

**TOWN OF NEWPORT,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

TOWN OF NEWPORT, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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JUNE 30, 2017

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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen and Town Manager
Town of Newport
Newport, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, major fund, and aggregate remaining fund information of the Town of Newport as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1-B to the financial statements, management has not recorded the capital assets and related accumulated depreciation in the governmental activities, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, including infrastructure, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities is not reasonably determinable.

As discussed in Note 1-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

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

Adverse Opinion

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinion on Governmental Activities” paragraphs, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Newport, as of June 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component unit, major fund, and aggregate remaining fund information of the Town of Newport as of June 30, 2017, and the respective changes in financial position, and were applicable, cash flows 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 the Management’s Discussion and Analysis, Schedule of the Town’s Proportionate Share of Net Pension Liability, and Schedule of Town Contributions 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 them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newport’s basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

August 28, 2018

*Plodzik & Sanderson
Professional Association*

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

Our discussion and analysis of the Town of Newport's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2017. Please read it in conjunction with the Town's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

For the year ended June 30, 2017:

- The Town's total net position was \$5,753,733, a decrease from the prior year of \$577,945 or 9.1%, which consisted of (\$1,360,996) for Governmental Activities and \$7,114,729 from Business-Type Activities.
- The Town does not record capital assets for the Governmental Activities. Capital assets, net of depreciation of the Business-Type Activities were \$8,230,019, a decrease from the prior year of \$291,930, or 3.4%. Depreciation expense for 2017 was \$338,498.
- The total long-term obligations for the Town were \$10,577,325, an increase of \$1,523,060 from the prior year, or 16.8%. The addition to the Town's Net Pension Liability was \$1,736,294.
- The unassigned fund balance of the General Fund was \$405,933, an increase of the prior year's balance of \$350,784, or 636.1%.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of two types of statements:

Government-Wide Financial Statements

The Statement of Net Position, page 12 and the Statement of Activities, page 13, are designed to report the Town's financial activities in a manner similar to private-sector companies. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, thereby reporting all current year revenue and expenses regardless of when cash is paid or received. These two statements report the Town's net position and changes in them. Over time, increases or decreases in net position may serve as one useful indicator of whether the financial health of the Town is improving or deteriorating.

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

The Statement of Net Position and the Statement of Activities distinguish the Town's activities as follows:

- **Governmental Activities** - Most of the Town's basic services are reported in this section. These include general government, police, ambulance, fire, public works, sanitation, health and welfare, culture and recreation, airport, and capital outlay. These activities are supported primarily by property taxes, motor vehicle fees, intergovernmental revenues, charges for service, and other miscellaneous revenues.
- **Business-Type Activities** – The Town charges a user fee to customers to cover all, or most, of the cost of certain services provided. The Town's water and sewer operations are reported here.
- **Component Unit** – The Richards Free Library and Library Arts Center are an IRS Section 501(c)3 non-profit corporation reported as a component unit of the Town of Newport. The Statement of Net Position of this entity is as of December 31, 2016 and the Statement of Activities is for the period January 1, 2016 to December 31, 2016.

Fund Financial Statements

The fund financial statements begin on page 14, and provide information on the Town's most significant funds; not the Town as a whole. A fund is a grouping of accounts, each of which is considered a separate accounting entity. The following fund types are utilized by the Town.

- **Governmental Funds:** This fund type is used to account for the Town's basic services such as general government, police, fire, public works, culture and recreation, health and welfare, aviation, and capital outlay. These activities are supported primarily by property taxes, motor vehicle permits, and intergovernmental revenues. Unlike the government-wide financial statements, these funds are reported using an accounting method called modified accrual accounting. This method of accounting measures cash and all other financial assets that can readily be converted to cash.

The governmental fund financial statements provide a short-term view of the Town's general government operations. It is useful to compare this information to similar information on the government-wide financial statements to gain a better understanding of the long-term impact of the Town's near term financial decisions.

- **Proprietary Funds:** These funds are commonly referred to as Enterprise Funds. Proprietary Funds are presented in the same format as the business-type activities in the government-wide financial statements, only in more detail by breaking out the Water and Sewer Funds separately.
- **Fiduciary Funds:** Fiduciary funds account for assets held by the Town as a trustee or agent for individual, groups, private organizations, or other units of government. These

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

funds are not reflected in the government-wide financial statements, because these assets are unavailable to finance the Town's operation.

Notes to the Financial Statements

The notes to the Financial Statements provide additional information that is essential to an overall comprehension of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

The following is a summary of the government-wide financial data for the fiscal year ended June 30, 2017:

Statement of Net Position

The following summarizes the Statement of Net Position, presented on page 12.

	2017			2016 Total
	Governmental Activities	Business-Type Activities	Total	
Current Assets	\$ 11,200,046	\$ 2,326,987	\$ 13,527,033	\$ 13,843,310
Noncurrent Assets (net)	-	8,363,594	8,363,594	8,679,597
Total Assets	11,200,046	10,690,581	21,890,627	22,522,907
Deferred Outflows of Resources	1,764,782	222,303	1,987,085	483,883
Current Liabilities	4,643,181	116,404	4,759,585	4,618,530
Non-current Liabilities	6,935,163	3,642,162	10,577,325	9,054,265
Total Liabilities	11,578,344	3,758,566	15,336,910	13,672,795
Deferred Inflows of Resources	2,747,480	39,589	2,787,069	3,002,317
Investment in capital assets (net of related debt)	(366,145)	5,477,393	5,111,248	5,218,411
Restricted net position	1,220,163	-	1,220,163	1,176,939
Unrestricted net position	(2,215,014)	1,637,336	(577,678)	(63,672)
Total Net Position	\$ (1,360,996)	\$ 7,114,729	\$ 5,753,733	\$ 6,331,678

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

- Net Investment in Capital Assets: The Town has not recorded its inventory in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, etc.), or related accumulated depreciation for the Governmental Activities, but has recorded the related debt obligations, resulting in a negative Investment in Capital Assets. The Town has recorded its inventory in capital assets for the Business-Type Activities such as land, buildings, equipment, and system infrastructure (pipes including installation costs, etc.), net of accumulated depreciation, and the related debt obligations.

- Restricted Net Position: Restricted Net Position are the Town's special revenue, capital projects and permanent funds which represent resources that are subject to external restrictions on how they may be used.

- Unrestricted Net Position: The Town's unrestricted net position may be used to meet the Town's ongoing obligations.

- Total Net Position: The Town is reporting negative net position in its Governmental Activities and a positive net position in its Business-Type Activities.

Statement of Activities

The following is a summary of the Statement of Activities presented on page 13.

	2017			2016 Total
	Governmental Activities	Business-Type Activities	Total	
Program Revenues				
Charges for service	\$871,672	\$1,608,760	\$2,480,432	\$2,724,912
Operating grants and contributions	262,450	5,600	268,050	340,534
General Revenues				
Taxes	4,975,173	-	4,975,173	5,155,813
Licenses and permits	1,170,955	-	1,170,955	1,115,936
Unrestricted grants and contributions	818,686	-	818,686	379,072
Miscellaneous	397,084	38,353	435,437	377,853
Total Revenues	8,496,020	1,652,713	10,148,733	10,094,120
Expenses				
General government	1,909,499	-	1,909,499	1,659,626
Public safety	3,095,287	-	3,095,287	2,982,435
Highways and Streets	2,175,856	-	2,175,856	1,713,066
Airport operations	123,249	-	123,249	134,632
Sanitation	7,344	-	7,344	1,909
Health	16,722	-	16,722	7,653
Welfare	169,540	-	169,540	138,022
Culture and recreation	700,310	-	700,310	679,759
Conservation	3,488	-	3,488	388
Interest on long-term debt	25,316	-	25,316	21,673
Water department	-	791,238	791,238	786,130
Sewer department	-	1,708,829	1,708,829	1,190,297
Total Expenses	8,226,611	2,500,067	10,726,678	9,315,590
Change in Net Position	\$269,409	(\$847,354)	(\$577,945)	\$778,530

TOWN OF NEWPORT, NH

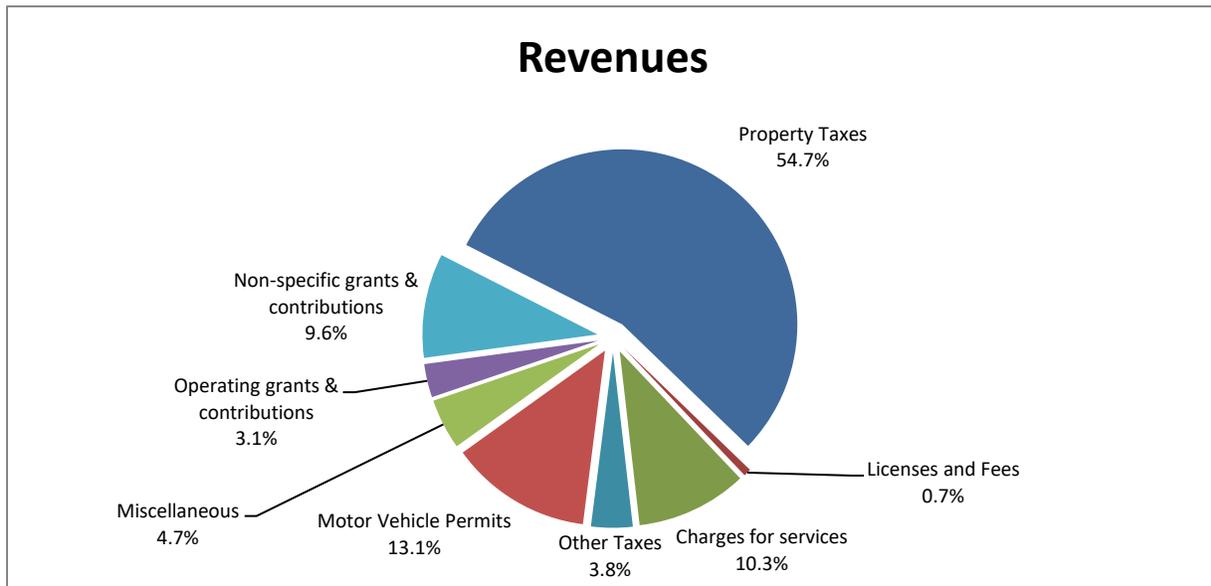
Management's Discussion and Analysis Calendar Year Ended June 30, 2017

Governmental Activities

- Revenues: Revenues are classified as either Program or General.

