

**TOWN OF ALLENSTOWN,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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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
Town of Allentown
Allentown, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Town of Allentown as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Business-type Activities	Adverse
Major General Fund	Unmodified
Major Proprietary Fund (Sewer Department)	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund

As discussed in Note 1-B to the financial statements, management has not recorded all of the capital assets and related accumulated depreciation in the governmental activities, business-type activities, and major proprietary fund, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America

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

require that capital assets, including infrastructure, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities, and major proprietary fund. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and major proprietary fund is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities, Business-type Activities, and Major Proprietary Fund” paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide and proprietary fund financial statements of the Town of Allenstown, as of December 31, 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 major general fund and aggregate remaining fund information of the Town of Allenstown as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefit Plan, Schedule of 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 Allenstown’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.

*Plodyk & Sanderson
Professional Association*

February 14, 2019

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2017

Our discussion and analysis of the Town of Allenstown's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2017. Please read it in conjunction with the Town's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Town's total net position was \$11,750,146, an increase of \$520,847 from the prior year balance. This total is comprised of: \$5,648,044 from Governmental Activities and \$6,102,102 from Business-Type (Sewer) Activities.

- Capital assets, net of depreciation for the Governmental Activities were \$6,212,458, an increase of \$69,937 from the prior year. Capital assets, net of depreciation for the Business-Type Activities were \$3,888,498, a decrease of \$65,791 from the prior year. Depreciation expense for 2017 was \$334,770 for the governmental activities and \$208,244 for the business-type activities. Depreciation expense does not include roadway infrastructure or the sewer collection system.
- The total long-term obligations for the Town Governmental Activities were \$4,037,808, and \$263,551 for Business-Type Activities. The long term obligations include capital leases, compensated absences, other postemployment benefits, accrued landfill post closure care costs, and the net pension liability.
- The unassigned fund balance of the General Fund was \$1,880,131.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements consist of two types of statements:

Government-Wide Financial Statements

The Statement of Net Position, page 9 and the Statement of Activities, page 10 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 a useful indicator of whether the financial health of the Town is improving or deteriorating.

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2017

- **Governmental Activities** - Most of the Town's basic services are reported in this section. These include general government, law enforcement, emergency medical services, fire protection, public works, sanitation, health and welfare, culture and recreation, 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 Sewer Department operations are reported here.

Fund Financial Statements

The fund financial statements begin on page 11 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, law enforcement, fire protection, public works, culture, recreation, health, welfare, 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 comprised of the Sewer Department Fund. It is presented in the same format as the business-type activities in the government-wide financial statements, only in more detail.
- **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 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.

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

Statement of Net Position

The Statement of Net Position, is presented on page 9 of the financial statements.

- Net investment in Capital Assets: The Town has recorded its inventory in capital assets such as land, buildings, equipment and the wastewater treatment facility. Infrastructure such as roadways, wastewater collection system and storm water collection system have not been inventoried and amortized in accordance with GASB 34. 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: Approximately .3% of the Town's Governmental Activities' net position are the Town's permanent funds, Library Funds and drug forfeiture 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 a positive net position in its Governmental Activities and Business-Type Activities.

Statement of Activities – Presented on page 10 of the financial statements.

Governmental Activities

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

Program revenues are targeted to directly offset expenses. In 2017, program revenues consisted of Charges for Services (\$108,477), and operating grants and contributions, which accounted for 2.5% and 3.9% respectively, of Total Revenue

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2017

General revenues, are revenues not specifically targeted for an activity. These are further divided as follows:

Governmental Revenue Chart:

Taxes:		
Property	2,779,892	69%
Other	130,051	3%
Motor Vehicle Permit Fees	709,635	18%
Licenses & other Fees	28,451	< 1%
Grants & other contributions	245,051	6%
Miscellaneous	141,871	4%
TOTAL GENERAL REVENUES	4,034,951	

- Expenses: Expenses are classified by major governmental function or program and are offset by related program income. Depreciation has been recorded for 2017 by function and/or program as seen in Note 7 of the notes to financial statements.

The largest expenses for the governmental activities were for General government (including employee benefits and payroll taxes for all employees) 34%, Public Safety 38%, Highways and Streets 18%. Other details as follows:

Governmental Expenses Chart

General Government	-1,394,671	34%
Public Safety	-1,587,475	38%
Highways & Streets	-727,897	18%
Sanitation	-242,830	6%
Health & Welfare	-54,308	< 1%
Culture & Recreation	-137,089	3%
Conservation	-1,442	< 1%
Interest – Long Term Debt	-2,090	< 1%
TOTALS	-4,147,802	

Business-Type (Sewer) Activities

- Revenues:

Program revenues for the Business-Type Activities, accounted for 99.5% of total revenues. These are charges for service for Wastewater Treatment and Septage Haulers. The remaining .5% was from miscellaneous income.

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2017

➤ Expenses:

Expenses of the Business-Type Activities consist of operating expenses, and depreciation expense for the Sewer utility.

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 11-14. 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 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 \$4,522,068 in revenues and other financing sources in the General Fund. The Town incurred \$4,435,247 in General Fund expenditures and other financing uses during the year.

The Town finished the fiscal year with the General Fund balance in the amount of \$2,407,508, an increase of \$86,821 from the prior year. Of the total fund balance, \$26,017 is Non-spendable; \$2,523 is Restricted; \$477,438 is Committed; and \$21,399 is Assigned, leaving an Unassigned Balance of \$1,880,131.

- Proprietary Funds: Proprietary funds (Sewer) 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 change in net position of \$633,698. Depreciation expense for 2017 was \$208,244.

BUDGETARY HIGHLIGHTS

The town budget was approved at Town Meeting for the year ending December 31, 2017. The operating budget for the general fund passed as \$3,924,683 and the operating budget for the sewer fund passed at \$2,192,252.

TOWN OF ALLENSTOWN, NH

Management's Discussion and Analysis Calendar Year Ended December 31, 2017

Also included in the appropriations were the following Warrant Article additions to Capital Reserve Funds:

\$10,000 added to the Fire Safety Equipment CRF
\$10,221 added to the Library CRF
\$10,000 added to the Highway Garage CRF
\$10,000 added to the Public Safety Facilities CRF
\$5,000 added to the Highway Equipment CRF

CAPITAL ASSETS

As shown in Note 7 on page 31 of the financial statements, the Town of Allenstown has \$6,212,458 from Governmental activities and \$3,888,498 from Business-type activities invested in capital assets, including land, buildings, building improvements, machinery, equipment and vehicles.

