

TOWN OF WEARE, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2018

Town of Weare, New Hampshire

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Weare, New Hampshire

Additional Offices:
Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Weare, New Hampshire, as of and for the year ended December 31, 2018, 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

The Town's 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.

Auditors' 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 auditors' 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 Weare, New Hampshire, as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 49 to 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information appearing on pages 53 through 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Melanson Heath

November 19, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Weare, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Weare, New Hampshire for the year ended December 31, 2018.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, and conservation. The Town does not report any business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide

financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$14,553,049 (i.e., net position), a change of \$(321,266) in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$4,422,460, a change of \$66,926 in comparison to the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$409,844, a change of \$59,517 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior years.

	<u>NET POSITION</u>	
		Governmental <u>Activities</u>
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 11,413,545	\$ 12,580,598
Capital assets	<u>15,093,902</u>	<u>15,593,893</u>
Total assets	26,507,447	28,174,491
Deferred outflows	440,311	479,210
Current liabilities	6,454,811	7,627,090
Noncurrent liabilities	<u>5,611,942</u>	<u>4,933,528</u>
Total liabilities	12,066,753	12,560,618
Deferred inflows	327,956	426,423
Net position:		
Net investment in capital assets	14,080,897	14,374,887
Restricted	3,156,924	3,184,116
Unrestricted	<u>(2,684,772)</u>	<u>(1,892,343)</u>
Total net position	<u>\$ 14,553,049</u>	<u>\$ 15,666,660</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was \$14,553,049, a change of \$(321,266) in comparison to the prior year.

The largest portion of net position \$14,080,897 reflects our investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$3,156,924 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(2,684,772) primarily resulting from the Town's unfunded pension and OPEB liabilities.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 579,759	\$ 577,139
Operating grants and contributions	777,284	1,015,584
General revenues:		
Property taxes	3,265,768	3,040,576
Motor vehicle permits	1,993,284	1,909,444
Penalties and interest on taxes	234,916	261,292
Investment income	147,386	337,542
Other	143,245	52,718
Total revenues	<u>7,141,642</u>	<u>7,194,295</u>
Expenses:		
General government	1,927,991	1,540,862
Public safety	2,643,384	2,079,664
Highways and streets	2,066,764	2,267,967
Sanitation	490,087	496,711
Water distribution and treatment	3,603	1,715
Health and human services	4,731	27,579
Welfare	9,659	13,655
Culture and recreation	277,369	267,323
Conservation	14,936	60,095
Interest on long-term debt	24,384	28,508
Total expenses	<u>7,462,908</u>	<u>6,784,079</u>
Change in net position before transfers	(321,266)	410,216
Transfers in (out)	<u>-</u>	<u>7,149</u>
Change in net position	(321,266)	417,365
¹ Net position - beginning of year, as restated	<u>14,874,315</u>	<u>15,249,295</u>
Net position - end of year	<u>\$ 14,553,049</u>	<u>\$ 15,666,660</u>

¹ The 2017 amounts were not restated as the Town applied GASB 75 prospectively.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(321,266). Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 84,555
Permanent trust fund operations	(63,247)
Nonmajor funds operations	45,618
Depreciation expense in excess of principal debt service	(384,853)
Other	<u>(3,339)</u>
Total	<u>\$ (321,266)</u>

D. FINANCIAL ANALYSIS OF FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$4,422,460, a change of \$66,926 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 84,555
Permanent trust fund operating results	(63,247)
Nonmajor funds operating results	<u>45,618</u>
Total	<u>\$ 66,926</u>

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$409,844, while total fund balance was \$1,394,557. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 409,844	\$ 350,327	\$ 59,517	5.9%
Total fund balance	\$ 1,394,557	\$ 1,310,002	\$ 84,555	20.0%

The total fund balance of the general fund changed by \$84,555 during the current year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (44,571)
Tax collections as compared to budget	(12,873)
Revenues less than budget	(101,018)
Expenditures less than budget	215,484
Expenditures of prior year encumbrances	(119,208)
Change in library	(9,563)
Change in capital reserves	<u>156,304</u>
Total	\$ <u><u>84,555</u></u>

Included in the total general fund balance are the Town's capital reserve accounts with the following balances:

	<u>12/31/18</u>	<u>12/31/17</u>	<u>Change</u>
Capital reserves	\$ <u>461,077</u>	\$ <u>304,773</u>	\$ <u>156,304</u>
Total	\$ <u><u>461,077</u></u>	\$ <u><u>304,773</u></u>	\$ <u><u>156,304</u></u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There was no difference between the original budget and the final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$15,093,902 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, and machinery and equipment.