Program revenues are targeted to directly offset expenses. For 2017, program revenues, charges for services and operating grants and contributions account for 13.3% of total revenues. Program revenues for 2016 accounted for 15.5% of total revenues.

Revenues not specifically targeted for an activity are known as general revenues. Property taxes make up 63.2% of the Town's general revenues and 54.7% of total revenues. Licenses and permits, mainly auto registrations, account for 15.9% of general revenues and 13.8% of total revenues. Detail of the total revenues is as follows:

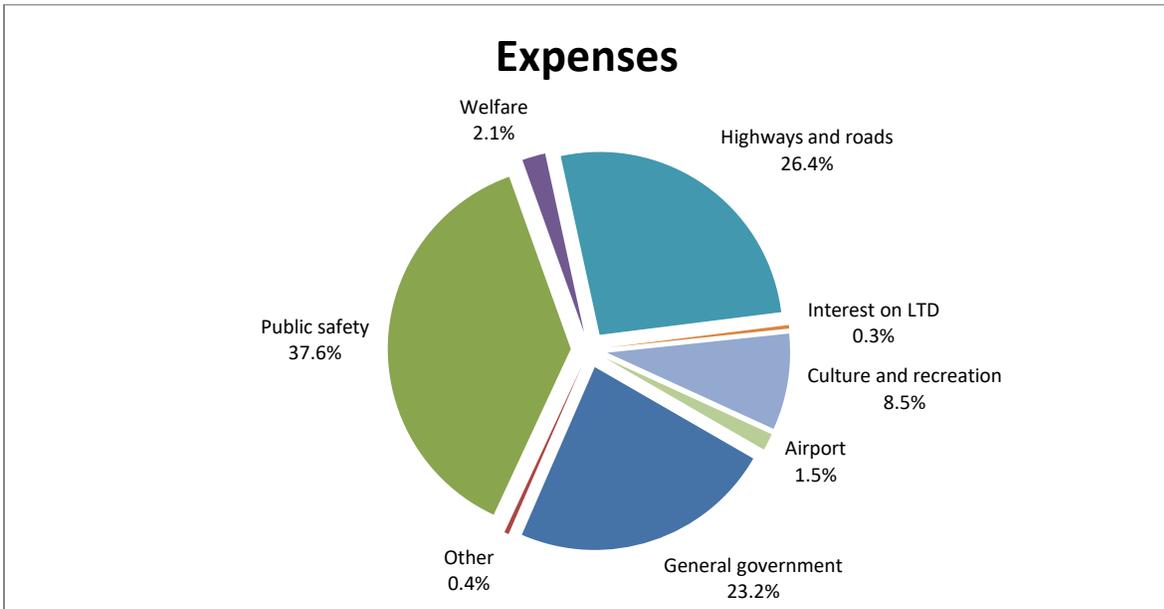


- Expenses: Expenses are classified by major governmental function or program and are offset by related program income. No depreciation has been recorded for 2016 or 2017.

The largest expenses were for general government, which accounts for 23.2% of total expenses; public safety, 37.6%; and highways and roads, 26.5%, and culture and recreation, 8.5%.

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017



Business-Type Activities

➤ Revenues:

Program revenues for the Business-Type Activities, accounting for 97.3% of Total revenues, are Charges for Service for the Water and Sewer utilities. For 2016, Charges for Service accounted for 99.4% of Total revenues.

➤ Expenses:

Expenses of the Business-Type Activities consist of operating expenses, interest on debt service and depreciation expense for the Water and Sewer utilities. For 2017 and 2016, the breakdown of the expenses is 31.6% and 39.2%, Water department and 68.4% and 60.8%, Sewer department.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

- Governmental Funds: The fund financial statements are provided on pages 14-17. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balance of resources. This information is most useful in assessing financing requirements. For example, unassigned fund balance may serve as a useful

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

measure of a government's net resources available at year end. The Town's General Fund is its largest Governmental Fund.

During the fiscal year, the Town recognized \$7,703,463 in revenues and other financing sources in the General Fund, which is an increase of .01% from the prior year. The Town incurred \$7,525,411 in General Fund expenditures and other financing uses during the year, which represents an increase of 7.3% from the prior year.

The Town finished the fiscal year with General Fund fund balance in the amount of \$2,046,327, an increase from the prior year of 9.5%. The current year net change in fund balance is \$178,052. Of the total fund balance, \$255,056 is Nonspendable, \$148,602 Committed, and \$1,236,736 Assigned, leaving an Unassigned balance \$405,933.

- Proprietary Funds: Proprietary funds provide the same type of information found in the business-type activities reported in the government wide financial statements, only in more detail.

The Proprietary funds reported an overall net change in net position of (\$847,354) or 10.6% of the prior year balance. Depreciation expense for 2017 was \$338,498.

BUDGETARY HIGHLIGHTS

The Town budget as approved at Town Meeting for the year ending June 30, 2017 was \$13,108,956. Of that total, \$3,592,920 was special warrant articles for various projects and special items and the balance of \$9,516,036 represented the Town's operating budget.

Of the total budget, the General Fund accounted for \$8,631,129, \$2,120,559 for the Water Fund, \$2,133,713 for the Sewer Fund, \$130,243 for the Airport Fund, and \$93,312 for the Police Special Detail Fund. In the General Fund, actual expenditures including encumbered amounts were \$215,471 less than the budgeted amount as of June 30, 2017.

CAPITAL ASSETS

The Town does not record the investment in capital assets for the Governmental Activities. The investment in Capital Assets, net of depreciation, for the Business-Type Activities is \$8,230,019. Details of Capital Assets and the changes in Capital Assets are found in the Notes to the Financial Statements. A summary of the Capital Assets and changes thereof follows:

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

	2017	2016	Change
Land	\$442,421	\$442,421	\$0
Construction in progress	2,744,193	2,736,610	7,583
Buildings and improvements	1,968,907	2,127,747	(158,840)
Machinery, vehicles and equipment	220,190	231,430	(11,240)
Infrastructure	2,854,308	2,983,741	(129,433)
Total	\$8,230,019	\$8,521,949	(\$291,930)

NON-CURRENT OBLIGATIONS

The Town's Non-current Obligations outstanding includes the total (due within one year and beyond) portion of bonds payable, leases, accrued compensated absences, and net pension liability. Detail of the Non-current Obligations (Long-term Liabilities) is found in the Notes to the Financial Statements. The following is a summary of the Non-current Obligations:

	2017	2016	Change
Governmental Activities			
Bonds and notes	\$310,669	\$380,824	(\$70,155)
Leases	55,476	85,845	(30,369)
Compensated absences	274,198	308,668	(34,470)
Net Pension Liability	6,294,820	4,842,352	1,452,468
Business-Type Activities			
Bonds and notes	2,752,626	2,836,869	(84,243)
Compensated absences	96,601	90,598	6,003
Net Pension Liability	792,935	509,109	283,826
Total	\$10,577,325	\$9,054,265	\$1,523,060

ECONOMIC FACTORS AND THE 2017 BUDGET

New Hampshire Department of Employment Security and the United States Department of Labor reported the following unemployment rates for June 2016 and June 2017:

	<u>2016</u>	<u>2017</u>
Newport	2.4%	2.4%
Sullivan County	2.4%	2.1%
State of New Hampshire	2.9%	2.7%
United States	4.9%	4.3%

The Northeast Regional Consumer Price Index (CPI) increased 1.5% from June 2016 to June 2017. The National CPI for the same period increased 1.6%.

At the 2017 Town Meeting, the legislative body approved total appropriations for the 2017-18

TOWN OF NEWPORT, NH

Management's Discussion and Analysis Calendar Year Ended June 30, 2017

fiscal year in the amount of \$10,795,226. The appropriations break down as follows:

	Operating Article	Special Articles	TOTAL
Governmental Type Funds:			
General Fund	\$7,799,071	\$762,659	\$8,561,730
Special Revenue Funds	230,845		230,845
Business-Type Activities:			
Water Fund	911,737	2,237	913,974
Sewer Fund	1,057,843	31,334	1,089,177
TOTAL	<u>\$9,999,496</u>	<u>\$796,230</u>	<u>\$10,795,726</u>

REQUESTS FOR INFORMATION

This financial report was designed to provide a general overview of the Town of Newport's finances for any party with an interest in the government's finances. Questions related to this financial statement, or request for additional information should be addressed to the following:

Town of Newport
15 Sunapee Street
Newport, NH 03773
(603) 863-1877

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF NEWPORT, NEW HAMPSHIRE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total	Component Unit Richards Free Library
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,869,857	\$ 1,701,624	\$ 8,571,481	\$ 187,279
Investments	754,097	209,799	963,896	1,348,162
Taxes receivables (net)	2,046,473	-	2,046,473	-
Account receivables (net)	236,961	639,123	876,084	-
Intergovernmental receivable	337,499	-	337,499	-
Internal balances	704,406	(704,406)	-	-
Inventory	14,987	-	14,987	-
Prepaid items	96,421	-	96,421	-
Tax deeded property, subject to resale	139,345	-	139,345	-
Restricted assets:				
Cash and cash equivalents	-	480,847	480,847	-
Noncurrent assets:				
Intergovernmental receivable	-	133,575	133,575	-
Capital assets:				
Land and construction in progress	-	3,186,614	3,186,614	-
Other capital assets, net of depreciation	-	5,043,405	5,043,405	883,647
Total assets	<u>11,200,046</u>	<u>10,690,581</u>	<u>21,890,627</u>	<u>2,419,088</u>
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to pensions	<u>1,764,782</u>	<u>222,303</u>	<u>1,987,085</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	558,674	-	558,674	-
Accrued salaries and benefits	80,548	-	80,548	-
Retainage payable	-	110,922	110,922	-
Accrued interest payable	12,385	5,482	17,867	-
Intergovernmental payable	3,835,408	-	3,835,408	-
Other payable	156,166	-	156,166	-
Noncurrent liabilities:				
Due within one year	73,031	107,524	180,555	-
Due in more than one year	6,862,132	3,534,638	10,396,770	-
Total liabilities	<u>11,578,344</u>	<u>3,758,566</u>	<u>15,336,910</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	2,433,200	-	2,433,200	-
Amounts related to pensions	314,280	39,589	353,869	-
Total deferred inflows of resources	<u>2,747,480</u>	<u>39,589</u>	<u>2,787,069</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	(366,145)	5,477,393	5,111,248	883,647
Restricted	1,220,163	-	1,220,163	1,535,441
Unrestricted	(2,215,014)	1,637,336	(577,678)	-
Total net position	<u>\$(1,360,996)</u>	<u>\$ 7,114,729</u>	<u>\$ 5,753,733</u>	<u>\$ 2,419,088</u>