NON-CURRENT OBLIGATIONS

As shown in Note 12 on page 34 of the Governmental financial statements, the Town of Allenstown has long-term liabilities of \$4,037,808 in the governmental activities and \$263,551 in the business-type activities. Long term obligations include capital leases, compensated absences, landfill site monitoring, other postemployment benefits, and the net pension liability.

REQUESTS FOR INFORMATION

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

Debbie Bender
Finance Director
Town of Allenstown
16 School Street
Allenstown, NH 03275
(603) 485-4276 ext. 120

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,274,155	\$ 1,577,082	\$ 5,851,237
Investments	288,066	1,108,818	1,396,884
Accounts receivable (net)	33,593	240,552	274,145
Taxes receivable (net)	930,655	-	930,655
Intergovernmental receivable	18,976	-	18,976
Internal balances	4,947	(4,947)	-
Prepaid items	2,157	-	2,157
Tax deeded property, subject to resale	23,860	-	23,860
Capital assets:			
Land and construction in progress	2,661,945	42,953	2,704,898
Other capital assets, net of depreciation	3,550,513	3,845,545	7,396,058
Total assets	<u>11,788,867</u>	<u>6,810,003</u>	<u>18,598,870</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>832,996</u>	<u>47,485</u>	<u>880,481</u>
LIABILITIES			
Accounts payable	123,200	230,876	354,076
Accrued salaries and benefits	56,734	12,245	68,979
Intergovernmental payable	2,646,714	-	2,646,714
Accrued interest payable	6,206	-	6,206
Escrow and performance deposits	9,707	-	9,707
Long-term liabilities:			
Due within one year	190,952	-	190,952
Due in more than one year	3,846,856	263,551	4,110,407
Total liabilities	<u>6,880,369</u>	<u>506,672</u>	<u>7,387,041</u>
DEFERRED INFLOWS OF RESOURCES	<u>93,450</u>	<u>248,714</u>	<u>342,164</u>
NET POSITION			
Net investment in capital assets	5,876,627	3,888,498	9,765,125
Restricted	15,436	-	15,436
Unrestricted	(244,019)	2,213,604	1,969,585
Total net position	<u>\$ 5,648,044</u>	<u>\$ 6,102,102</u>	<u>\$ 11,750,146</u>

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

EXHIBIT B
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 1,446,238	\$ 51,567	\$ -	\$ (1,394,671)	\$ -	\$ (1,394,671)
Public safety	1,637,204	48,609	1,120	(1,587,475)	-	(1,587,475)
Highways and streets	894,722	-	166,825	(727,897)	-	(727,897)
Sanitation	251,131	8,301	-	(242,830)	-	(242,830)
Health	1,062	-	-	(1,062)	-	(1,062)
Welfare	53,246	-	-	(53,246)	-	(53,246)
Culture and recreation	137,089	-	-	(137,089)	-	(137,089)
Conservation	1,442	-	-	(1,442)	-	(1,442)
Interest on long-term debt	2,090	-	-	(2,090)	-	(2,090)
Total governmental activities	<u>4,424,224</u>	<u>108,477</u>	<u>167,945</u>	<u>(4,147,802)</u>	<u>-</u>	<u>(4,147,802)</u>
Business-type activities:						
Sewer	2,206,749	2,815,694	10,453	-	619,398	619,398
Total	<u>\$ 6,630,973</u>	<u>\$ 2,924,171</u>	<u>\$ 178,398</u>	<u>(4,147,802)</u>	<u>619,398</u>	<u>(3,528,404)</u>
General revenues:						
Taxes:						
Property				2,779,892	-	2,779,892
Other				130,051	-	130,051
Motor vehicle permit fees				709,635	-	709,635
Licenses and other fees				28,451	-	28,451
Grants and contributions not restricted to specific programs				245,051	-	245,051
Miscellaneous				141,871	14,300	156,171
Total general revenues				<u>4,034,951</u>	<u>14,300</u>	<u>4,049,251</u>
Change in net position				(112,851)	633,698	520,847
Net position, beginning				5,760,895	5,468,404	11,229,299
Net position, ending				<u>\$ 5,648,044</u>	<u>\$ 6,102,102</u>	<u>\$ 11,750,146</u>

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

EXHIBIT C-1
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,143,326	\$ 130,829	\$ 4,274,155
Investments	282,261	5,805	288,066
Accounts receivable	27,302	6,291	33,593
Taxes receivable	950,655	-	950,655
Intergovernmental receivable	18,976	-	18,976
Interfund receivable	49,397	-	49,397
Voluntary tax liens	34,529	-	34,529
Voluntary tax liens reserved until collected	(34,529)	-	(34,529)
Prepaid items	2,157	-	2,157
Tax deeded property, subject to resale	23,860	-	23,860
Total assets	<u>\$ 5,497,934</u>	<u>\$ 142,925</u>	<u>\$ 5,640,859</u>
LIABILITIES			
Accounts payable	\$ 123,200	\$ -	\$ 123,200
Accrued salaries and benefits	56,734	-	56,734
Intergovernmental payable	2,646,714	-	2,646,714
Interfund payable	-	44,450	44,450
Escrow and performance deposits	9,707	-	9,707
Total liabilities	<u>2,836,355</u>	<u>44,450</u>	<u>2,880,805</u>
DEFERRED INFLOWS OF RESOURCES	<u>254,071</u>	<u>-</u>	<u>254,071</u>
FUND BALANCES			
Nonspendable	26,017	5,564	31,581
Restricted	2,523	7,349	9,872
Committed	477,438	85,562	563,000
Assigned	21,399	-	21,399
Unassigned	1,880,131	-	1,880,131
Total fund balances	<u>2,407,508</u>	<u>98,475</u>	<u>2,505,983</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,497,934</u>	<u>\$ 142,925</u>	<u>\$ 5,640,859</u>