Major capital asset events during the current year included the following:

Fixed Asset Additions:

John Deere Backhoe Loader	\$	127,311
Western Starr Truck	\$	122,420
Dump Body & Plow	\$	69,907

Fixed Asset Disposals at Cost:

1980 Ford 8000	\$	300,000
Soiromatic SCBAs	\$	105,395
2003 International Truck	\$	94,612
1990 Ladder Truck	\$	90,000
Mountain Road Land	\$	89,441

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current year, total bonded debt outstanding was \$952,000, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Weare, New Hampshire's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Selectman's Office
Town of Weare
15 Flanders Memorial Road
Weare, NH 03281

TOWN OF WEARE, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Governmental <u>Activities</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 7,611,748
Investments	2,510,957
Receivables, net of allowance for uncollectibles:	
Property taxes	706,741
User fees	34,092
Intergovernmental	5,850
Due from external parties	157,241
Other assets	179,486
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	207,430
Capital assets:	
Land and construction in progress	6,834,001
Other capital assets, net of accumulated depreciation	8,259,901
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	399,683
Related to OPEB	<u>40,628</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	26,947,758
LIABILITIES	
Current:	
Accounts payable	340,703
Due to school district	5,602,539
Tax refunds payable	134,908
Taxes paid in advance	25,381
Other current liabilities	273,817
Current portion of long-term liabilities:	
Other	77,463
Noncurrent:	
Bonds payable, net of current portion	952,000
Net pension liability	3,258,579
Net OPEB liability	1,125,316
Other, net of current portion	276,047
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	326,985
Related to OPEB	<u>971</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	12,394,709
NET POSITION	
Net investment in capital assets	14,080,897
Restricted for:	
Grants and other statutory restrictions	1,839,651
Permanent funds:	
Nonexpendable	1,024,125
Expendable	293,148
Unrestricted	<u>(2,684,772)</u>
TOTAL NET POSITION	\$ <u>14,553,049</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

		<u>Program Revenues</u>			Net (Expenses) Revenues and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 1,927,991	\$ 187,085	\$ 491,226	\$ -	\$ (1,249,680)
Public safety	2,643,384	184,340	1,021	-	(2,458,023)
Highways and streets	2,066,764	-	284,720	-	(1,782,044)
Sanitation	490,087	177,337	-	-	(312,750)
Water distribution and treatment	3,603	-	-	-	(3,603)
Health and human services	4,731	4,371	-	-	(360)
Welfare	9,659	-	-	-	(9,659)
Culture and recreation	277,369	26,626	-	-	(250,743)
Conservation	14,936	-	317	-	(14,619)
Interest	24,384	-	-	-	(24,384)
Total Governmental Activities	<u>7,462,908</u>	<u>579,759</u>	<u>777,284</u>	<u>-</u>	<u>(6,105,865)</u>
		General Revenues and Transfers:			
					3,265,768
					1,993,284
					234,916
					147,386
					<u>143,245</u>
					<u>5,784,599</u>
					Change in Net Position
					(321,266)
		Net Position:			
					<u>14,874,315</u>
					<u>\$ 14,553,049</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2018

	<u>General</u>	Permanent <u>Funds</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and short-term investments	\$ 7,100,465	\$ -	\$ 511,283	\$ 7,611,748
Investments	75,009	1,334,051	1,101,897	2,510,957
Receivables:				
Property taxes	1,014,171	-	-	1,014,171
User fees	1,188	-	32,904	34,092
Intergovernmental	5,850	-	-	5,850
Due from other funds	198,933	-	93,374	292,307
Other assets	156,135	-	-	156,135
TOTAL ASSETS	\$ <u>8,551,751</u>	\$ <u>1,334,051</u>	\$ <u>1,739,458</u>	\$ <u>11,625,260</u>
LIABILITIES				
Accounts payable	\$ 336,789	\$ -	\$ 3,914	\$ 340,703
Tax refunds payable	134,908	-	-	134,908
Due to other funds	93,374	16,778	24,914	135,066
Due to school district	5,602,539	-	-	5,602,539
Other liabilities	299,198	-	-	299,198
TOTAL LIABILITIES	6,466,808	16,778	28,828	6,512,414
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	690,386	-	-	690,386
FUND BALANCES				
Nonspendable	156,135	1,024,125	-	1,180,260
Restricted	129,021	293,148	1,710,630	2,132,799
Committed	461,077	-	-	461,077
Assigned	238,480	-	-	238,480
Unassigned	409,844	-	-	409,844
TOTAL FUND BALANCES	<u>1,394,557</u>	<u>1,317,273</u>	<u>1,710,630</u>	<u>4,422,460</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>8,551,751</u>	\$ <u>1,334,051</u>	\$ <u>1,739,458</u>	\$ <u>11,625,260</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2018