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

EXHIBIT B
TOWN OF NEWPORT, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total	Component
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities		Unit Richards Free Library
Governmental activities:							
General government	\$ 1,909,499	\$ 20,053	\$ -	\$ (1,889,446)	\$ -	\$ (1,889,446)	\$ -
Public safety	3,095,287	567,349	-	(2,527,938)	-	(2,527,938)	-
Highways and streets	2,175,856	-	261,600	(1,914,256)	-	(1,914,256)	-
Airport operations	123,249	124,564	850	2,165	-	2,165	-
Sanitation	7,344	45,987	-	38,643	-	38,643	-
Health	16,722	-	-	(16,722)	-	(16,722)	-
Welfare	169,540	-	-	(169,540)	-	(169,540)	-
Culture and recreation	700,310	113,719	-	(586,591)	-	(586,591)	-
Conservation	3,488	-	-	(3,488)	-	(3,488)	-
Interest on long-term debt	25,316	-	-	(25,316)	-	(25,316)	-
Total governmental activities	<u>8,226,611</u>	<u>871,672</u>	<u>262,450</u>	<u>(7,092,489)</u>	<u>-</u>	<u>(7,092,489)</u>	<u>-</u>
Business-type activities:							
Water department	791,238	754,675	3,584	-	(32,979)	(32,979)	-
Sewer department	1,708,829	854,085	2,016	-	(852,728)	(852,728)	-
Total business-type activities	<u>2,500,067</u>	<u>1,608,760</u>	<u>5,600</u>	<u>-</u>	<u>(885,707)</u>	<u>(885,707)</u>	<u>-</u>
Total	<u>\$ 10,726,678</u>	<u>\$ 2,480,432</u>	<u>\$ 268,050</u>	<u>(7,092,489)</u>	<u>(885,707)</u>	<u>(7,978,196)</u>	<u>-</u>
Component unit:							
Richards Free Library	<u>\$ 607,971</u>	<u>\$ 157,267</u>	<u>\$ 153,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(297,504)</u>
General revenues:							
Taxes:							
Property				4,649,794	-	4,649,794	-
Other				325,379	-	325,379	-
Motor vehicle permit fees				1,111,981	-	1,111,981	-
Licenses and other fees				58,974	-	58,974	-
Grants and contributions not restricted to specific programs				818,686	-	818,686	-
Miscellaneous				397,084	38,353	435,437	439,611
Total general revenues				<u>7,361,898</u>	<u>38,353</u>	<u>7,400,251</u>	<u>439,611</u>
Change in net position				269,409	(847,354)	(577,945)	142,107
Net position, beginning				(1,630,405)	7,962,083	6,331,678	2,276,981
Net position, ending				<u>\$ (1,360,996)</u>	<u>\$ 7,114,729</u>	<u>\$ 5,753,733</u>	<u>\$ 2,419,088</u>

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

EXHIBIT C-1
TOWN OF NEWPORT, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,717,352	\$ 1,152,505	\$ 6,869,857
Investments	182,402	571,695	754,097
Accounts receivable (net)	224,184	12,777	236,961
Taxes receivable	2,185,656	-	2,185,656
Intergovernmental receivable	139,614	197,885	337,499
Interfund receivable	961,716	9,221	970,937
Inventory	-	14,987	14,987
Prepaid items	115,711	15,211	130,922
Tax deeded property, subject to resale	139,345	-	139,345
Total assets	<u>\$ 9,665,980</u>	<u>\$ 1,974,281</u>	<u>\$ 11,640,261</u>
LIABILITIES			
Accounts payable	\$ 553,504	\$ 5,170	\$ 558,674
Accrued salaries and benefits	80,548	-	80,548
Intergovernmental payable	3,835,408	-	3,835,408
Interfund payable	9,221	257,310	266,531
Other payable	156,166	-	156,166
Total liabilities	<u>4,634,847</u>	<u>262,480</u>	<u>4,897,327</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	2,978,600	-	2,978,600
Unavailable revenue - Other	6,206	-	6,206
Total deferred inflows of resources	<u>2,984,806</u>	<u>-</u>	<u>2,984,806</u>
FUND BALANCES (DEFICIT)			
Nonspendable	255,056	636,993	892,049
Restricted	-	598,381	598,381
Committed	148,602	429,929	578,531
Assigned	1,236,736	79,099	1,315,835
Unassigned (deficit)	405,933	(32,601)	373,332
Total fund balances	<u>2,046,327</u>	<u>1,711,801</u>	<u>3,758,128</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,665,980</u>	<u>\$ 1,974,281</u>	<u>\$ 11,640,261</u>

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

EXHIBIT C-2
TOWN OF NEWPORT, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Total fund balances of governmental funds (Exhibit C-1)		\$ 3,758,128
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (266,531)	
Payables	<u>266,531</u>	-
Certain resources are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 1,764,782	
Deferred inflows of resources related to pensions	<u>(314,280)</u>	1,450,502
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in the funds.		551,606
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual.		(139,183)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(12,385)
Repayment of long-term liabilities not due until subsequent year are recorded in the governmental funds as prepaid items, but reduce the liability on the government-wide financial statements.		
Prepaid capital leases		(34,501)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bond	\$ 310,669	
Capital lease	55,476	
Compensated absences	274,198	
Net pension liability	<u>6,294,820</u>	(6,935,163)
Net position of governmental activities (Exhibit A)		<u><u>\$ (1,360,996)</u></u>

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

EXHIBIT C-3
TOWN OF NEWPORT, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,137,167	\$ 46,449	\$ 5,183,616
Licenses and permits	1,170,955	-	1,170,955
Intergovernmental	511,237	569,899	1,081,136
Charges for services	592,654	279,018	871,672
Miscellaneous	279,614	117,470	397,084
Total revenues	<u>7,691,627</u>	<u>1,012,836</u>	<u>8,704,463</u>
EXPENDITURES			
Current:			
General government	1,872,290	19,446	1,891,736
Public safety	2,974,730	174,236	3,148,966
Highways and streets	1,211,250	1,849	1,213,099
Airport operations	-	123,262	123,262
Sanitation	7,344	-	7,344
Health	16,722	-	16,722
Welfare	169,829	-	169,829
Culture and recreation	666,178	21,264	687,442
Conservation	715	2,773	3,488
Debt service:			
Principal	70,155	-	70,155
Interest	15,611	-	15,611
Other	42,872	-	42,872
Capital outlay	476,822	548,828	1,025,650
Total expenditures	<u>7,524,518</u>	<u>891,658</u>	<u>8,416,176</u>
Excess of revenues over expenditures	<u>167,109</u>	<u>121,178</u>	<u>288,287</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,836	893	12,729
Transfers out	(893)	(11,836)	(12,729)
Total other financing sources (uses)	<u>10,943</u>	<u>(10,943)</u>	<u>-</u>
Net change in fund balances	178,052	110,235	288,287
Fund balances, beginning	1,868,275	1,601,566	3,469,841
Fund balances, ending	<u>\$ 2,046,327</u>	<u>\$ 1,711,801</u>	<u>\$ 3,758,128</u>

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

EXHIBIT C-4
TOWN OF NEWPORT, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 288,287
Amounts reported for governmental activities in the Statement of Activities are different because:		
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (12,729)	
Transfers out	<u>12,729</u>	
-		
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred inflows for 60-day revenue recognition	\$ (176,331)	
Change in allowance for uncollectible property taxes	<u>(32,112)</u>	
(208,443)		
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Repayment of bond principal	\$ 70,155	
Repayment of capital leases	<u>30,369</u>	
100,524		
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 2,798	
Decrease in compensated absences payable	34,470	
Changes in balances related to GASB Statement No. 68	<u>51,773</u>	
<u>89,041</u>		
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 269,409</u></u>

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

EXHIBIT D
TOWN OF NEWPORT, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 4,942,841	\$ 4,942,841	\$ 4,928,724	\$ (14,117)
Licenses and permits	1,014,000	1,014,000	1,170,955	156,955
Intergovernmental	613,240	613,240	511,237	(102,003)
Charges for services	706,128	706,128	592,654	(113,474)
Miscellaneous	185,500	185,500	277,399	91,899
Total revenues	<u>7,461,709</u>	<u>7,461,709</u>	<u>7,480,969</u>	<u>19,260</u>
EXPENDITURES				
Current:				
General government	1,588,978	1,588,978	1,597,045	(8,067)
Public safety	3,095,453	3,095,453	2,935,273	160,180
Highways and streets	1,363,859	1,363,859	1,121,919	241,940
Sanitation	2,400	2,400	4,272	(1,872)
Health	12,573	12,573	12,032	541
Welfare	138,310	138,310	169,829	(31,519)
Culture and recreation	685,098	685,098	674,082	11,016
Conservation	-	-	715	(715)
Debt service:				
Principal	69,828	69,828	70,155	(327)
Interest	15,939	15,939	15,611	328
Other	42,872	42,872	42,872	-
Capital outlay	1,580,818	434,218	606,418	(172,200)
Total expenditures	<u>8,596,128</u>	<u>7,449,528</u>	<u>7,250,223</u>	<u>199,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,134,419)</u>	<u>12,181</u>	<u>230,746</u>	<u>218,565</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	22,820	22,820	22,656	(164)
Bond proceeds	1,146,600	-	-	-
Transfers out	(35,001)	(35,001)	(18,835)	16,166
Total other financing sources (uses)	<u>1,134,419</u>	<u>(12,181)</u>	<u>3,821</u>	<u>16,002</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	234,567	<u>\$ 234,567</u>
Increase in nonspendable fund balance			(92,226)	
Unassigned fund balance, beginning			669,809	
Unassigned fund balance, ending			<u>\$ 812,150</u>	