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

EXHIBIT C-2
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2017

Total fund balances of governmental funds (Exhibit C-1)	\$	2,505,983
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$	9,066,232
Less accumulated depreciation		<u>(2,853,774)</u>
		6,212,458
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$	(44,450)
Payables		<u>44,450</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	\$	832,996
Deferred inflows of resources related to pensions		<u>(80,221)</u>
		752,775
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.		
Deferred inflows of resources - property taxes	\$	240,842
Allowance for uncollectible property taxes		<u>(20,000)</u>
		220,842
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(6,206)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Capital leases	\$	335,831
Compensated absences		114,837
Accrued landfill postclosure care costs		143,000
Other postemployment benefits		293,601
Net pension liability		<u>3,150,539</u>
		<u>(4,037,808)</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>5,648,044</u></u>

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

EXHIBIT C-3
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,893,032	\$ -	\$ 2,893,032
Licenses and permits	738,086	-	738,086
Intergovernmental	413,467	-	413,467
Charges for services	62,241	46,236	108,477
Miscellaneous	141,085	315	141,400
Total revenues	<u>4,247,911</u>	<u>46,551</u>	<u>4,294,462</u>
EXPENDITURES			
Current:			
General government	1,202,619	26	1,202,645
Public safety	1,781,637	26,408	1,808,045
Highways and streets	766,194	-	766,194
Sanitation	188,012	-	188,012
Health	1,062	-	1,062
Welfare	53,246	-	53,246
Culture and recreation	128,695	-	128,695
Conservation	1,442	-	1,442
Capital outlay	312,340	-	312,340
Total expenditures	<u>4,435,247</u>	<u>26,434</u>	<u>4,461,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187,336)</u>	<u>20,117</u>	<u>(167,219)</u>
OTHER FINANCING SOURCES			
Capital lease inception	<u>274,157</u>	<u>-</u>	<u>274,157</u>
Net change in fund balances	86,821	20,117	106,938
Fund balances, beginning	<u>2,320,687</u>	<u>78,358</u>	<u>2,399,045</u>
Fund balances, ending	<u>\$ 2,407,508</u>	<u>\$ 98,475</u>	<u>\$ 2,505,983</u>

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

EXHIBIT C-4
TOWN OF ALLENSTOWN, 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 December 31, 2017

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 106,938
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.</p>		
Capitalized capital outlay	\$ 412,017	
Depreciation expense	<u>(334,770)</u>	77,247
The net effect of various miscellaneous transactions involving capital assets (ie. sales, donations, and disposals) is to decrease net position.		(7,310)
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 tax revenue		16,911
<p>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.</p>		
Inception of capital leases	\$ (274,157)	
Repayment of capital leases	<u>175,463</u>	(98,694)
<p>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.</p>		
Increase in accrued interest expense	\$ (2,090)	
Increase in compensated absences payable	(34,102)	
Increase in accrued landfill postclosure care costs	(48,500)	
Increase in postemployment benefits payable	(18,296)	
Changes in GASB Statement No. 68 pension related balances	<u>(104,955)</u>	<u>(207,943)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (112,851)</u></u>

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

EXHIBIT D
TOWN OF ALLENSTOWN, 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 December 31, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,825,731	\$ 2,825,731	\$ 2,909,943	\$ 84,212
Licenses and permits	670,375	670,375	738,086	67,711
Intergovernmental	318,712	395,572	413,467	17,895
Charges for services	55,000	55,000	62,241	7,241
Miscellaneous	54,865	54,865	131,576	76,711
Total revenues	<u>3,924,683</u>	<u>4,001,543</u>	<u>4,255,313</u>	<u>253,770</u>
EXPENDITURES				
Current:				
General government	1,327,329	1,327,329	1,211,618	115,711
Public safety	1,441,892	1,441,892	1,500,651	(58,759)
Highways and streets	599,881	676,741	674,043	2,698
Sanitation	183,657	183,657	188,012	(4,355)
Health	8,023	8,023	1,062	6,961
Welfare	68,462	68,462	53,246	15,216
Culture and recreation	123,317	123,317	132,992	(9,675)
Conservation	500	500	1,442	(942)
Debt service:				
Interest	15,000	15,000	-	15,000
Capital outlay	186,622	186,622	202,340	(15,718)
Total expenditures	<u>3,954,683</u>	<u>4,031,543</u>	<u>3,965,406</u>	<u>66,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,000)</u>	<u>(30,000)</u>	<u>289,907</u>	<u>319,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	525	525
Transfers out	(45,221)	(45,221)	(45,221)	-
Bond proceeds	30,000	30,000	-	(30,000)
Total other financing sources (uses)	<u>(15,221)</u>	<u>(15,221)</u>	<u>(44,696)</u>	<u>(29,475)</u>
Net change in fund balances	<u>\$ (45,221)</u>	<u>\$ (45,221)</u>	245,211	<u>\$ 290,432</u>
Increase in nonspendable fund balance			(24,991)	
Unassigned fund balance, beginning			<u>1,880,753</u>	
Unassigned fund balance, ending			<u>\$ 2,100,973</u>	

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

EXHIBIT E-1
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Proprietary Fund
Statement of Net Position
December 31, 2017

	Business-type Activities
	Enterprise Fund (Sewer Department)
ASSETS	
Cash and cash equivalents	\$ 1,577,082
Investments	1,108,818
Receivables (net)	240,552
Capital assets:	
Land and construction in progress	42,953
Other capital assets, net of depreciation	3,845,545
Total assets	6,814,950
DEFERRED OUTFLOWS OF RESOURCES	47,485
LIABILITIES	
Current liabilities:	
Accounts payable	230,876
Accrued salaries and benefits	12,245
Internal balances	4,947
Noncurrent liabilities:	
Due in more than one year	263,551
Total liabilities	511,619
DEFERRED INFLOWS OF RESOURCES	248,714
NET POSITION	
Net investment in capital assets	3,888,498
Unrestricted	2,213,604
Total net position	\$ 6,102,102

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

EXHIBIT E-2
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Change in Net Position
For the Fiscal Year Ended December 31, 2017

	Business-type Activities
	Enterprise Fund (Sewer Department)
Operating revenues:	
User charges	\$ 2,815,694
Miscellaneous	3,022
Total operating revenues	2,818,716
Operating expenses:	
Salaries and wages	361,812
Operation and maintenance	1,631,719
Depreciation	208,244
Total operating expenses	2,201,775
Operating gain	616,941
Nonoperating revenue (expenses):	
Intergovernmental revenue	10,453
Interest and investment loss	11,278
Investment fees	(4,974)
Total nonoperating revenues	16,757
Change in net position	633,698
Net position, beginning	5,468,404
Net position, ending	\$ 6,102,102