Total governmental fund balances	\$ 4,422,460
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,093,902
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	590,386
• Long-term liabilities, including bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(5,689,405)
• Other	<u>135,706</u>
Net position of governmental activities	<u>\$ 14,553,049</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 3,404,533	\$ -	\$ -	\$ 3,404,533
Motor vehicle permits	1,993,284	-	-	1,993,284
Penalties, interest and other taxes	189,556	-	45,360	234,916
Charges for services	249,558	-	242,632	492,190
Intergovernmental	777,284	-	-	777,284
Licenses and permits	87,569	-	-	87,569
Investment income	23,050	61,679	62,657	147,386
Miscellaneous	<u>242,106</u>	<u>-</u>	<u>67,389</u>	<u>309,495</u>
Total Revenues	6,966,940	61,679	418,038	7,446,657
Expenditures:				
Current:				
General government	1,522,191	124,926	96,890	1,744,007
Public safety	2,087,118	-	23,195	2,110,313
Highways and streets	1,620,744	-	67,616	1,688,360
Sanitation	371,959	-	81,955	453,914
Water distribution and treatment	3,603	-	-	3,603
Health and human services	4,731	-	-	4,731
Welfare	9,659	-	-	9,659
Culture and recreation	273,453	-	-	273,453
Conservation	708	-	14,228	14,936
Debt service	300,228	-	-	300,228
Capital outlay	<u>776,527</u>	<u>-</u>	<u>-</u>	<u>776,527</u>
Total Expenditures	<u>6,970,921</u>	<u>124,926</u>	<u>283,884</u>	<u>7,379,731</u>
Excess (deficiency) of revenues over expenditures	(3,981)	(63,247)	134,154	66,926
Other Financing Sources (Uses):				
Transfers in	88,536	-	-	88,536
Transfers out	<u>-</u>	<u>-</u>	<u>(88,536)</u>	<u>(88,536)</u>
Total Other Financing Sources (Uses)	<u>88,536</u>	<u>-</u>	<u>(88,536)</u>	<u>-</u>
Change in fund balance	84,555	(63,247)	45,618	66,926
Fund Balance, at Beginning of Year, as reclassified	<u>1,310,002</u>	<u>1,380,520</u>	<u>1,665,012</u>	<u>4,355,534</u>
Fund Balance, at End of Year	<u>\$ 1,394,557</u>	<u>\$ 1,317,273</u>	<u>\$ 1,710,630</u>	<u>\$ 4,422,460</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, 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, 2018

Net changes in fund balances - total governmental funds	\$ 66,926																
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td style="padding-left: 20px;">Capital outlay, net of disposals</td> <td style="text-align: right;">20,862</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(520,853)</td> </tr> </table> The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td style="padding-left: 20px;">Repayments of debt</td> <td style="text-align: right;">136,000</td> </tr> <tr> <td style="padding-left: 20px;">Repayments of lease payable</td> <td style="text-align: right;">137,349</td> </tr> </table> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table> <tr> <td></td> <td style="text-align: right;">(185,273)</td> </tr> </table> 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 the governmental funds: <table> <tr> <td style="padding-left: 20px;">Net pension liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">99,560</td> </tr> <tr> <td style="padding-left: 20px;">Net OPEB liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">89,042</td> </tr> </table> Other differences <table> <tr> <td></td> <td style="text-align: right;"><u>(164,879)</u></td> </tr> </table> 		Capital outlay, net of disposals	20,862	Depreciation	(520,853)	Repayments of debt	136,000	Repayments of lease payable	137,349		(185,273)	Net pension liability and related deferred outflows and inflows of resources	99,560	Net OPEB liability and related deferred outflows and inflows of resources	89,042		<u>(164,879)</u>
Capital outlay, net of disposals	20,862																
Depreciation	(520,853)																
Repayments of debt	136,000																
Repayments of lease payable	137,349																
	(185,273)																
Net pension liability and related deferred outflows and inflows of resources	99,560																
Net OPEB liability and related deferred outflows and inflows of resources	89,042																
	<u>(164,879)</u>																
Change in net position of governmental activities	\$ <u><u>(321,266)</u></u>																

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Other Sources:				
Property taxes	\$ 3,417,406	\$ 3,417,406	\$ 3,417,406	\$ -
Penalties, interest and other taxes	207,684	207,684	189,556	(18,128)
Charges for services	243,303	243,303	242,667	(636)
Intergovernmental	777,924	777,924	777,284	(640)
Licenses and permits	2,021,778	2,021,778	2,080,853	59,075
Investment income	20,000	20,000	20,487	487
Miscellaneous	189,327	189,327	240,286	50,959
Transfers in	280,671	280,671	88,536	(192,135)
Use of fund balance	44,571	44,571	44,571	-
Total Revenues and Other Sources	<u>7,202,664</u>	<u>7,202,664</u>	<u>7,101,646</u>	<u>(101,018)</u>
Expenditures and Other Uses:				
General government	1,503,545	1,503,545	1,557,138	(53,593)
Public safety	2,154,320	2,154,320	2,078,386	75,934
Highways and streets	1,361,779	1,361,779	1,385,031	(23,252)
Sanitation	373,359	373,359	378,959	(5,600)
Water distribution and treatment	2,692	2,692	3,603	(911)
Health and human services	19,998	19,998	4,731	15,267
Welfare	26,143	26,143	10,253	15,890
Culture and recreation	262,673	262,673	252,258	10,415
Conservation	1,855	1,855	708	1,147
Debt service	300,248	300,248	300,228	20
Transfers out	459,980	459,980	459,980	-
Capital outlay	736,072	736,072	555,905	180,167
Total Expenditures and Other Uses	<u>7,202,664</u>	<u>7,202,664</u>	<u>6,987,180</u>	<u>215,484</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>114,466</u>	\$ <u>114,466</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 DECEMBER 31, 2018

