>\$ 8,501</u>	<u>\$ 41,625</u>	<u>\$ 116,089</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Interfund payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195</u>	<u>\$ 195</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	-	-	-	11,347	11,347
Committed	16,213	49,480	8,501	-	74,194
Total fund balances	<u>16,213</u>	<u>49,480</u>	<u>8,501</u>	<u>41,430</u>	<u>115,624</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,213</u>	<u>\$ 49,750</u>	<u>\$ 8,501</u>	<u>\$ 41,625</u>	<u>\$ 116,089</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, 2017**

	Special Revenue Funds				
	Civic Projects	Police Detail	Conservation Commission	Permanent Fund	Total
<b>REVENUES</b>					
Licenses, permits and fees	\$ -	\$ -	\$ 4	\$ -	\$ 4
Charges for services	-	88,864	-	-	88,864
Miscellaneous	1,402	83	78	264	1,827
Total revenues	1,402	88,947	82	264	90,695
<b>EXPENDITURES</b>					
Current:					
General government	995	-	-	-	995
Public safety	-	74,994	-	-	74,994
Total expenditures	995	74,994	-	-	75,989
Excess of revenues over expenditures	407	13,953	82	264	14,706
Other financing uses:					
Transfers out	-	-	-	(195)	(195)
Net change in fund balances	407	13,953	82	69	14,511
Fund balances, beginning	15,806	35,527	8,419	41,361	101,113
Fund balances, ending	\$ 16,213	\$ 49,480	\$ 8,501	\$ 41,430	\$ 115,624

**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, 2017**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,335,807	\$ 1,339,211	\$ 3,404
Land use change	2,610	8,606	5,996
Timber	473	7,514	7,041
Payments in lieu of taxes	32,183	42,467	10,284
Interest and penalties on delinquent taxes	55,000	56,892	1,892
Total taxes	<u>1,426,073</u>	<u>1,454,690</u>	<u>28,617</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	500	500	-
Motor vehicle permits	310,000	326,348	16,348
Building permits	5,000	5,319	319
Other	20,500	21,402	902
Total licenses, permits and fees	<u>336,000</u>	<u>353,569</u>	<u>17,569</u>
<b>Intergovernmental:</b>			
State sources:			
Meals and rooms distributions	106,651	106,651	-
Highway block grant	43,414	43,413	(1)
Water pollution grant	24,696	24,696	-
State and federal forest land	2	2	-
Additional highway block grant	37,076	37,076	-
Federal sources:			
Emergency management	-	3,500	3,500
Other government sources:			
Town of Temple	216,012	216,012	-
Total intergovernmental	<u>427,851</u>	<u>431,350</u>	<u>3,499</u>
<b>Charges for services:</b>			
Income from departments	<u>2,900</u>	<u>4,544</u>	<u>1,644</u>
<b>Miscellaneous:</b>			
Sale of property	-	2,413	2,413
Interest on investments	1,450	1,689	239
Fines and forfeits	200	280	80
Other	1,300	10,307	9,007
Total miscellaneous	<u>2,950</u>	<u>14,689</u>	<u>11,739</u>
<b>Other financing sources:</b>			
Transfers in:			
Expendable trust fund	28,000	16,295	(11,705)
Nonmajor funds	10,020	195	(9,825)
Total other financing sources	<u>38,020</u>	<u>16,490</u>	<u>(21,530)</u>
Total revenues and other financing sources	2,233,794	<u>\$ 2,275,332</u>	<u>\$ 41,538</u>
Use of fund balance to reduce taxes	408,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 2,641,794</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, 2017**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 142,490	\$ 131,834	\$ -	\$ 10,656
Election and registration	-	58,535	52,081	-	6,454
Financial administration	-	121,357	109,755	-	11,602
Legal	-	21,000	5,941	-	15,059
Personnel administration	-	173,460	173,583	-	(123)
Planning and zoning	-	14,650	15,432	-	(782)
General government buildings	-	51,475	35,615	-	15,860
Cemeteries	-	3,575	3,245	-	330
Insurance, not otherwise allocated	-	25,759	25,759	-	-
Advertising and regional associations	-	2,277	2,277	-	-
Other	-	1,000	1,000	-	-
Total general government	-	615,578	556,522	-	59,056
Public safety:					
Police	-	619,759	601,178	-	18,581
Ambulance	-	34,830	34,830	-	-
Fire	13,716	134,658	109,334	19,975	19,065
Building inspection	-	7,201	4,623	-	2,578
Emergency management	500	6,000	5,470	-	1,030
Other	-	3,691	3,535	-	156
Total public safety	14,216	806,139	758,970	19,975	41,410
Highways and streets:					
Administration	-	186,740	179,417	-	7,323
Highways and streets	-	98,458	91,494	7,665	(701)
Street lighting	-	19,000	16,041	-	2,959
Total highways and streets	-	304,198	286,952	7,665	9,581
Sanitation:					
Solid waste disposal	-	93,248	93,248	-	-
Health:					
Administration	-	850	750	-	100
Pest control	-	4,100	1,786	-	2,314
Health agencies and hospitals	-	12,800	12,639	-	161
Total health	-	17,750	15,175	-	2,575
Welfare:					
Administration and direct assistance	-	32,051	18,093	-	13,958

(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, 2017**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	43,772	35,795	-	7,977
Public library	-	130,507	124,213	-	6,294
Patriotic purposes	-	8,450	7,889	-	561
Total culture and recreation	-	182,729	167,897	-	14,832
Conservation	-	500	100	-	400
Economic development	-	1,000	421	-	579
Debt service:					
Principal	-	90,025	53,488	-	36,537
Interest	-	-	36,537	-	(36,537)
Total debt service	-	90,025	90,025	-	-
Capital outlay:					
Buildings	-	328,000	259,403	64,802	3,795
Improvements other than buildings	51,542	95,576	42,809	96,399	7,910
Total capital outlay	51,542	423,576	302,212	161,201	11,705
Other financing uses:					
Transfers out:					
Expendable trust funds	-	75,000	75,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 65,758	\$ 2,641,794	\$ 2,364,615	\$ 188,841	\$ 154,096

**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, 2017***

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Unassigned fund balance, beginning		\$ 1,254,915
Changes:		
Unassigned fund balance voted from surplus		(108,000)
Unassigned fund balance used to reduce tax rate		(300,000)
 Budget summary:		
Revenue surplus (Exhibit 16)	\$ 41,538	
Unexpended balance of appropriations (Exhibit 17)	<u>154,096</u>	
Budget surplus		195,634
 Decrease in nonspendable fund balance		<u>16,317</u>
 Unassigned fund balance, ending		<u><u>\$ 1,058,866</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, 2017, 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.

*Roberts & Greene, PLLC*

Concord, New Hampshire  
June 5, 2018