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

EXHIBIT E-3
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2017

	Business-type Activities
	Enterprise Fund (Sewer Department)
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,862,018
Payments to employees	(362,686)
Payments to suppliers	(1,880,684)
Net cash provided by operating activities	618,648
Cash flows from capital and related financing activities:	
Acquisition and construction of fixed assets, net of disposals	(142,453)
Payments from the State	10,453
Transfers from capital reserves	130,000
Net cash used by capital and related financing activities	(2,000)
Cash flows from investing activities:	
Interest income	5,152
Investment fees	(4,974)
Net cash provided by investing activities	178
Net increase in cash	616,826
Cash, beginning	960,256
Cash, ending	\$ 1,577,082

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities

Operating gain	\$ 616,941
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation expense	208,244
Decrease in receivables	43,302
Increase in accounts payable	86,103
Decrease in accrued salaries and benefits	(874)
Decrease in internal balances	(279,769)
Changes in balances relating to GASB Statement No. 68	(55,299)
Total adjustments	1,707
Net cash provided by operating activities	\$ 618,648

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

EXHIBIT F
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
December 31, 2017

	<u>Agency</u>
ASSETS	
Investments	\$ 87,670
LIABILITIES	
Intergovernmental payable	<u>87,670</u>
NET POSITION	<u>\$ -</u>

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

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Allenstown, 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 Allenstown is a municipal corporation governed by an elected 3-member Board of Selectmen. 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.

1-B Basis of Accounting, and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The Town’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the capital assets and related accumulated depreciation, which have been partially omitted because they have not all been inventoried at historical cost. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded all of the depreciation expense in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

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, with the exception of reimbursement-based grants, which use a period of one year. 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. Only the portion of special

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
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assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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.

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 library and expendable trust funds are consolidated in the general 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.

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.

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

Proprietary Fund Financial Statements – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for the major proprietary fund.

Proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary fund:

Sewer Fund – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

Fiduciary Fund Financial Statements – Includes a Statement of Net Position. The Town’s fiduciary fund is an agency fund, which is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. An agency fund is used to account for assets held on behalf of outside parties, including other governments. This fund is accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

1-C 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.”

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
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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-D 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-E 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.

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 reflect quoted prices (unadjusted) in active markets for identical assets or 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 are other than quoted prices that are observable for the assets or liabilities, 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.

Level 3 inputs are significant unobservable inputs.

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.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, the 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-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. 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-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-H Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and intangible assets (i.e. easements) which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund’s measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities column of the government-wide statement of net position and proprietary fund statement of net position. All infrastructure has not been capitalized as the Town has not determined the historical cost for the initial reporting of these assets and does not maintain adequate records to capture annual capital outlay for infrastructure.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

Capital Asset Classes:	<u>Years</u>
Land improvements	40
Buildings and building improvements	33 - 40
Machinery, equipment, and vehicles	5 - 40
Infrastructure	20 - 40

1-I 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.

1-J 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 8, 2017 and October 23, 2017, and due on July 3, 2017 and December 1, 2017. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, Allenstown School District, and Merrimack County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2017 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 280,398,573
For all other taxes	\$ 288,823,373

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 10.04	\$ 2,900,280
School portion:		
State of New Hampshire	2.08	584,288
Local	17.25	4,981,077
County portion	2.74	790,950
Total	\$ 32.11	\$ 9,256,595

1-K 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 December 31, 2017.

1-L 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-M Long-term Obligations

In the government-wide financial statements and proprietary fund 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 Net Position.

1-N Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

1-O 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

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
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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.

1-P 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 capital leases 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.
- 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 are 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 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.

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.

The Town will maintain an appropriate level of unassigned fund balance following the guidelines established by NH Government Finance Officers Associate (GFOA), which are as follows:

- 5% to 15% of regular general fund operating revenues, or
- 8% to 17% of regular general fund operating expenditures.

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1-Q 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.

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 and sewer department 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, \$45,221 was voted from unassigned fund balance to fund current year appropriations.

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)	\$ 4,255,838
Adjustment:	
Basis difference:	
Inception of capital lease	274,157
GASB Statement No. 54:	
To record revenue of the blended funds	9,509
To eliminate transfers between blended funds	(525)
Change in property tax revenue relating to 60-day revenue recognition	(16,911)
Per Exhibit C-3 (GAAP basis)	\$ 4,522,068
	(Continued)

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Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 4,010,627
Adjustment:	
Basis differences:	
Encumbrances, beginning	210,426
Encumbrances, ending	(21,399)
Inception of capital lease	274,157
GASB Statement No. 54:	
To record expenditures of the blended funds	6,657
To eliminate transfers between the blended general and expendable trust funds	(45,221)
Per Exhibit C-3 (GAAP basis)	<u>\$ 4,435,247</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town’s agent in the Town’s name. The FDIC currently insures the first \$250,000 of the Town’s deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town’s deposits was \$5,851,237 and the bank balances totaled \$6,614,409, of which \$196,095 was held in short-term, money-market investments classified as cash equivalents. Petty cash totaled \$952.

NOTE 4 – INVESTMENTS

Note 1-E 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. The Town has the following recurring fair value measurements and maturities as of December 31, 2017:

	Valuation Measurement Method	Fair Value	Less than		Total
			1 year	1-5 Years	
Investments type:					
Corporate bonds	Level 2	\$ -	\$ -	\$ 563,501	\$ 563,501
New Hampshire Public Deposit Investment Pool	Level 2	919	-	-	919
U.S. Government obligations	Level 2	-	79,688	840,446	920,134
Total fair value		<u>\$ 919</u>	<u>\$ 79,688</u>	<u>\$ 1,403,947</u>	<u>\$ 1,484,554</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 Board of Selectmen have adopted in their investment policy that the total portfolio maintains the following required investment maturities:

Under 30 days	10%
Under 90 days	30%
Under 180 days	50%
Under 1 year	100%

The Trustees of Trust Funds investment policy states that for capital reserves, the holding period is short-term, resulting in the investment objective to maintain the principal and provide liquidity. For all other trust funds, the holding period is long-term, with the objectives to seek growth in the portfolio in order to keep pace with or exceed inflation.