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and short-term investments	\$ -	\$ 1,593,835
Investments:		
Corporate equities	307,617	-
Equity mutual funds	142,378	-
Fixed income mutual funds	283,161	-
Money market funds	<u>37,682</u>	<u>-</u>
Total Assets	770,838	1,593,835
 LIABILITIES AND NET POSITION		
Due to external parties	3,151	154,090
Other liabilities	<u>-</u>	<u>1,439,745</u>
Total Liabilities	<u>3,151</u>	<u>1,593,835</u>
 NET POSITION		
Total net position restricted for other purposes	\$ <u><u>767,687</u></u>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF WEARE, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2018

		<u>Private Purpose Trust Funds</u>
Additions:		
Contributions	\$	450
Investment Income:		
Interest		<u>31,425</u>
Total additions		31,875
Deductions:		
Other		<u>76,426</u>
Total deductions		<u>76,426</u>
Net increase		(44,551)
Net position restricted for pensions and other purposes:		
Beginning of year		<u>812,238</u>
End of year	\$	<u><u>767,687</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Weare, New Hampshire

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Weare, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In 2018, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *permanent funds* account for the financial transactions related to resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the trust funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value, except certificates of deposit which are reported at cost.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “due from/to other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Land improvements	15-20
Buildings and improvements	5-50
Vehicles and equipment	3-20

H. Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Town’s budget is originally prepared by the Selectmen’s Office with the cooperation of the various department heads. It is then submitted to the advisory Finance Committee, whose duty is to review and evaluate warrant articles based on short term and long term ramifications and making recommendations and withholding recommendations only if there is

insufficient information and explaining the tax impact of monies raised at each Town meeting. The Finance Committee shall report in writing the and on the Towns website, any and all warrant articles no later than one week prior to each Town meeting.

The final version of the budget is then submitted for approval at the annual Town Meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

B. Budgetary Basis

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 6,966,940	\$ 6,970,921
Other financing sources/uses (GAAP Basis)	<u>88,536</u>	<u>-</u>
Subtotal (GAAP Basis)	7,055,476	6,970,921
Adjust tax revenue to accrual basis	12,873	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(357,688)
Add end-of-year appropriation carryforwards from expenditures	-	238,480
Recognize use of fund balance as funding source/use.	44,571	-
Eliminate library activity	(9,574)	(19,137)
Eliminate capital reserve activity	<u>(1,700)</u>	<u>154,604</u>
Budgetary Basis	<u>\$ 7,101,646</u>	<u>\$ 6,987,180</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank."

The Town's deposit policy for governmental fund types requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to demand deposits, money market accounts, certificates of deposit and overnight repurchase agreements or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law (RSA 41:29). Investments of the library funds are at the discretion of the Library Trustees. Responsibility for the investments of the expendable trust funds, permanent funds, private purpose trust funds and school district agency funds is with the Board of Trustees, who have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a).

As of December 31, 2018, none of the Town's bank balance of \$9,169,685 was exposed to custodial credit risk as uninsured or uncollateralized.

4. **Investments**

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The Town's investment policy states the Town may utilize any entity with an investment grade rating issued by Moody's and S&P at a minimum of Aa2 and AA, respectively. Both the Trustees of Trust Funds' and the Library Trustees' investment policies address credit risk by applying the prudent investor rule and portfolio diversification.

Presented below is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Amount</u>	Exempt From <u>Disclosure</u>
Corporate equities	\$ 1,354,744	\$ 1,354,744
Equity mutual funds	592,312	592,312
Fixed income mutual funds	1,177,984	1,177,984
Money market funds	<u>156,755</u>	<u>156,755</u>
Total investments	<u>\$ 3,281,795</u>	<u>\$ 3,281,795</u>

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Town's deposit policy for custodial credit risk ensures that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall have such funds, at the time of deposit or investment, secured by collateral having a market value at least equal to 102% of the amount deposited or invested. The investment policy of the Trustees of Trust Funds for principal and income specifies an asset allocation as follows: cash and cash equivalents (remainder); fixed income (approximately 25-45%); and equities (approximately 50-75%). The

entire balance of the capital reserve funds is to be invested in cash and cash equivalents (i.e. money market mutual funds). The investment policy of the Library Trustees specifies an asset allocation as follows: cash and cash equivalents (remainder); equities (approximately 40%); and fixed income (approximately 60%).

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. The Town does not have an investment in one issuer greater than 5% of total investments.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Town's investment policy is to optimize earnings while maintaining the purchasing power of the principal. This is accomplished by maintaining a balanced mix of certificates of deposit or other fixed income investments and equity investments.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt Related Securities:					
Fixed income mutual funds	\$ 1,177,984	\$ -	\$ 365,260	\$ 599,412	\$ 213,312
Total	\$ 1,177,984	\$ -	\$ 365,260	\$ 599,412	\$ 213,312

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

F. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by *Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following fair value measurements as of December 31, 2018:

<u>Description</u>	<u>Fair Value Measurements Using:</u>	
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	
Investments by fair value level:		
Debt securities		
Corporate equities	\$ 1,354,744	\$ 1,354,744
Equity mutual funds	592,312	592,312
Fixed income mutual funds	<u>1,177,984</u>	1,177,984
Total	<u>\$ 3,125,040</u>	

5. Property Taxes Receivable

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. In April of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are lienied by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable reported in the government-wide financial statements are net of an allowance for doubtful accounts of \$100,000.