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

EXHIBIT E-1
TOWN OF NEWPORT, NEW HAMPSHIRE
Proprietary Funds
Statement of Net Position
June 30, 2017

	Business-type Activities		
	Enterprise Funds		
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 461,759	\$ 1,239,865	\$ 1,701,624
Investments	58,807	150,992	209,799
Accounts receivable	307,033	332,090	639,123
Interfund receivable	73,504	-	73,504
Restricted assets:			
Cash and cash equivalents	166,358	314,489	480,847
Total current assets	<u>1,067,461</u>	<u>2,037,436</u>	<u>3,104,897</u>
Noncurrent assets:			
Intergovernmental receivable	54,310	79,265	133,575
Capital assets:			
Land and construction in progress	83,738	3,102,876	3,186,614
Other capital assets, net of depreciation	1,952,377	3,091,028	5,043,405
Total noncurrent assets	<u>2,090,425</u>	<u>6,273,169</u>	<u>8,363,594</u>
Total assets	<u>3,157,886</u>	<u>8,310,605</u>	<u>11,468,491</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	<u>108,835</u>	<u>113,468</u>	<u>222,303</u>
LIABILITIES			
Current liabilities:			
Retainage payable	-	110,922	110,922
Accrued interest payable	3,975	1,507	5,482
Interfund payable	126,834	651,076	777,910
Noncurrent liabilities:			
Due within one year	52,750	54,774	107,524
Due in more than one year	492,947	3,041,691	3,534,638
Total liabilities	<u>676,506</u>	<u>3,859,970</u>	<u>4,536,476</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts related to pensions	<u>19,382</u>	<u>20,207</u>	<u>39,589</u>
NET POSITION			
Net investment in capital assets	1,918,874	3,558,519	5,477,393
Unrestricted	651,959	985,377	1,637,336
Total net position	<u>\$ 2,570,833</u>	<u>\$ 4,543,896</u>	<u>\$ 7,114,729</u>

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

EXHIBIT E-2
TOWN OF NEWPORT, NEW HAMPSHIRE
Proprietary Funds
Statement of Revenues, Expenses, and Change in Net Position
For the Fiscal Year Ended June 30, 2017

	Business-type Activities		
	Enterprise Funds		
	Water Department	Sewer Department	Total
Operating revenues:			
User charges	\$ 752,811	\$ 832,106	\$ 1,584,917
Miscellaneous	1,864	21,979	23,843
Total operating revenues	<u>754,675</u>	<u>854,085</u>	<u>1,608,760</u>
Operating expenses:			
Salaries and wages	474,872	487,191	962,063
Operation and maintenance	194,706	994,917	1,189,623
Depreciation and amortization	114,447	224,051	338,498
Total operating expenses	<u>784,025</u>	<u>1,706,159</u>	<u>2,490,184</u>
Operating loss	<u>(29,350)</u>	<u>(852,074)</u>	<u>(881,424)</u>
Nonoperating revenue (expense):			
Interest income	1,881	36,472	38,353
Interest expense	(7,213)	(2,670)	(9,883)
Intergovernmental	3,584	2,016	5,600
Total net nonoperating revenue (expenses)	<u>(1,748)</u>	<u>35,818</u>	<u>34,070</u>
Change in net position	(31,098)	(816,256)	(847,354)
Net position, beginning	<u>2,601,931</u>	<u>5,360,152</u>	<u>7,962,083</u>
Net position, ending	<u>\$ 2,570,833</u>	<u>\$ 4,543,896</u>	<u>\$ 7,114,729</u>

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

EXHIBIT E-3
TOWN OF NEWPORT, NEW HAMPSHIRE
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Business-type Activities		
	Enterprise Funds		
	Water Department	Sewer Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 826,348	\$ 958,067	\$ 1,784,415
Payments to employees	(464,524)	(396,074)	(860,598)
Payments to suppliers	(233,253)	(736,840)	(970,093)
Net cash provided (used) by operating activities	<u>128,571</u>	<u>(174,847)</u>	<u>(46,276)</u>
Cash flows from capital and related financing activities:			
Principal paid on bonds	(36,208)	(48,036)	(84,244)
Acquisition and construction of capital assets	(22,584)	(28,143)	(50,727)
Interest paid	(8,440)	(3,486)	(11,926)
Loss on capital asset disposal	-	4,159	4,159
Net cash used by capital and related financing activities	<u>(67,232)</u>	<u>(75,506)</u>	<u>(142,738)</u>
Cash flows from non-capital financing activities:			
State aid - water filtration grant	14,446	15,227	29,673
Cash flows from investing activities:			
Interest received	1,658	5,965	7,623
Net increase (decrease) in cash	77,443	(229,161)	(151,718)
Cash, beginning	550,674	1,783,515	2,334,189
Cash, ending	<u>\$ 628,117</u>	<u>\$ 1,554,354</u>	<u>\$ 2,182,471</u>

Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities

Operating loss	\$ (29,350)	\$ (852,074)	\$ (881,424)
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Depreciation expense	114,447	224,051	338,498
Changes in accounts receivables	71,673	103,982	175,655
Changes in retainage payable	-	55	55
Changes in compensated absences payable	(5,868)	11,871	6,003
Changes in deferred outflows, deferred inflows, and net pension liability associated with GASB Statement No. 68	16,216	79,246	95,462
Changes in interfund receivables	(12,695)	-	(12,695)
Changes in interfund payables	(25,852)	258,022	232,170
Total adjustments	<u>157,921</u>	<u>677,227</u>	<u>835,148</u>
Net cash provided (used) by operating activities	<u>\$ 128,571</u>	<u>\$ (174,847)</u>	<u>\$ (46,276)</u>

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

EXHIBIT F-1
TOWN OF NEWPORT, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
June 30, 2017

	Private Purpose Trust	Agency
	<u>Trust</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ 249,061	\$ -
Investments	<u>150,540</u>	<u>303,679</u>
Total assets	<u>399,601</u>	<u>303,679</u>
LIABILITIES		
Intergovernmental payable	<u>-</u>	<u>303,679</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 399,601</u>	<u>\$ -</u>

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

EXHIBIT F-2
TOWN OF NEWPORT, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
ADDITIONS	
New funds	\$ 7,670
Interest	9,496
Total revenue	17,166
DEDUCTIONS	
Scholarships	10,714
Change in net position	6,452
Net position, beginning	393,149
Net position, ending	\$ 399,601

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

TOWN OF NEWPORT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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TOWN OF NEWPORT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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TOWN OF NEWPORT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Newport, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Newport is a municipal corporation governed by an elected 5-member Board of Selectmen and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organizations governing board, and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organizations resources; (3) the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits or provide financial support to, the organization; or (4) the Town is obligated of the debt of the organization. Based on the foregoing criteria, the Richards Free Library is included as a discretely presented component unit in the Town's financial reporting entity. However, the financial statements presented for the Richards Free Library are as of and for the year ended December 31, 2016.

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities normally are supported through taxes and intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support.

The *Statement of Net Position* presents the financial position of the Town at year-end. This statement includes all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position, with the exception of the capital assets and related accumulated depreciation in the governmental activities, which have been omitted because they have not been inventoried at historical cost. In addition, long term costs of retirement, health care, and obligations for other postemployment benefits in the governmental activities have also been omitted because the liability and expense have not been determined.

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 requirements of a particular function or segment. Taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue. As in the Statement of Net Position mentioned above, the Town has not recorded depreciation expense nor other postemployment benefit expense in the governmental activities.

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

In the governmental fund financial statements, expenditures are reported by character: current, debt service or capital outlay. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

TOWN OF NEWPORT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. administration and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are generally reported as nonoperating.

Other Financing Sources (Uses) – these additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds and financing provided by bond proceeds. Transfers are reported when incurred as “transfers in” by the receiving fund and as “transfers out” by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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.

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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation - A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The Town reports the following major governmental fund:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54 guidance, the expendable trust funds and the CDBG Revolving Loan fund are consolidated in the general fund.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The Town reports the following major proprietary funds:

Sewer Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines. Under GASB Statement No. 54 guidance, the expendable trust funds are consolidated in the sewer fund.

Water Fund – accounts for the activities related to the operation of the water treatment plant, wells, and water system. Under GASB Statement No. 54 guidance, the expendable trust funds are consolidated in the water fund.

Additionally, the Town reports the following fund types:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - are used to account for the financial resources and activities relating to specific construction projects.

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Permanent Fund - is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

Fiduciary Funds – The Town also reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Agency Fund – are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets held on behalf of outside parties, including other governments.

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash 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 cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Restricted Assets

Certain proceeds of the water and sewer proprietary funds are classified as restricted assets on the balance sheet because their use is limited to expenses relating to new hook-ups for water and sewer users. In addition, in the Sewer Department, the cash associated with retainage payable for future contractor expenses has been reported as restricted since it will be used to satisfy contractual provisions.

1-F Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-G Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

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Fair Value Measurements of Investments – In accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. Holdings in U.S. government obligations and corporate bonds would be examples of Level 2 investments.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments would be an example of level 3 investments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

1-H Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-I Inventory

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's nonmajor airport fund consist of fuel held for subsequent sale. The cost of such inventories is recorded as expenses when sold rather than when purchased.

1-J Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses as the items are used. Under the full accrual basis of accounting used for the governmental-wide financial statements, prepayments of debt are recognized as they occurred (see Note 8).