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Credit Risk – The Board of Selectmen require that any fixed income investments have at least an investment grade issued by Moody’s or S&P at a minimum of Aa2 and AA, respectively. For capital reserves, the Trustees of Trust Funds require that investments in stocks and bonds that are legal for investment by any bank or association chartered by the state to engage in banking business. For all other trust funds, the Trustees of Trust funds require the same as above for stock and bonds but additionally, allow for investment in State and local municipal bonds. As of December 31, 2017, the Town’s investments in corporate and U.S. Treasury Obligations had the following ratings:

Ratings per Moody's	U.S.		Total
	Corporate	Government Obligations	
Aaa	\$ 44,800	\$ 920,134	\$ 964,934
Aa1	30,070	-	30,070
Aa2	94,377	-	94,377
Aa3	44,828	-	44,828
A1	164,815	-	164,815
A2	129,470	-	129,470
A3	55,141	-	55,141
	<u>\$ 563,501</u>	<u>\$ 920,134</u>	<u>\$ 1,483,635</u>

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 Board of Selectmen ensure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall have such funds, at the time of deposit of investment, secured by collateral having a market value at least equal to 102% of the amount deposited or invested in each case. The Trustees of Trust Funds require that any deposit or investment in securities shall, prior to accepting 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.

Concentration of Credit Risk – The Board of Selectmen have adopted the following maximum percentage of investment by instrument to allow for appropriate diversification:

Instrument	Maximum Percentage
Overnight investments	100%
U.S. Treasury Obligations	90%
NH PDIP	50%
Certificates of Deposit	75%

The Trustees of Trust Funds investment policy states that no security shall constitute more than 10% of the fund or \$10,000 whichever is greater, except for deposits in any federally or state chartered bank or associations authorized to engage in banking business in this state; credit unions in this state; obligations of the United States, the State of New Hampshire and its subdivisions; participation units in the public deposit investment pool established pursuant to RSA 383:22; or in shares of open ended mutual funds.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,396,884
Investments per Statement of Net Position - Fiduciary Funds (Exhibit F)	87,670
Total investments	<u>\$ 1,484,554</u>

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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2017. The amount has been reduced by an allowance for an estimated uncollectible amount of \$20,000. 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	\$ 597,307	\$ 597,307
Unredeemed (under tax lien):		
Levy of 2016	237,982	237,982
Levy of 2015	101,953	101,953
Levies of 2014 and prior	5,827	5,827
Yield	7,551	7,551
Land use change	-	-
Excavation	35	35
Less: allowance for estimated uncollectible taxes	(20,000) *	-
Net taxes receivable	<u>\$ 930,655</u>	<u>\$ 950,655</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 6 – OTHER RECEIVABLES

Receivables at December 31, 2017, consisted of accounts (billings for police details, sewer, 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 December 31, 2017 for the Town’s general fund, nonmajor funds in the aggregate, and business type activities including applicable allowances for uncollectible accounts are as follows:

	<u>Governmental Activities</u>		<u>Business -type</u>	
	<u>Governmental Funds</u>		<u>Enterprise</u>	
	<u>General</u>	<u>Nonmajor</u>	<u>Sewer</u>	<u>Total</u>
	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	
Receivables:				
Accounts	\$ 27,302	\$ 6,291	\$ 260,552	\$ 294,145
Intergovernmental	18,976	-	-	18,976
Liens	34,529	-	-	34,529
Gross receivables	80,807	6,291	260,552	347,650
Less: allowance for uncollectibles	(34,529)	-	(20,000)	(54,529)
Net total receivables	<u>\$ 46,278</u>	<u>\$ 6,291</u>	<u>\$ 240,552</u>	<u>\$ 293,121</u>

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

	Balance, beginning	Additions	Disposals	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land*	\$ 2,669,255	\$ -	\$ (7,310)	\$ 2,661,945
Being depreciated:				
Buildings and building improvements	3,191,849	-	-	3,191,849
Machinery, equipment, and vehicles	3,323,300	412,017	(522,879)	3,212,438
Total capital assets being depreciated	6,515,149	412,017	(522,879)	6,404,287
Total all capital assets	9,184,404	412,017	(530,189)	9,066,232
Less accumulated depreciation:				
Buildings and building improvements	(522,093)	(103,980)	-	(626,073)
Machinery, equipment, and vehicles	(2,519,790)	(230,790)	522,879	(2,227,701)
Total accumulated depreciation	(3,041,883)	(334,770)	522,879	(2,853,774)
Net book value, capital assets being depreciated	3,473,266	77,247	-	3,550,513
Net book value, all governmental activities capital assets	\$ 6,142,521	\$ 77,247	\$ (7,310)	\$ 6,212,458

*Includes in the total balance is \$1,533,435 of land located in a flood plain, which the Town acquired through a Federal Flood Mitigation Assistance Grant. As the land was acquired to ensure the safety of the public as well as to enhance flood plains capacity, it has been recorded at assessment value rather than acquisition cost. GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, mandates that "capital assets that will no longer be used by the government should be reported at the lower of carrying value or fair value.

	Balance, beginning	Additions	Disposals	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 25,962	\$ -	\$ -	\$ 25,962
Construction in progress	16,991	-	-	16,991
Total capital assets not being depreciated	42,953	-	-	42,953
Being depreciated:				
Land improvements	125,230	-	-	125,230
Buildings	1,452,401	-	-	1,452,401
Machinery, equipment, and vehicles	2,104,970	178,635	(63,500)	2,220,105
Infrastructure	3,839,671	-	(15,871)	3,823,800
Total capital assets being depreciated	7,522,272	178,635	(79,371)	7,621,536
Total all capital assets	7,565,225	178,635	(79,371)	7,664,489
Less accumulated depreciation:				
Land improvements	(125,230)	-	-	(125,230)
Buildings	(712,767)	(25,047)	-	(737,814)
Machinery, equipment, and vehicles	(1,086,724)	(119,591)	32,808	(1,173,507)
Infrastructure	(1,686,215)	(63,606)	10,381	(1,739,440)
Total accumulated depreciation	(3,610,936)	(208,244)	43,189	(3,775,991)
Net book value, capital assets being depreciated	3,911,336	(29,609)	(36,182)	3,845,545
Net book value, all business-type activities capital assets	\$ 3,954,289	\$ (29,609)	\$ (36,182)	\$ 3,888,498

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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:

Governmental activities:	
General government	\$ 91,250
Public safety	125,747
Highways and streets	109,379
Culture and recreation	8,394
Total depreciation expense	<u>\$ 334,770</u>
Business-type activities:	
Sewer	<u>\$ 208,244</u>

NOTE 8 – INTERFUND BALANCES

The composition of interfund balances as of December 31, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer department	\$ 4,947
	Nonmajor	44,450
		<u>\$ 49,397</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.