Taxes and excise receivables at December 31, 2018 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 686,650	\$ -	\$ 686,650
Tax liens	307,430	(100,000)	207,430
Other	20,091	-	20,091
Total property taxes	<u>\$ 1,014,171</u>	<u>\$ (100,000)</u>	<u>\$ 914,171</u>

Taxes Collected for Others

The Town collects taxes for the State of New Hampshire, the Weare School District, the John Stark Regional School District and the County of Hillsborough. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

6. User Fee Receivables

Receivables for user charges at December 31, 2018 consist primarily of Comstar ambulance receivables.

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2018.

8. Interfund Fund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 198,933	\$ 93,374
Permanent Trust Funds:	-	16,778
Special Revenue Funds:		
Town Forest	-	17,996
Conservation	189	
Sewer	1,230	-
Police Special Detail	1,694	-
Transfer Station	-	6,918
Fire Department Vehicle Replacement	90,261	-
Subtotal Nonmajor Funds	<u>93,374</u>	<u>24,914</u>
Trust and Agency Funds:	<u>-</u>	<u>157,241</u>
Total	<u>\$ 292,307</u>	<u>\$ 292,307</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 88,536	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
Conservation	-	5,772
Fire Department Vehicle Replacement	-	77,540
Buxton Expendable Trust	-	5,224
Subtotal Nonmajor Funds	<u>-</u>	<u>88,536</u>
Grand Total	\$ <u>88,536</u>	\$ <u>88,536</u>

The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

9. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 113,574	\$ -	\$ -	\$ 113,574
Buildings and improvements	4,482,465	-	-	4,482,465
Machinery, equipment, and furnishings	7,531,998	384,579	(770,466)	7,146,111
Infrastructure	<u>5,150,678</u>	<u>-</u>	<u>-</u>	<u>5,150,678</u>
Total capital assets, being depreciated	17,278,715	384,579	(770,466)	16,892,828
Less accumulated depreciation for:				
Land improvements	(40,603)	(4,704)	-	(45,307)
Buildings and improvements	(1,800,205)	(95,883)	-	(1,896,088)
Machinery, equipment, and furnishings	(5,513,283)	(322,568)	756,423	(5,079,428)
Infrastructure	<u>(1,514,406)</u>	<u>(97,698)</u>	<u>-</u>	<u>(1,612,104)</u>
Total accumulated depreciation	<u>(8,868,497)</u>	<u>(520,853)</u>	<u>756,423</u>	<u>(8,632,927)</u>
Total capital assets, being depreciated, net	8,410,218	(136,274)	(14,043)	8,259,901
Capital assets, not being depreciated:				
Land	6,839,069	-	(339,674)	6,499,395
Easements	324,085	-	-	324,085
Construction in progress	<u>20,521</u>	<u>-</u>	<u>(10,000)</u>	<u>10,521</u>
Total capital assets, not being depreciated	<u>7,183,675</u>	<u>-</u>	<u>(349,674)</u>	<u>6,834,001</u>
Governmental activities capital assets, net	<u>\$ 15,593,893</u>	<u>\$ (136,274)</u>	<u>\$ (363,717)</u>	<u>\$ 15,093,902</u>

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

Governmental Activities:	
General government	\$ 22,470
Public safety	223,851
Highways and streets	227,765
Sanitation	23,646
Sewer	12,527
Culture and recreation	<u>10,594</u>
Total depreciation expense - governmental activities	<u>\$ 520,853</u>

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, Accounting and Financial Reporting for Pensions, are more fully discussed in the corresponding pension and OPEB notes.

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent 2018 expenditures paid in 2019.

12. Capital Lease Obligations

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2019. Future minimum lease payments under the capital and operating leases consisted of the following as of December 31, 2018:

	<u>Year</u>	<u>Capital Leases</u>
	2019	\$ <u>64,058</u>
Total payments		64,058
Less amounts representing interest		<u>1,267</u>
Present Value of Minimum Lease Payments		\$ <u><u>62,791</u></u>

13. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/18</u>
DPW Garage Bond	01/01/26	1.85%	\$ <u>952,000</u>
Total Governmental Activities			\$ <u><u>952,000</u></u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2018 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ -	\$ -
2020	136,000	17,371	153,371
2021	136,000	14,889	150,889
2022	136,000	12,408	148,408
2023	136,000	9,926	145,926
2024-2026	<u>408,000</u>	<u>14,890</u>	<u>422,890</u>
Total	<u>\$ 952,000</u>	<u>\$ 69,484</u>	<u>\$ 1,021,484</u>

The general fund has been designated as the source to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2018.