1-K Capital Assets

Capital assets are defined by the Town as assets with an estimated life in excess of one year, and include property, plant, and equipment, infrastructure assets that are reported in business-type activities and enterprise funds. Capital assets in the governmental activities have not been capitalized as the Town has not determined the historical costs of the initial reporting of these assets.

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Capital assets of the enterprise fund are capitalized in the fund. Net interest cost is capitalized on enterprise fund capital assets during the construction period.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the business-type activities of the government-wide financial statements and in the enterprise fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	20 - 40
Machinery and equipment	5 - 40
Other improvements	40

1-L Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-M Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 23, 2016 and November 10, 2016, and due on July 7, 2016 and December 19, 2016. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Newport School District, and Sullivan County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2016 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$412,135,776
For all other taxes	\$429,384,776

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The tax rates and amounts assessed for the year ended June 30, 2017 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$11.26	\$ 4,833,246
School portion:		
State of New Hampshire	\$2.20	908,537
Local	\$12.39	5,320,452
County portion	\$2.88	1,236,042
Total	\$28.73	\$12,298,277

1-N Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2017.

1-O Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-P Long-term Obligations

In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of fund Net Position.

1-Q Compensated Absences

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that is probable benefits will result in termination payments. The liability is based on the Town's experience of making termination payments.

1-R Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No.73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules are prepared by New Hampshire Retirement System, and are audited by the plan's independent auditors.

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1-S Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Because the Town has not reported all of its capital assets in the governmental activities, this amount is a negative balance.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government’s fund balances is more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen or Town Manager through the budgetary process.

Unassigned – This classification includes the amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by an offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-T Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general, proprietary, and nonmajor airport funds. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2017, none of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$7,503,625
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	2,215
To eliminate transfers between blended funds	(10,820)
Change in unavailable tax revenue relating to 60-day revenue recognition	176,331
Change in reserve for uncollectible property taxes, not reported on GAAP basis	32,112
Per Exhibit C-3 (GAAP basis)	<u>\$7,703,463</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$7,269,058
Adjustment:	
Basis differences:	
Encumbrances, beginning	1,362,773
Encumbrances, ending	(1,187,282)
GASB Statement No. 54:	
To eliminate transfers between blended funds	(35,000)
To recognize expenditures not reported on the budgetary basis of accounting	115,862
Per Exhibit C-3 (GAAP basis)	<u>\$7,525,411</u>

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2-C Deficit Fund Balance

The airport special revenue fund had a total deficit fund balance of \$2,403 at June 30, 2017. This deficit will be financed through the recognition of deferred inflows of resources (hangar lease payments) in subsequent fiscal years.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2017, the reported amount of the Town’s deposits was \$9,488,668 and the bank balance was \$9,718,170. Of the bank balance \$6,280,893 was covered by federal depository insurance or by collateral held by the Town’s agent in the Town’s name, \$3,437,277 was uninsured and uncollateralized, and \$315,999 held in short-term investments.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$9,239,607
Cash per Statement of Net Position - Fiduciary Fund (Exhibit F-1)	<u>249,061</u>
Total cash and cash equivalents	<u><u>\$9,488,668</u></u>

NOTE 4 – RESTRICTED ASSETS

Restricted cash and cash equivalents in the proprietary funds at June 30, 2017 consisted of the following:

Water department:	
Water hookup fees	<u>\$ 166,358</u>
Sewer department:	
Sewer hookup fees	203,567
Sewer retainage	<u>110,922</u>
Total sewer department	<u>314,489</u>
Total restricted cash and cash equivalents	<u><u>\$ 480,847</u></u>

NOTE 5 – INVESTMENTS

Note 1-G describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

At June 30, 2017, the Town and discretely presented component unit had the following investments:

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	Valuation		Component Unit		Total	
	Method	Governmental Activities	Business-type Activities	Richards Free Library		Fiduciary Funds
Certificates of deposit	Level 1	\$ 118,603	\$ 209,799	\$ -	\$ 303,679	\$ 632,081
Common stock	Level 1	2,405	-	-	5,928	8,333
Corporate bonds	Level 2	114,701	-	-	-	114,701
Equity exchange traded funds	Level 1	-	-	1,348,162	61,826	1,409,988
Equity mutual fund	Level 1	183,934	-	-	-	183,934
Fixed income exchange traded funds	Level 2	-	-	-	58,701	58,701
Fixed income mutual fund	Level 2	-	-	-	24,085	24,085
Municipal bonds	Level 2	172,228	-	-	-	172,228
New Hampshire Public Deposit Investment Pool	Level 2	63,800	-	-	-	63,800
U.S. Government agency bonds	Level 2	40,411	-	-	-	40,411
U.S. Treasury bonds	Level 2	58,015	-	-	-	58,015
		<u>\$ 754,097</u>	<u>\$ 209,799</u>	<u>\$ 1,348,162</u>	<u>\$ 454,219</u>	<u>#####</u>

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At June 30, 2017, the Town and discretely presented component unit had the following investments and maturities:

	Fair Value	Less Than 1				Total
		Year	1-5 Years	6-10 Years	Thereafter	
Investments type:						
Certificates of deposit	\$ -	\$348,655	\$283,426	\$ -	\$ -	\$ 632,081
Common stock	8,333	-	-	-	-	8,333
Corporate bonds	-	-	26,863	87,838	-	114,701
Equity exchange traded funds	1,409,988	-	-	-	-	1,409,988
Equity mutual fund	183,934	-	-	-	-	183,934
Fixed income exchange traded funds	58,701	-	-	-	-	58,701
Fixed income mutual fund	24,085	-	-	-	-	24,085
Municipal bonds	-	20,022	117,721	-	34,485	172,228
New Hampshire Public Deposit Investment Poc	63,800	-	-	-	-	63,800
U.S. Government agency bonds	-	35,622	4,789	-	-	40,411
U.S. Treasury bonds	-	-	29,503	28,512	-	58,015
Total fair value	<u>\$1,748,841</u>	<u>\$404,299</u>	<u>\$462,302</u>	<u>\$116,350</u>	<u>\$34,485</u>	<u>\$2,766,277</u>

Interest Rate Risk – This 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town has no formal policy on managing credit risk; however, State law limits investments as explained in Note 1-G. The Town’s investment pool had the following credit risk structure at June 30, 2017:

Investment Type	Credit Rating*	Fair Value	Percent of Grand Total
Corporate bonds	A	\$ 57,982	15.05%
Corporate bonds	Baa	56,719	14.72%
		114,701	29.77%
Municipal bonds	Aa	137,743	35.74%
Municipal bonds	A	34,485	8.95%
		172,228	44.69%
U.S. Government agency bonds	Aaa	35,400	9.19%
U.S. Government agency bonds	NR	5,011	1.30%
		40,411	10.49%
U.S. Treasury bonds	Aaa	58,015	15.05%
Total		<u>\$385,355</u>	<u>100.00%</u>

*Per Moody's

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g. broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have custodial credit risk policies for investments.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town’s investments are in Lake Sunapee Bank. These investments are 19% of the Town’s total investments.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$2,312,058
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F-1)	<u>454,219</u>
Total investments	<u>\$2,766,277</u>

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NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2017. The amount has been reduced by an allowance for an estimated uncollectible amount of \$139,183. Taxes receivable by year are as follows:

	<u>As reported on:</u>	
	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Property:		
Levy of 2017	\$ 1,507,646	\$ 1,507,646
Unredeemed (under tax lien):		
Levy of 2016	306,639	306,639
Levy of 2015	238,483	238,483
Levies of 2014 and prior	125,930	125,930
Yield	6,958	6,958
Less: allowance for estimated uncollectible taxes	<u>(139,183) *</u>	<u>-</u>
Net taxes receivable	<u>\$2,046,473</u>	<u>\$2,185,656</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 7 – OTHER RECEIVABLES

Receivables at June 30, 2017, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of June 30, 2017 for the Town's governmental and proprietary funds including applicable allowances for uncollectible accounts are as follows:

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
	Receivables:					
Accounts	\$ 482,318	\$ 12,777	\$ 495,095	\$ 307,033	\$ 332,090	\$ 639,123
Intergovernmental	<u>139,614</u>	<u>197,885</u>	<u>337,499</u>	<u>54,310</u>	<u>79,265</u>	<u>133,575</u>
Gross receivables	621,932	210,662	832,594	361,343	411,355	772,698
Less: allowance for uncollectibles	<u>(258,134)</u>	<u>-</u>	<u>(258,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 363,798</u>	<u>\$ 210,662</u>	<u>\$ 574,460</u>	<u>\$ 361,343</u>	<u>\$ 411,355</u>	<u>\$ 772,698</u>

NOTE 8 – PREPAID ITEMS

Prepaid items at June 30, 2017 consisted of the following:

	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Insurance	\$ 42,898	\$ 42,898
Lease prepayments	-	34,501 *
Dues and fees	5,959	5,959
Postage	529	529
Miscellaneous	<u>47,035</u>	<u>47,035</u>
Total	<u>\$ 96,421</u>	<u>\$ 130,922</u>

*This amount was not recorded on the government-wide Statement of Net Position (Exhibit A), as it has been applied against the capital lease payable at year end as indicated in Note 13.