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$2,734,384 at December 31, 2017 consist of the following:

General fund:	
Balance of the 2016-2017 district assessment due to the Allenstown School District	\$ 2,640,365
Miscellaneous fees due to the State of New Hampshire	1,887
New Hampshire Retirement System December 2017 contribution	4,462
Total general fund	<u>2,646,714</u>
Agency fund:	
Balance of trust funds belonging to the Allenstown School District	87,670
Total intergovernmental payables due	<u>\$ 2,734,384</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources reported in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Amounts related to pensions (see Note 13)	<u>\$ 832,996</u>	<u>\$ 47,485</u>	<u>\$ 880,481</u>

Deferred inflows of resources reported in the governmental activities, business-type activities, and general fund are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>General Fund</u>
Town's portion of property taxes not collected within 60 days of the fiscal year-end	\$ -	\$ -	\$ 240,842 *
Property taxes paid in advance of warrants	13,229	-	13,229
Amounts related to pensions (see Note 13)	80,221	248,714	-
Total deferred inflows of resources	<u>\$ 93,450</u>	<u>\$ 248,714</u>	<u>\$ 254,071</u>

*Balance is only reported on the modified accrual basis of accounting.

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NOTE 11 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2017
Capital lease obligations:		
Ford interceptor	3.49%	\$ 10,903
Wheel loader	2.75%	29,684
Dump truck	2.69%	32,809
Fire truck	2.96%	240,319
Police vehicle	3.29%	22,116
Total capital lease obligations		<u>\$ 335,831</u>

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Ford interceptor	\$ 33,116
Wheel loader	109,000
Dump truck	164,500
Fire truck	240,319
Police vehicle	33,000
Total equipment	<u>579,935</u>
Less: accumulated depreciation	210,511
Total capital lease equipment	<u>\$ 369,424</u>

The annual requirements to amortize the capital leases payable as of December 31, 2017, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2018	\$ 171,198
2019	95,723
2020	84,000
Total requirements	<u>350,921</u>
Less: interest	(15,090)
Present value of remaining payments	<u>\$ 335,831</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

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NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2017:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Governmental activities:					
Capital leases	\$ 237,137	\$ 274,157	\$ (175,463)	\$ 335,831	\$ 163,733
Compensated absences	80,735	34,102	-	114,837	21,719
Accrued landfill postclosure care costs	94,500	48,500	-	143,000	5,500
Net other postemployment benefits	275,305	18,296	-	293,601	-
Net pension liability	3,075,149	75,390	-	3,150,539	-
Total long-term liabilities	<u>\$ 3,762,826</u>	<u>\$ 450,445</u>	<u>\$ (175,463)</u>	<u>\$ 4,037,808</u>	<u>\$ 190,952</u>
Business-type activities					
Net pension liability	<u>\$ 633,055</u>	<u>\$ -</u>	<u>\$ (369,504)</u>	<u>\$ 263,551</u>	<u>\$ -</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 revenues.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2017 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 10, 2015	Wastewater collection and treatment	\$ 10,458
March 14, 2017	Suncook Pond Waste Water Pump Station	1,616,000
March 14, 2017	Asset Management Plan	30,000
		<u>\$ 1,656,458</u>

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in past years. State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$143,000 as of December 31, 2017, which is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2017. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town has established a capital reserve fund for landfill postclosure care costs. This fund had a balance of \$18,678 at year-end.

NOTE 13 – 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 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.

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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 ¼ 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 except for police officers and firefighters 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 the following amounts:

<u>Period</u>	<u>Police</u>	<u>Fire</u>	<u>All Other Employees</u>
January 1, 2017 thru June 30, 2017	26.38%	29.16%	11.17%
July 1, 2017 thru December 31, 2017	29.43%	31.89%	11.38%

The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$219,183, \$245,688, and \$285,947, 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 December 31, 2017 the Town reported a liability of \$3,150,539 in the governmental activities and \$263,551 in the business-type activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2017, the Town’s proportion was .06406149% in the governmental activities and .00535891% in the business-type activities which was an increase of .0062318% and a decrease of (.006546%), respectively from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$419,572 in the governmental activities and a pension benefit of \$36,279 in the business-type activities.

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At December 31, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Changes in proportion	\$ 300,360	\$ -
Changes in assumptions	316,356	-
Difference between expected and actual experience	7,144	40,097
Net difference between projected and actual investment earnings on pension plan investments	-	40,124
Contributions subsequent to the measurement date	209,136	-
	<u>832,996</u>	<u>80,221</u>
Business-type activities:		
Changes in proportion	1,038	242,004
Changes in assumptions	26,464	-
Difference between expected and actual experience	598	3,354
Net difference between projected and actual investment earnings on pension plan investments	-	3,356
Contributions subsequent to the measurement date	19,385	-
	<u>47,485</u>	<u>248,714</u>
Total	<u>\$ 880,481</u>	<u>\$ 328,935</u>

The \$228,521 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, 2018. 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 December 31,	Governmental Activities	Business-type Activities	Total
2018	\$ 143,367	\$ (59,384)	\$ 83,983
2019	217,984	(50,456)	167,528
2020	178,337	(49,620)	128,717
2021	3,951	(61,154)	(57,203)
2022	-	-	-
Totals	<u>\$ 543,639</u>	<u>\$ (220,614)</u>	<u>\$ 323,025</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions which, accordingly apply to 2017 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, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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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 2017
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

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%
Governmental activities:			
June 30, 2017	\$ 4,150,678	\$ 3,150,539	\$ 2,330,966
Business-type activities:			
June 30, 2017	\$ 347,215	\$ 263,551	\$ 194,991

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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 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Annual OPEB Cost - 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 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 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 similar to pension plans. GASB Statement No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The Town has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2017:

Annual required contribution/OPEB cost	\$ 35,183
Interest Net OPEB obligation	11,012
Adjustment to annual required contribution	(10,941)
Contributions made (pay-as-you-go)	<u>(16,958)</u>
Increase in net OPEB obligation	18,296
Net OPEB obligation, beginning	<u>275,305</u>
Net OPEB obligation, ending	<u><u>\$ 293,601</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the five preceding years were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2017	\$ 35,183	\$ 16,958	48.20%	\$ 293,601
December 31, 2016	\$ 49,548	\$ 21,661	43.72%	\$ 275,305
December 31, 2015	\$ 66,063	\$ 24,858	37.63%	\$ 247,354
December 31, 2014	\$ 71,450	\$ 11,403	15.94%	\$ 206,095
December 31, 2013	\$ 63,068	\$ 15,789	25.02%	\$ 145,920
December 31, 2012	\$ 63,081	\$ 14,423	22.86%	\$ 98,615

As of January 1, 2017, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$339,344, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$339,344. The covered payroll (annual payroll of active employees covered by the plan) was \$990,881 during fiscal year 2017, and the ratio of the UAAL to the covered payroll was 34.20%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new

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estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5.0% for years 2026 and later. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2017 was 30 years.