C. Changes in General Long-Term Liabilities

During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

	Total Balance 1/1/18	Additions	Reductions	Total Balance 12/31/18	Less Current Portion	Equals Long-Term Portion 12/31/18
<u>Governmental Activities</u>						
Bonds payable	\$ 1,088,000	\$ -	\$ (136,000)	\$ 952,000	\$ -	\$ 952,000
Net pension liability	3,338,228	-	(79,649)	3,258,579	-	3,258,579
Net OPEB liability	1,182,037	-	(56,721)	1,125,316	-	1,125,316
Other:						
Landfill liability	30,000	214,000	-	244,000	(10,000)	234,000
Compensated absences	46,837	-	(118)	46,719	(4,672)	42,047
Capital leases	<u>200,140</u>	<u>-</u>	<u>(137,349)</u>	<u>62,791</u>	<u>(62,791)</u>	<u>-</u>
Subtotal - other	<u>276,977</u>	<u>214,000</u>	<u>(137,467)</u>	<u>353,510</u>	<u>(77,463)</u>	<u>276,047</u>
Totals	<u>\$ 5,885,242</u>	<u>\$ 214,000</u>	<u>\$ (409,837)</u>	<u>\$ 5,689,405</u>	<u>\$ (77,463)</u>	<u>\$ 5,611,942</u>

14. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$244,000 reported as landfill postclosure care liability at December 31, 2018 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources

have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

16. **Governmental Funds - Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented *GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2018:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved at Town Meeting, capital reserve funds, and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

Unassigned - Represents amounts that are available to be spent in future periods and general stabilization fund and deficit funds.

Following is a breakdown of the Town's fund balances at December 31, 2018:

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid expenditures	\$ 156,135	\$ -	\$ -	\$ 156,135
Nonexpendable permanent funds	<u>-</u>	<u>1,024,125</u>	<u>-</u>	<u>1,024,125</u>
Total Nonexpendable	156,135	1,024,125	-	1,180,260
Restricted				
Bonded projects	-	-	1,786	1,786
Library trust	129,021	-	-	129,021
Special revenue funds	-	-	1,708,844	1,708,844
Expendable permanent funds	<u>-</u>	<u>293,148</u>	<u>-</u>	<u>293,148</u>
Total Restricted	129,021	293,148	1,710,630	2,132,799
Committed				
Capital reserve funds	<u>461,077</u>	<u>-</u>	<u>-</u>	<u>461,077</u>
Total Committed	461,077	-	-	461,077
Assigned				
Encumbrances	<u>238,480</u>	<u>-</u>	<u>-</u>	<u>238,480</u>
Total Assigned	238,480	-	-	238,480
Unassigned				
Unassigned	<u>409,844</u>	<u>-</u>	<u>-</u>	<u>409,844</u>
Total Unassigned	<u>409,844</u>	<u>-</u>	<u>-</u>	<u>409,844</u>
Total Fund Balance	<u>\$ 1,394,557</u>	<u>\$ 1,317,273</u>	<u>\$ 1,710,630</u>	<u>\$ 4,422,460</u>

17. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how undesignated fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 409,844
Unavailable revenue	690,386
Allowance for abatements	(100,000)
Other	<u>187,985</u>
Tax Rate Setting Balance	<u>\$ 1,188,215</u>

18. Retirement System

The Town follows the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The Town's contribution to NHRS for the year ended December 31, 2018 was \$297,954, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2018, the Town reported a liability of \$3,258,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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 employers, actuarially determined. At June 30, 2018, the Town's proportion was .06767273%.

For the year ended December 31, 2018, the Town recognized pension expense of \$198,189. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,009	\$ 26,385
Changes of assumptions	225,510	-
Net difference between projected and actual earnings on pension plan investments	-	75,406
Changes in proportion and differences between contributions and proportionate share of contributions	-	225,194
Contributions subsequent to the measurement date	<u>148,164</u>	<u>-</u>
Total	<u>\$ 399,683</u>	<u>\$ 326,985</u>

The \$148,164 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 25,729
2020	31,001
2021	(118,237)
2022	<u>(13,959)</u>
Total	<u>\$ (75,466)</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.6% average, including inflation
Wage inflation	3.25%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 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, 2017 valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.75%
Emerging Int'l Equities	7.00	6.25%
Total international equities	20.00	
Core Bonds	4.50	0.64%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.71%
Absolute Return Fixed Income	7.00	1.08%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Opportunistic	5.00	3.68%
Total alternative investments	15.00	
Real estate	10.00	3.25%
Total	100.00 %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the

member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the 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 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
\$ 4,335,566	\$ 3,258,579	\$ 2,356,031

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

19. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

A. Town OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2018.

General Information about the OPEB Plan

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	4
Active employees	<u>28</u>
Total	<u><u>32</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the alternative method as of December 31, 2018, in accordance with the parameters of GASB Statement No. 75. Alternative measurement method valuations of an ongoing plan are allowed for a sole employer with fewer than one hundred total plan members and involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future, similar to broad measurement steps as would be used by an actuarial valuation for plans whose members exceed one hundred. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The alternative measurement method used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	5.6%, average, including inflation
Discount rate	3.71%
Healthcare cost trend rates	8.5% for 2018, fluctuating 0.5%, to an ultimate rate of 4.5% as of 2026 and later years
Retirees' share of benefit-related costs	100%

The discount rate was based on the Fidelity General Obligation AA 20 Year Bond at December 31, 2018.