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NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	Balance, beginning	Additions	Disposals	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 442,421	\$ -	\$ -	\$ 442,421
Construction in progress	2,741,011	3,182	-	2,744,193
Total capital assets not being depreciated	<u>3,183,432</u>	<u>3,182</u>	<u>-</u>	<u>3,186,614</u>
Being depreciated:				
Buildings and building improvements	6,333,419	-	-	6,333,419
Machinery and equipment	1,719,992	47,545	(33,089)	1,734,448
Other improvements	4,953,720	-	-	4,953,720
Total capital assets being depreciated	<u>13,007,131</u>	<u>47,545</u>	<u>(33,089)</u>	<u>13,021,587</u>
Total all capital assets	<u>16,190,563</u>	<u>50,727</u>	<u>(33,089)</u>	<u>16,208,201</u>
Less accumulated depreciation:				
Buildings and building improvements	(4,205,673)	(158,839)	-	(4,364,512)
Machinery and equipment	(1,492,962)	(50,226)	28,930	(1,514,258)
Other improvements	(1,969,979)	(129,433)	-	(2,099,412)
Total accumulated depreciation	<u>(7,668,614)</u>	<u>(338,498)</u>	<u>28,930</u>	<u>(7,978,182)</u>
Net book value, capital assets being depreciated	<u>5,338,517</u>	<u>(290,953)</u>	<u>(4,159)</u>	<u>5,043,405</u>
Net book value, all business-type activities capital assets	<u>\$ 8,521,949</u>	<u>\$ (287,771)</u>	<u>\$ (4,159)</u>	<u>\$ 8,230,019</u>
Discretely presented component unit:				
At cost:				
Being depreciated:				
Buildings and building improvements	\$ 1,116,475	\$ -	\$ -	\$ 1,116,475
Less accumulated depreciation:				
Buildings and building improvements	(204,200)	(28,628)	-	(232,828)
Net book value, all discretely presented component unit capital as	<u>\$ 912,275</u>	<u>\$ (28,628)</u>	<u>\$ -</u>	<u>\$ 883,647</u>

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

Business-type activities:	
Water	\$ 114,447
Sewer	224,051
	<u>\$ 338,498</u>
Discretely presented component unit:	
Library	<u>\$ 28,628</u>

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NOTE 10 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental funds:		
General	Water	\$ 126,834
	Sewer	577,572
	Nonmajor	257,310
Nonmajor	General	<u>9,221</u>
		<u>970,937</u>
Business-type activities:		
Water	Sewer	<u>73,504</u>
		<u><u>\$ 1,044,441</u></u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers - The composition of interfund transfers for the year ended June 30, 2017 is as follows:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Transfers out:			
General fund	\$ -	\$ 893	\$ 893
Nonmajor fund	<u>11,836</u>	<u>-</u>	<u>11,836</u>
Total	<u><u>\$ 11,836</u></u>	<u><u>\$ 893</u></u>	<u><u>\$ 12,729</u></u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 11 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$4,139,087 at June 30, 2017 consist of the following:

General fund:		
Property taxes levied prior to their due date and payable to:		
Sullivan County		\$ 622,260
Newport School District		3,135,858
New Hampshire Retirement System		72,777
Miscellaneous fees due to the State of New Hampshire and US Treasury		<u>4,513</u>
Total general fund		<u>3,835,408</u>
Agency fund:		
Trust funds held by the Town's Trustees of Trust Funds on behalf of the Newport School District		<u>303,679</u>
Total intergovernmental payables due		<u><u>\$4,139,087</u></u>

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of \$1,764,782 in the governmental activities and \$222,303 (\$108,835 for the Water Department and \$113,468 for the Sewer Department) in the business-type activities at June 30, 2017 consists of amounts related to pensions, see Note 15.

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Deferred inflows of resources reported as unavailable revenue are as follows:

	Governmental Activities	General Fund	Proprietary Funds	
			Water Department	Sewer Department
Property taxes levied prior to their due date	\$2,433,200	\$2,433,200	\$ -	\$ -
Property tax receivables not collected within 60 days of the end of the year*	-	545,400	-	-
Grant revenue collected in advance of eligible expenditures*	-	6,206	-	-
Amounts related to pensions, see Note 15	314,280	-	19,382	20,207
Total deferred inflows of resources	<u>\$2,747,480</u>	<u>\$2,984,806</u>	<u>\$ 19,382</u>	<u>\$ 20,207</u>

*This amount is not recorded on the government-wide Statement of Net Position, as it has been recognized as revenue on the full accrual basis in accordance with GASB Statement No. 34.

NOTE 13 – CAPITAL LEASE

The Town has entered into a capital lease agreement under which the related equipment will become the property of the Town when all the terms of the lease agreement are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2017
Capital lease obligations:		
Sidewalk plow	4.50%	<u>\$ 55,476</u>

The annual requirements to amortize the capital lease payable as of June 30, 2017, including interest payments, are as follows:

For Fiscal Year Ending	Principal	Interest	Total
June 30,			
2018	\$ - *	\$ - *	\$ - *
2019	12,967	2,496	15,463
2020	13,551	1,913	15,464
2021	14,161	1,303	15,464
2022	14,797	666	15,463
	<u>\$ 55,476</u>	<u>\$ 6,378</u>	<u>\$ 61,854</u>

*Amounts have been prepaid.

NOTE 14 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2017:

Governmental activities:	Balance			Balance June 30, 2017	Due Within One Year
	July 1, 2016	Additions	Reductions		
General obligation bond	\$ 380,824	\$ -	\$ (70,155)	\$ 310,669	\$ 73,031
Capital leases	85,845	-	(30,369)	55,476	-
Compensated absences	308,668	-	(34,470)	274,198	-
Net pension liability	4,842,352	1,452,468	-	6,294,820	-
Total long-term liabilities	<u>\$ 5,617,689</u>	<u>\$ 1,452,468</u>	<u>\$ (134,994)</u>	<u>\$ 6,935,163</u>	<u>\$ 73,031</u>

(Continued)

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Long-term liabilities continued:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 2,836,869	\$ -	\$ (84,243)	\$ 2,752,626	\$ 84,243
Compensated absences	90,598	6,003	-	96,601	23,281
Net pension liability	509,109	283,826	-	792,935	-
Total long-term liabilities	<u>\$ 3,436,576</u>	<u>\$ 289,829</u>	<u>\$ (84,243)</u>	<u>\$ 3,642,162</u>	<u>\$ 107,524</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2017
Governmental activities:					
General obligation bond payable:					
Pumper/rescue truck	\$ 900,000	2007	2021	4.100	<u>\$ 310,669</u>
Business-type activities:					
General obligation bonds payable:					
Water treatment plant	\$ 1,050,000	1992	2022	5.500	117,241
Parkview sewer project	\$ 120,000	2005	2026	4.500	32,300
Guild pump station	\$ 440,362	2009	2026	2.180	44,036
State revolving loan*	\$ 2,559,049	2013			<u>2,559,049</u>
					<u>2,752,626</u>
Total					<u>\$ 3,063,295</u>

***Water Pollution Control Revolving Loan Fund Program** – Drawdowns received under the Water Pollution Control Revolving Loan Fund Program will be consolidated by a promissory note upon substantial completion of the wastewater treatment facility. Management is of the opinion that 30% of the total drawdowns will be forgiven by the Environmental Protection Agency (EPA) through the State of New Hampshire. However, as of June 30, 2017, drawdowns received to date totaling \$2,559,049 are recorded on the Town's financial statements, exclusive of the 30% anticipated forgiveness. Interest on the drawdown accrued from the date of the drawdown at 1.00% per annum. The note, plus interest, will be repaid from the sewer department fund.

The annual requirements to amortize the **governmental activities** general obligation bond outstanding as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 73,031	\$ 12,734	\$ 85,765
2019	76,026	9,739	85,765
2020	79,143	6,622	85,765
2021	82,469	3,295	85,764
Totals	<u>\$ 310,669</u>	<u>\$ 32,390</u>	<u>\$ 343,059</u>

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The annual requirements to amortize the *business-type activities* general obligation bonds outstanding as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 84,243	\$ 8,862	\$ 93,105
2019	40,207	5,730	45,937
2020	40,207	3,559	43,766
2021	12,620	1,387	14,007
2022	4,000	734	4,734
2023-2026	12,300	1,133	13,433
Totals	<u>\$ 193,577</u>	<u>\$ 21,405</u>	<u>\$ 214,982</u>

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 84,243	\$ 8,862	\$ 93,105
2019	40,207	5,730	45,937
2020	40,207	3,559	43,766
2021	12,620	1,387	14,007
2022	4,000	734	4,734
2023-2026	12,300	1,133	13,433
Totals	<u>\$ 193,577</u>	<u>\$ 21,405</u>	<u>\$ 214,982</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental and proprietary fund revenues. Water Pollution Control Revolving Loan balance not included above as the loan has not entered repayment.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2017 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
May 8, 2007	Guild sewer pump station replacement	\$ 104,638
May 13, 2008	Ambulance	50,000
May 11, 2010	Closing sewer lagoon	3,000,000
May 11, 2010	Wastewater treatment plant upgrade	5,400,000
April 2, 2013	Ambulance	78,000
May 10, 2016	Oak St. Bridge	509,000
May 10, 2016	1st, 2nd, 3rd, 4th, Knoll St.'s Infrastructure Project	3,003,100
May 9, 2017	Coon Brook Road	144,000
		<u>\$ 12,288,738</u>

NOTE 15 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension 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

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officers with in the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided: The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service. Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. For fiscal year 2017, the Town contributed 26.38% for police, 29.16% for fire fighters, and 11.17% for all other employees. The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$495,388, \$533,292, and \$525,515, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At June 30, 2017 the Town reported a total liability of \$7,087,755, of which \$6,294,820 reported in the governmental activities and \$792,935 reported in the business-type activities for their proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2016, the Town's proportion was .13328872% which was a decrease of .00179709% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$735,551. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Changes in proportion	\$ 141,082	\$ 234,792
Changes in assumptions	774,692	-
Differences between expected and actual experience	17,493	79,488
Net difference between projected and actual investment earnings on pension plan investments	393,836	-
Contributions subsequent to the measurement date	437,679	-
Total governmental activities	<u>1,764,782</u>	<u>314,280</u>
Business-type activities:		
Changes in proportion	17,771	29,576
Changes in assumptions	97,585	10,013
Differences between expected and actual experience	2,204	-
Net difference between projected and actual investment earnings on pension plan investments	49,610	-
Contributions subsequent to the measurement date	55,133	-
Total business-type activities	<u>222,303</u>	<u>39,589</u>
Grand total	<u>\$ 1,987,085</u>	<u>\$ 353,869</u>

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The \$492,812 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2017	\$ 172,884	\$ 25,363	\$ 198,247
2018	172,884	25,363	198,247
2019	339,272	49,772	389,044
2020	296,113	43,440	339,553
2021	13,354	1,959	15,313
Totals	<u>\$ 994,507</u>	<u>\$ 145,897</u>	<u>\$ 1,140,404</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions which, accordingly apply to 2016 measurements:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
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 last experience study.