NOTE 15 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2017 and are as follows:

General fund:	
General government	\$ 12,499
Culture and recreation	8,900
Total encumbrances	<u>\$ 21,399</u>

NOTE 16 – NET POSITION

Net position reported on the government-wide Statement of Net Position at December 31, 2017 include the following:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Net book value, all capital assets	\$ 6,212,458	\$ 3,888,498	\$ 10,100,956
Less:			
Capital leases payable	<u>(335,831)</u>	-	<u>(335,831)</u>
Total net investment in capital assets	<u>5,876,627</u>	<u>3,888,498</u>	<u>9,765,125</u>
Restricted net position for:			
Library purposes	2,523	-	2,523
Perpetual care - principal portion	5,564	-	5,564
Perpetual care - income portion	241	-	241
Drug forfeiture	<u>7,108</u>	-	<u>7,108</u>
Total restricted	<u>15,436</u>	-	<u>15,436</u>
Unrestricted	<u>(244,019)</u>	2,213,604	1,969,585
Total net position	<u>\$ 5,648,044</u>	<u>\$ 6,102,102</u>	<u>\$ 11,750,146</u>

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NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 2,157	\$ -	\$ 2,157
Tax deeded property, held for resale	23,860	-	23,860
Permanent fund - principal balance	-	5,564	5,564
Total nonspendable fund balance	<u>26,017</u>	<u>5,564</u>	<u>31,581</u>
Restricted:			
Library	2,523	-	2,523
Permanent fund - income balance	-	241	241
DARE fund	-	7,108	7,108
Total restricted fund balance	<u>2,523</u>	<u>7,349</u>	<u>9,872</u>
Committed:			
Expendable trust	477,438	-	477,438
Conservation commission	-	1,356	1,356
Public safety services revolving fund	-	61,964	61,964
Recycling revolving fund	-	22,242	22,242
Total committed fund balance	<u>477,438</u>	<u>85,562</u>	<u>563,000</u>
Assigned:			
Encumbrances	21,399	-	21,399
Unassigned			
	<u>1,880,131</u>	<u>-</u>	<u>1,880,131</u>
Total governmental fund balances	<u>\$ 2,407,508</u>	<u>\$ 98,475</u>	<u>\$ 2,505,983</u>

NOTE 18 – 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.

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 December 31, 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 workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 19 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the government's 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.

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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 20 – 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 February 14, 2019, the date the December 31, 2017 financial statements were available to be issued, and it was identified that seven warrant articles at the 2018 Annual Town Meeting were approved, authorizing the use of December 31, 2017 surplus totaling \$123,567 to be used to fund various capital reserve funds of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2017	\$ -	\$ 339,344	\$ 339,344	0.00%	\$ 990,881	34.20%
January 1, 2016	\$ -	\$ 417,770	\$ 417,770	0.00%	\$ 1,616,131	25.80%
January 1, 2015	\$ -	\$ 539,133	\$ 539,133	0.00%	\$ 1,569,059	34.40%
January 1, 2014	\$ -	\$ 389,187	\$ 389,187	0.00%	\$ 1,523,358	25.50%
January 1, 2011	\$ -	\$ 378,877	\$ 378,877	0.00%	\$ 1,399,091	27.08%

The notes to the required supplementary information are an integral part of this schedule.

EXHIBIT H
TOWN OF ALLENSTOWN, 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 December 31, 2017

Fiscal Year End	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Governmental activities:						
December 31, 2017	June 30, 2017	0.06406149%	\$ 3,150,539	\$ 1,141,048	276.11%	63.50%
December 31, 2016	June 30, 2016	0.05782969%	\$ 3,075,149	\$ 1,272,216	241.72%	58.30%
December 31, 2015	June 30, 2015	0.05542213%	\$ 2,195,563	\$ 1,127,396	194.75%	65.47%
December 31, 2014	June 30, 2014	0.05478257%	\$ 2,056,429	\$ 1,083,160	189.85%	66.32%
December 31, 2013	June 30, 2013	0.05402098%	\$ 2,324,947	\$ 1,048,350	221.77%	59.81%
Business-type activities:						
December 31, 2017	June 30, 2017	0.00535891%	\$ 263,551	\$ 336,583	78.30%	62.66%
December 31, 2016	June 30, 2016	0.01190491%	\$ 633,055	\$ 370,512	170.86%	58.30%
December 31, 2015	June 30, 2015	0.01200067%	\$ 475,410	\$ 382,573	124.27%	65.47%
December 31, 2014	June 30, 2014	0.01194540%	\$ 448,381	\$ 391,236	114.61%	66.32%
December 31, 2013	June 30, 2013	0.01277385%	\$ 549,759	\$ 375,122	146.55%	59.81%

The notes to the required supplementary information are an integral part of this schedule.