Mortality rates were based on the mortality tables at the National Center for Health Statistics. The 2014 United States life Tables for Males and Females were used.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.71%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town's total OPEB liability of \$819,575 was measured as of December 31, 2018 and was determined by the alternative method as of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 984,849
Changes for the year:	
Service cost	64,436
Interest	30,412
Changes in assumptions or other inputs	(192,855)
Benefit payments	<u>(67,267)</u>
Net Changes	<u>(165,274)</u>
Balances, end of year	<u>\$ 819,575</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.31% in 2017 to 3.71% in 2018. All other assumptions were the same as those used in the previous measurement.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
\$ 981,038	\$ 819,575	\$ 692,453

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (7.5%)	Current Healthcare Cost Trend Rates (8.5%)	1% Increase (9.5%)
\$ 723,155	\$ 819,575	\$ 915,996

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Town recognized an OPEB expense of \$59,125. At December 31, 2018, the Town did not have any deferred outflows or inflows of resources related to the Total OPEB liability.

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed above, the Town participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS

administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. The monthly Medical Subsidy rates are:

- 1 Person - \$375.56
- 2 Person - \$751.12
- 1 Person Medicare Supplement - \$236.84
- 2 person Medicare Supplement - \$473.68

Actuarial Assumptions and Other Inputs

The Town’s proportionate share of the NHRS Medical Subsidy as of December 31, 2018 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Discount rate	7.25%

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent experience study.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$305,741.

For the year ended December 31, 2018, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$107,355. At December 31, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 1,795	\$ -
Changes in proportion	23,017	-
Net difference between projected and actual OPEB investment earnings	-	971
Contributions subsequent to the measurement date	<u>15,816</u>	<u>-</u>
Total	<u>\$ 40,628</u>	<u>\$ 971</u>

The \$15,816 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2019.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ 24,509
2020	(303)
2021	(303)
2022	<u>(62)</u>
Total	<u>\$ 23,841</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 318,217	\$ 305,741	\$ 270,795

C. Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at June 30, 2018:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	OPEB Expense
Town OPEB Plan	\$ 819,575	\$ -	\$ -	\$ 59,125
Proportionate share of NHRS Medical Subsidy Plan	<u>305,741</u>	<u>40,628</u>	<u>971</u>	<u>107,355</u>
Total	<u>\$ 1,125,316</u>	<u>\$ 40,628</u>	<u>\$ 971</u>	<u>\$ 166,480</u>

20. Subsequent Events

Debt

Subsequent to December 31, 2018, the Town incurred a General Obligation Bond of \$2,500,000 for the purpose of preservation and rehabilitation of Town paved roads.

21. Commitments and Contingencies

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the expects such amounts, if any, to be immaterial.

22. Beginning Fund Balance/Net Position Restatement and Reclassification

The beginning (January 1, 2018) fund balance/net position of the Town has been restated and reclassified as follows:

Government-Wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported	\$ 15,666,660
Implementation of GASB 75 OPEB	<u>(792,345)</u>
As restated	<u>\$ 14,874,315</u>

Fund Basis Financial Statements:

	DPW Garage Capital Projects Fund	Nonmajor Governmental Funds
As previously reported	\$ 69,134	\$ 1,595,878
Reclassification of prior year major fund	<u>(69,134)</u>	<u>69,134</u>
As reclassified	<u>\$ -</u>	<u>\$ 1,665,012</u>

TOWN OF WEARE, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)
DECEMBER 31, 2018
(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2018	June 30, 2018	0.06767273%	\$3,258,579	\$ 1,762,360	184.90%	64.73%
December 31, 2017	June 30, 2017	0.06787785%	\$3,338,228	\$ 1,705,993	195.68%	62.66%
December 31, 2016	June 30, 2016	0.07365692%	\$3,916,777	\$ 1,754,504	223.24%	58.30%
December 31, 2015	June 30, 2015	0.07446385%	\$2,949,906	\$ 1,706,357	172.88%	65.47%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

TOWN OF WEARE, NEW HAMPSHIRE

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

DECEMBER 31, 2018

(Unaudited)

New Hampshire Retirement System

<u>Year</u>	<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2018	June 30, 2018	\$ 297,295	\$ 297,295	\$ -	\$ 1,820,507	16.33%
December 31, 2017	June 30, 2017	\$ 257,919	\$ 257,919	\$ -	\$ 1,663,167	15.51%
December 31, 2016	June 30, 2016	\$ 258,085	\$ 258,085	\$ -	\$ 1,718,951	15.01%
December 31, 2015	June 30, 2015	\$ 253,579	\$ 253,579	\$ -	\$ 1,696,798	14.94%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

TOWN OF WEARE, NEW HAMPSHIRE
 SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY (GASB 75)
 DECEMBER 31, 2018
 (Unaudited)

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2018	June 30, 2018	0.06677823%	\$305,741	\$ 1,762,360	17.35%	7.53%
December 31, 2017	June 30, 2017	0.04312631%	\$197,188	\$ 1,705,993	11.56%	7.91%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**TOWN OF WEARE, NEW HAMPSHIRE
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedule of Changes in the Total OPEB Liability (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 64,436
Interest on unfunded liability - time value of money	30,412
Changes of assumptions	(192,855)
Benefit payments, including refunds of member contributions	<u>(67,267)</u>
Net change in total OPEB liability	(165,274)
Total OPEB liability - beginning	<u>984,849</u>
Total OPEB liability - ending	<u><u>\$ 819,575</u></u>

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions and Independent Auditors' Report.