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

Long-term Rates of Return: The long-term expected rate of return on pension plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2016</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.75%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	<u>20.00%</u>	
Core Bonds	5.00%	(0.64%)
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	(1.71%)
Absolute Return Fixed Income	7.00%	1.08%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	3.68%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.25%
Total	<u>100.00%</u>	

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Discount Rate: The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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 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 investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table 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:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2016	\$ 9,107,282	\$ 7,087,755	\$ 5,412,877

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town’s contractual agreements. The town does not directly pay for the retirees but through the implicit costs associated with the rates paid for current employees that are charged to the general, sewer, and water funds.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, which was effective for the Town on January 1, 2009, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements. The Town has not implemented GASB Statement No. 45 at June 30, 2017 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town. The amounts that should be recorded as the annual required contribution/OPEB cost and the net OPEB obligation are unknown.

NOTE 17 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2017 are as follows:

General fund:	
General government	\$ 329,720
Public safety	76,200
Highways and streets	102,992
Sanitation	1,000
Culture and recreation	10,554
Capital outlay	666,816
Total encumbrances	<u>\$ 1,187,282</u>

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NOTE 18 – STATE AID TO WATER POLLUTION PROJECTS

The Town is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

<u>Bonds Issued</u>	<u>Amount</u>
WWTP	\$ 54,310
Guild station	79,265
Total	<u>\$ 133,575</u>

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At June 30, 2017, the Town is due to receive the following annual amounts to offset debt payments:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30,	
2018	\$ 24,073
2019	24,073
2020	24,073
2021	24,073
2022	24,073
2023	13,210
	<u>\$ 133,575</u>

NOTE 19 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2017 include the following:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Component</u>
	Activities	Activities		Unit
Net investment in capital assets:				
Net property, buildings, and equipment	\$ -	\$ 8,230,019	\$ 8,230,019	\$ 883,647
Less:				
General obligation bonds payable	(310,669)	(2,752,626)	(3,063,295)	-
Capital leases payable	(55,476)	-	(55,476)	-
Total net investment in capital assets	<u>(366,145)</u>	<u>5,477,393</u>	<u>5,111,248</u>	<u>883,647</u>
Restricted net position:				
Airport	14,987	-	14,987	-
Police drug forfeiture	7,655	-	7,655	-
Capital projects	580,834	-	580,834	-
Nonexpendable permanent funds	606,795	-	606,795	-
Expendable permanent funds	9,892	-	9,892	-
Library purposes	-	-	-	1,535,441
Total restricted net position	<u>1,220,163</u>	<u>-</u>	<u>1,220,163</u>	<u>1,535,441</u>
Unrestricted	<u>(2,215,014)</u>	<u>1,637,336</u>	<u>(577,678)</u>	<u>-</u>
Total net position	<u>\$ (1,360,996)</u>	<u>\$ 7,114,729</u>	<u>\$ 5,753,733</u>	<u>\$ 2,419,088</u>

TOWN OF NEWPORT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

NOTE 20 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2017 include the following:

Nonspendable:		
Major fund:		
General:		
Prepaid items	\$ 115,711	
Tax dedeed property, subject to resale	<u>139,345</u>	
	<u>255,056</u>	
Nonmajor funds:		
Airport - prepaid items	15,211	
Airport - inventory	14,987	
Permanent fund - principal balance	<u>606,795</u>	
	<u>636,993</u>	
Total nonspendable fund balance		\$ 892,049
Restricted:		
Nonmajor funds:		
Police drug forfeiture	\$ 7,655	
Town hall improvements	467,709	
Bridge	113,125	
Permanent fund - income balance	<u>9,892</u>	
Total restricted fund balance		598,381
Committed:		
Major fund:		
General:		
Expendable trust	<u>\$ 148,602</u>	
Nonmajor funds:		
Conservation commission	45,829	
Police details	20,499	
Bald Mt TIF District	202,032	
Recreation revolving	<u>161,569</u>	
	<u>429,929</u>	
Total committed fund balance		578,531
Assigned:		
Major fund:		
General:		
Encumbrances	\$ 1,187,282	
CDBG revolving loan	<u>49,454</u>	
	<u>1,236,736</u>	
Nonmajor funds:		
Ambulance	15,089	
Neighborhood Improvement	<u>64,010</u>	
	<u>79,099</u>	
Total assigned fund balance		1,315,835
Unassigned (deficit):		
Major fund:		
General	\$ 405,933	
Nonmajor fund:		
Airport (deficit)	<u>(32,601)</u>	
Total unassigned fund balance		<u>373,332</u>
Total governmental fund balances		<u><u>\$ 3,758,128</u></u>

TOWN OF NEWPORT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

NOTE 21 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2017, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2017 to June 30, 2017 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Newport billed and paid for the year ended June 30, 2017 was \$85,795 for workers' compensation and \$124,396 for property/liability.

NOTE 22 – RELATED PARTY TRANSACTIONS

Financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transaction, and amounts due to or due from the related party at the financial statement date. The Economic Corporation of Newport, Inc. (ECON) is a separate 501(c)3 non-profit entity formed under the direction of the 1991 Town of Newport town meeting for the development of economic projects and relationships to benefit the Town. The Town Manger is an automatic member of the ECON Board, but the Board is self-appointing for all other members. While not a component unit, ECON does qualify as a related party.

The Town and ECON have many interactions through the course of the year. One ongoing activity is the Town manages the Ash Landfill owned by ECON as a contracted service. For the year ended June 30, 2017 the contract was in the amount of \$35,000 plus any additional costs, and at June 30, 2017 the Town has reported a receivable in the amount of \$66,333 from ECON.

NOTE 23 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 24 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through August 28, 2018, the date the June 30, 2017 financial statements were available to be issued, and the following occurred that required recognition or disclosure:

In January 2015, a general contractor filed and served the Town with a lawsuit seeking unpaid sums still due under a \$2.3 million wastewater treatment facility construction contract, as well as damages. The Town filed counterclaims against the contractor, as well as third party cross-claims against the engineering firm and subcontractor that designed the facility, alleging breaches of contract and negligence and seeking damages. The facility cannot be operating and the Town is unable to meet the discharge limits required by the EPA in the Town's NH DES permit, which was the purpose of constructing the facility. The parties are engaged in discovery and a trial in 2018 is currently scheduled.

In August 2015, the Town signed an Administrative Order by Consent with the NH Department of Environmental Services provided for a new facilities plan to be developed by the Town by December 31, 2017. The Town has entered into a contract with a different engineering firm to complete this plan.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF NEWPORT, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2017

Fiscal Year End	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2017	June 30, 2016	0.13328872%	\$ 7,087,755	\$ 3,017,829	234.86%	58.30%
June 30, 2016	June 30, 2015	0.13508581%	\$ 5,351,461	\$ 3,025,088	176.90%	65.47%
June 30, 2015	June 30, 2014	0.12912300%	\$ 4,846,743	\$ 2,934,611	165.16%	59.81%
June 30, 2014	June 30, 2013	0.13933736%	\$ 5,996,780	\$ 2,974,004	201.64%	66.32%

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

EXHIBIT H
TOWN OF NEWPORT, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2017

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2017	June 30, 2016	\$ 477,279	\$ 477,279	\$ -	\$ 3,017,829	15.82%
June 30, 2016	June 30, 2015	\$ 453,197	\$ 453,197	\$ -	\$ 3,025,088	14.98%
June 30, 2015	June 30, 2014	\$ 418,905	\$ 418,905	\$ -	\$ 2,934,611	14.27%
June 30, 2014	June 30, 2013	\$ 346,467	\$ 346,467	\$ -	\$ 2,974,004	11.65%

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

TOWN OF NEWPORT, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at June 30, 2017 and preceding three years.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2016:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	23 Years beginning July 1, 2016 (30 years beginning July 1, 2009)
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.85% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF NEWPORT, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,609,171	\$ 4,649,794	\$ 40,623
Land use change	22,000	8,380	(13,620)
Yield	22,000	19,874	(2,126)
Excavation	3,000	2,110	(890)
Payment in lieu of taxes	96,670	93,490	(3,180)
Interest and penalties on taxes	190,000	155,076	(34,924)
Total from taxes	<u>4,942,841</u>	<u>4,928,724</u>	<u>(14,117)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	975,000	1,111,981	136,981
Building permits	15,000	27,385	12,385
Other	24,000	31,589	7,589
Total from licenses, permits, and fees	<u>1,014,000</u>	<u>1,170,955</u>	<u>156,955</u>
Intergovernmental:			
State:			
Meals and rooms distribution	333,733	333,733	-
Highway block grant	177,507	177,504	(3)
Other	102,000	-	(102,000)
Total from intergovernmental	<u>613,240</u>	<u>511,237</u>	<u>(102,003)</u>
Charges for services:			
Income from departments	<u>706,128</u>	<u>592,654</u>	<u>(113,474)</u>
Miscellaneous:			
Sale of municipal property	2,000	18,591	16,591
Interest on investments	500	14,098	13,598
Rent of property	95,000	101,140	6,140
Contributions and donations	88,000	120,429	32,429
Other	-	23,141	23,141
Total from miscellaneous	<u>185,500</u>	<u>277,399</u>	<u>91,899</u>
Other financing sources:			
Transfers in	<u>22,820</u>	<u>22,656</u>	<u>(164)</u>
Total revenues and other financing sources	<u><u>\$ 7,484,529</u></u>	<u><u>\$ 7,503,625</u></u>	<u><u>\$ 19,096</u></u>