TOWN OF WEARE, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2018

	DPW Garage Fund	Town Forest Fund	Conservation Commission Fund	Sewer Fund	Fire Department Vehicle Replacement Fund	Police Contracted Details Fund	Drug Forfeiture Fund	Transfer Station Fund	Mildred Hall Expendable Trust Fund	Eastman Expendable Trust Fund	Buxton Expendable Trust Fund	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>												
Cash and short-term investments	\$ 1,786	\$ 205,416	\$ 180,694	\$ -	\$ 101,098	\$ 15,958	\$ 133	\$ 6,198	\$ -	\$ -	\$ -	\$ 511,283
Investments	-	-	-	-	-	-	-	-	20,602	1,013,153	68,142	1,101,897
Receivables:												
User fees	-	-	-	220	30,466	2,218	-	-	-	-	-	32,904
Due from other funds	-	-	189	1,230	90,261	1,694	-	-	-	-	-	93,374
Total Assets	\$ 1,786	\$ 205,416	\$ 180,883	\$ 1,450	\$ 221,825	\$ 19,870	\$ 133	\$ 6,198	\$ 20,602	\$ 1,013,153	\$ 68,142	\$ 1,739,458
<u>LIABILITIES AND FUND BALANCES</u>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ 1,102	\$ 823	\$ -	\$ -	\$ 1,989	\$ -	\$ -	\$ -	\$ 3,914
Due to other funds	-	17,996	-	-	-	-	-	6,918	-	-	-	24,914
Total Liabilities	-	17,996	-	1,102	823	-	-	8,907	-	-	-	28,828
Fund Balances:												
Restricted	1,786	187,420	180,883	348	221,002	19,870	133	(2,709)	20,602	1,013,153	68,142	1,710,630
Total Fund Balances	1,786	187,420	180,883	348	221,002	19,870	133	(2,709)	20,602	1,013,153	68,142	1,710,630
Total Liabilities and Fund Balances	\$ 1,786	\$ 205,416	\$ 180,883	\$ 1,450	\$ 221,825	\$ 19,870	\$ 133	\$ 6,198	\$ 20,602	\$ 1,013,153	\$ 68,142	\$ 1,739,458

See Independent Auditors' Report.

TOWN OF WEARE, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	DPW Garage Fund	Town Forest Fund	Conservation Commission Fund	Sewer Fund	Fire Department Vehicle Replacement Fund	Police Contracted Details Fund	Drug Forfeiture Fund	Transfer Station Fund	Mildred Hall Expendable Trust Fund	Eastman Expendable Trust Fund	Buxton Expendable Trust Fund	Total Nonmajor Special Revenue Funds
Revenues:												
Penalties, interest and other taxes	\$ -	\$ -	\$ 45,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,360
Charges for services	-	-	-	13,913	165,730	8,569	-	54,420	-	-	-	242,632
Investment income	268	1,376	1,042	-	704	114	1	47	1,041	54,906	3,158	62,657
Miscellaneous	-	56,915	-	-	-	-	-	-	-	-	10,474	67,389
Total Revenues	268	58,291	46,402	13,913	166,434	8,683	1	54,467	1,041	54,906	13,632	418,038
Expenditures:												
Current:												
General government	-	-	-	-	-	-	-	-	1,836	90,306	4,748	96,890
Public safety	-	-	-	-	14,707	8,488	-	-	-	-	-	23,195
Highways and streets	67,616	-	-	-	-	-	-	-	-	-	-	67,616
Sanitation	-	-	-	21,780	-	-	-	60,175	-	-	-	81,955
Conservation	-	14,228	-	-	-	-	-	-	-	-	-	14,228
Total Expenditures	67,616	14,228	-	21,780	14,707	8,488	-	60,175	1,836	90,306	4,748	283,884
Excess (deficiency) of revenues over (under) expenditures	(67,348)	44,063	46,402	(7,867)	151,727	195	1	(5,708)	(795)	(35,400)	8,884	134,154
Other Financing Sources (Uses):												
Transfers out	-	-	(5,772)	-	(77,540)	-	-	-	-	-	(5,224)	(88,536)
Total Other Financing Sources (Uses)	-	-	(5,772)	-	(77,540)	-	-	-	-	-	(5,224)	(88,536)
Net change in fund balances	(67,348)	44,063	40,630	(7,867)	74,187	195	1	(5,708)	(795)	(35,400)	3,660	45,618
Fund Balances, beginning of year, as restated	69,134	143,357	140,253	8,215	146,815	19,675	132	2,999	21,397	1,048,553	64,482	1,665,012
Fund Balances, end of year	\$ 1,786	\$ 187,420	\$ 180,883	\$ 348	\$ 221,002	\$ 19,870	\$ 133	\$ (2,709)	\$ 20,602	\$ 1,013,153	\$ 68,142	\$ 1,710,630

See Independent Auditors' Report.