SCHEDULE 2
TOWN OF NEWPORT, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 94,500	\$ 169,237	\$ 232,492	\$ 107,655	\$ (76,410)
Election and registration	-	146,307	145,281	-	1,026
Financial administration	32,316	339,458	357,075	5,004	9,695
Revaluation of property	221,009	133,802	261,804	83,934	9,073
Legal	31,063	40,000	73,759	29,274	(31,970)
Planning and zoning	-	102,623	104,765	-	(2,142)
General government buildings	199,894	528,171	571,636	88,853	67,576
Cemeteries	19,233	8,327	1,705	-	25,855
Insurance, not otherwise allocated	-	1	-	-	1
Advertising and regional associations	-	14,051	13,904	-	147
Other	6,950	107,001	109,869	15,000	(10,918)
Total general government	604,965	1,588,978	1,872,290	329,720	(8,067)
Public safety:					
Police	51,494	1,538,072	1,489,245	28,700	71,621
Ambulance	5,000	500,001	439,138	5,000	60,863
Fire	43,969	553,150	552,112	37,500	7,507
Building inspection	-	42,017	42,371	-	(354)
Emergency management	-	5,021	4,781	5,000	(4,760)
Other	15,194	457,192	447,083	-	25,303
Total public safety	115,657	3,095,453	2,974,730	76,200	160,180
Highways and streets:					
Public works garage	63,657	329,635	318,183	61,500	13,609
Highways and streets	128,666	947,324	802,400	11,492	262,098
Bridges	-	8,700	6,829	-	1,871
Street lighting	-	78,200	83,838	30,000	(35,638)
Total highways and streets	192,323	1,363,859	1,211,250	102,992	241,940
Sanitation:					
Solid waste collection	4,072	2,400	7,344	1,000	(1,872)
Health:					
Administration	-	2,142	1,557	-	585
Health agencies	4,690	10,431	15,165	-	(44)
Total health	4,690	12,573	16,722	-	541
Welfare:					
Administration	-	38,310	37,123	-	1,187
Direct assistance	-	100,000	132,706	-	(32,706)
Total welfare	-	138,310	169,829	-	(31,519)
Culture and recreation:					
Parks and recreation	-	345,598	324,500	5,000	16,098
Library	650	337,500	338,173	4,000	(4,023)
Patriotic purposes	2,000	2,000	3,505	1,554	(1,059)
Total culture and recreation	2,650	685,098	666,178	10,554	11,016
Conservation	-	-	715	-	(715)

(Continued)

SCHEDULE 2 (Continued)
TOWN OF NEWPORT, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	69,828	70,155	-	(327)
Interest on long-term debt	-	15,938	15,611	-	327
Interest on tax anticipation notes	-	1	-	-	1
Other	-	42,872	42,872	-	-
Total debt service	-	128,639	128,638	-	1
Capital outlay	421,358	434,218	360,960	666,816	(172,200)
Other financing uses:					
Transfers out	17,058	35,001	35,893	-	16,166
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 1,362,773</u>	<u>\$ 7,484,529</u>	<u>\$ 7,444,549</u>	<u>\$ 1,187,282</u>	<u>\$ 215,471</u>

SCHEDULE 3
TOWN OF NEWPORT, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2017

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 669,809
Changes:		
2016-2017 Budget summary:		
Revenue surplus (Schedule 1)	\$ 19,096	
Unexpended balance of appropriations (Schedule 2)	215,471	
2016-2017 Budget surplus		234,567
Increase in nonspendable fund balance		(92,226)
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		812,150
<i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i>		
Deferred inflows of resources for property taxes not collected within 60 days of the fiscal year-end		(545,400)
Allowance for uncollectible property taxes not recognized on GAAP basis		139,183
Unassigned fund deficit, ending, GAAP basis (Exhibit C-1)		\$ 405,933

SCHEDULE 4
TOWN OF NEWPORT, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds					
	Ambulance	Airport	Conservation Commission	Grants	Neighborhood Improvement Fund	CDBG
ASSETS						
Cash and cash equivalents	\$ 33,088	\$ 119,911	\$ 57,605	\$ -	\$ 64,010	\$ -
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	362
Intergovernmental receivable	-	-	-	4,688	-	46,628
Interfund receivable	-	-	-	-	-	-
Inventory	-	14,987	-	-	-	-
Prepaid items	-	15,211	-	-	-	-
Total assets	<u>\$ 33,088</u>	<u>\$ 150,109</u>	<u>\$ 57,605</u>	<u>\$ 4,688</u>	<u>\$ 64,010</u>	<u>\$ 46,990</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	17,999	152,512	11,776	4,688	-	46,990
Total liabilities	<u>17,999</u>	<u>152,512</u>	<u>11,776</u>	<u>4,688</u>	<u>-</u>	<u>46,990</u>
FUND BALANCES (DEFICIT)						
Nonspendable	-	30,198	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	45,829	-	-	-
Assigned	15,089	-	-	-	64,010	-
Unassigned (deficit)	-	(32,601)	-	-	-	-
Total fund balances (deficit)	<u>15,089</u>	<u>(2,403)</u>	<u>45,829</u>	<u>-</u>	<u>64,010</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 33,088</u>	<u>\$ 150,109</u>	<u>\$ 57,605</u>	<u>\$ 4,688</u>	<u>\$ 64,010</u>	<u>\$ 46,990</u>

Special Revenue Funds				Capital Project Funds			Total
Police Details	Bald Mt TIF District	Recreation Revolving	Police Drug Forfeiture	Town Hall Improvements	Bridge	Permanent Fund	
\$ -	\$ 202,032	\$ 161,569	\$ 11,688	\$ 418,156	\$ 16,109	\$ 68,337	\$ 1,152,505
-	-	-	-	-	-	571,695	571,695
12,415	-	-	-	-	-	-	12,777
-	-	-	-	49,553	97,016	-	197,885
8,084	-	-	1,137	-	-	-	9,221
-	-	-	-	-	-	-	14,987
-	-	-	-	-	-	-	15,211
<u>\$ 20,499</u>	<u>\$ 202,032</u>	<u>\$ 161,569</u>	<u>\$ 12,825</u>	<u>\$ 467,709</u>	<u>\$ 113,125</u>	<u>\$ 640,032</u>	<u>\$ 1,974,281</u>
\$ -	\$ -	\$ -	\$ 5,170	\$ -	\$ -	\$ -	\$ 5,170
-	-	-	-	-	-	23,345	257,310
-	-	-	5,170	-	-	23,345	262,480
-	-	-	-	-	-	606,795	636,993
-	-	-	7,655	467,709	113,125	9,892	598,381
20,499	202,032	161,569	-	-	-	-	429,929
-	-	-	-	-	-	-	79,099
-	-	-	-	-	-	-	(32,601)
<u>20,499</u>	<u>202,032</u>	<u>161,569</u>	<u>7,655</u>	<u>467,709</u>	<u>113,125</u>	<u>616,687</u>	<u>1,711,801</u>
<u>\$ 20,499</u>	<u>\$ 202,032</u>	<u>\$ 161,569</u>	<u>\$ 12,825</u>	<u>\$ 467,709</u>	<u>\$ 113,125</u>	<u>\$ 640,032</u>	<u>\$ 1,974,281</u>

SCHEDULE 5
TOWN OF NEWPORT, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds					
	Ambulance	Airport	Conservation Commission	Grants	Neighborhood Improvement Fund	CDBG
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	850	-	75,997	-	408,956
Charges for services	-	124,564	-	-	-	-
Miscellaneous	6,975	5,947	276	-	293	7,200
Total revenues	<u>6,975</u>	<u>131,361</u>	<u>276</u>	<u>75,997</u>	<u>293</u>	<u>416,156</u>
EXPENDITURES						
Current:						
General government	-	-	-	1,447	-	-
Public safety	-	-	-	74,550	-	-
Highways and streets	-	-	-	-	-	-
Airport operations	-	123,262	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Conservation	-	-	2,773	-	-	-
Capital outlay	-	-	-	-	-	416,156
Total expenditures	<u>-</u>	<u>123,262</u>	<u>2,773</u>	<u>75,997</u>	<u>-</u>	<u>416,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,975</u>	<u>8,099</u>	<u>(2,497)</u>	<u>-</u>	<u>293</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,975	8,099	(2,497)	-	293	-
Fund balances (deficit), beginning	8,114	(10,502)	48,326	-	63,717	-
Fund balances (deficit), ending	<u>\$ 15,089</u>	<u>\$ (2,403)</u>	<u>\$ 45,829</u>	<u>\$ -</u>	<u>\$ 64,010</u>	<u>\$ -</u>

Special Revenue Funds				Capital Project Funds			Permanent Fund	Total
Police Details	Bald Mt TIF District	Recreation Revolving	Police Drug Forfeiture	Town Hall Improvements	Bridge			
\$ -	\$ 46,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,449	
-	-	-	-	-	84,096	-	569,899	
107,985	-	46,469	-	-	-	-	279,018	
-	-	26	2,634	69,847	-	24,272	117,470	
<u>107,985</u>	<u>46,449</u>	<u>46,495</u>	<u>2,634</u>	<u>69,847</u>	<u>84,096</u>	<u>24,272</u>	<u>1,012,836</u>	
-	17,999	-	-	-	-	-	19,446	
98,686	-	-	1,000	-	-	-	174,236	
-	-	-	-	-	1,849	-	1,849	
-	-	-	-	-	-	-	123,262	
-	-	21,264	-	-	-	-	21,264	
-	-	-	-	-	-	-	2,773	
-	-	-	-	27,552	105,120	-	548,828	
<u>98,686</u>	<u>17,999</u>	<u>21,264</u>	<u>1,000</u>	<u>27,552</u>	<u>106,969</u>	<u>-</u>	<u>891,658</u>	
<u>9,299</u>	<u>28,450</u>	<u>25,231</u>	<u>1,634</u>	<u>42,295</u>	<u>(22,873)</u>	<u>24,272</u>	<u>121,178</u>	
-	-	-	-	-	893	-	893	
-	-	-	-	-	-	(11,836)	(11,836)	
-	-	-	-	-	893	(11,836)	(10,943)	
9,299	28,450	25,231	1,634	42,295	(21,980)	12,436	110,235	
11,200	173,582	136,338	6,021	425,414	135,105	604,251	1,601,566	
<u>\$ 20,499</u>	<u>\$ 202,032</u>	<u>\$ 161,569</u>	<u>\$ 7,655</u>	<u>\$ 467,709</u>	<u>\$ 113,125</u>	<u>\$ 616,687</u>	<u>\$ 1,711,801</u>	