EXHIBIT I
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2017

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Governmental activities:						
December 31, 2017	June 30, 2017	\$ 234,685	\$ 234,685	\$ -	\$ 1,141,048	20.57%
December 31, 2016	June 30, 2016	\$ 207,076	\$ 207,076	\$ -	\$ 1,272,216	16.28%
December 31, 2015	June 30, 2015	\$ 185,935	\$ 185,935	\$ -	\$ 1,127,396	16.49%
December 31, 2014	June 30, 2014	\$ 177,738	\$ 177,738	\$ -	\$ 1,083,160	16.41%
December 31, 2013	June 30, 2013	\$ 134,325	\$ 134,325	\$ -	\$ 1,048,350	12.81%
Business-type activities:						
December 31, 2017	June 30, 2017	\$ 19,632	\$ 19,632	\$ -	\$ 336,583	5.83%
December 31, 2016	June 30, 2016	\$ 42,629	\$ 42,629	\$ -	\$ 370,512	11.51%
December 31, 2015	June 30, 2015	\$ 40,261	\$ 40,261	\$ -	\$ 382,573	10.52%
December 31, 2014	June 30, 2014	\$ 38,754	\$ 38,754	\$ -	\$ 391,236	9.91%
December 31, 2013	June 30, 2013	\$ 31,763	\$ 31,763	\$ -	\$ 375,122	8.47%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF ALLENSTOWN, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
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Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

This schedule is presented to show information for 10 years. However, information is only presented for years which information is available.

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 H and I represent the actuarial determined costs associated with the Town's pension plan at December 31, 2017, and preceding four years.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 Years beginning July 1, 2017 (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	3.56% 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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These schedules are presented to show information for 10 years. However, information is only presented for years which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,709,431	\$ 2,779,892	\$ 70,461
Land use change	5,000	6,400	1,400
Timber	1,000	10,197	9,197
Excavation	-	56	56
Payment in lieu of taxes	5,300	5,300	-
Interest and penalties on taxes	105,000	108,098	3,098
Total from taxes	<u>2,825,731</u>	<u>2,909,943</u>	<u>84,212</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	375	-	(375)
Motor vehicle permit fees	650,000	709,635	59,635
Building permits	12,000	18,797	6,797
Other	8,000	9,654	1,654
Total from licenses, permits, and fees	<u>670,375</u>	<u>738,086</u>	<u>67,711</u>
Intergovernmental:			
State:			
Meals and rooms distribution	222,014	222,014	-
Highway block grant	166,830	166,825	(5)
State and federal forest land reimbursement	5,228	5,228	-
Other state	-	18,622	18,622
Other intergovernmental	1,500	778	(722)
Total from intergovernmental	<u>395,572</u>	<u>413,467</u>	<u>17,895</u>
Charges for services:			
Income from departments	55,000	62,241	7,241
Miscellaneous:			
Sale of municipal property	20,165	93,156	72,991
Interest on investments	2,700	7,837	5,137
Fines and forfeits	25,000	25,043	43
Insurance dividends and reimbursements	-	3,660	3,660
Other	7,000	1,880	(5,120)
Total from miscellaneous	<u>54,865</u>	<u>131,576</u>	<u>76,711</u>
Other financing sources:			
Transfers in	-	525	525
Bond proceeds	30,000	-	(30,000)
Total other financing sources	<u>30,000</u>	<u>525</u>	<u>(29,475)</u>
Total revenues and other financing sources	4,031,543	<u>\$ 4,255,838</u>	<u>\$ 224,295</u>
Unassigned fund balance used to fund appropriations	45,221		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,076,764</u>		

SCHEDULE 2
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 172,795	\$ 178,920	\$ -	\$ (6,125)
Election and registration	-	17,509	14,033	-	3,476
Financial administration	1,446	196,745	193,101	-	5,090
Revaluation of property	-	73,856	87,037	-	(13,181)
Legal	-	50,000	35,958	-	14,042
Personnel administration	-	711,020	573,755	-	137,265
Planning and zoning	-	14,619	22,012	-	(7,393)
General government buildings	-	29,365	34,396	12,499	(17,530)
Cemeteries	-	1	-	-	1
Insurance, not otherwise allocated	-	56,619	56,619	-	-
Advertising and regional associations	-	4,800	4,734	-	66
Total general government	<u>1,446</u>	<u>1,327,329</u>	<u>1,200,565</u>	<u>12,499</u>	<u>115,711</u>
Public safety:					
Police	2,745	915,356	912,873	-	5,228
Ambulance	-	190,739	190,739	-	-
Fire	4,084	283,725	333,681	-	(45,872)
Building inspection	-	41,672	48,997	-	(7,325)
Emergency management	-	10,400	21,190	-	(10,790)
Total public safety	<u>6,829</u>	<u>1,441,892</u>	<u>1,507,480</u>	<u>-</u>	<u>(58,759)</u>
Highways and streets:					
Public works garage	-	319,043	316,666	-	2,377
Highways and streets	92,151	341,698	436,437	-	(2,588)
Street lighting	-	16,000	13,091	-	2,909
Total highways and streets	<u>92,151</u>	<u>676,741</u>	<u>766,194</u>	<u>-</u>	<u>2,698</u>
Sanitation:					
Administration	-	10,396	10,490	-	(94)
Solid waste collection	-	108,761	109,518	-	(757)
Solid waste disposal	-	64,500	68,004	-	(3,504)
Total sanitation	<u>-</u>	<u>183,657</u>	<u>188,012</u>	<u>-</u>	<u>(4,355)</u>
Health:					
Administration	-	7,523	1,062	-	6,461
Pest control	-	500	-	-	500
Total health	<u>-</u>	<u>8,023</u>	<u>1,062</u>	<u>-</u>	<u>6,961</u>
Welfare:					
Administration	-	46,255	29,658	-	16,597
Vendor payments	-	22,207	23,588	-	(1,381)
Total welfare	<u>-</u>	<u>68,462</u>	<u>53,246</u>	<u>-</u>	<u>15,216</u>
Culture and recreation:					
Parks and recreation	-	62,947	69,536	8,900	(15,489)
Library	-	58,020	52,556	-	5,464
Patriotic purposes	-	2,350	2,000	-	350
Total culture and recreation	<u>-</u>	<u>123,317</u>	<u>124,092</u>	<u>8,900</u>	<u>(9,675)</u>
Conservation	-	500	1,442	-	(942)
Debt service:					
Interest on tax anticipation notes	-	15,000	-	-	15,000

SCHEDULE 2 (Continued)
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	110,000	186,622	312,340	-	(15,718)
Other financing uses:					
Transfers out	-	45,221	45,221	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 210,426</u>	<u>\$ 4,076,764</u>	<u>\$ 4,199,654</u>	<u>\$ 21,399</u>	<u>\$ 66,137</u>

SCHEDULE 3
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2017

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,880,753
Changes:		
Unassigned fund balance used to fund appropriations		(45,221)
2017 Budget summary:		
Revenue surplus (Schedule 1)	\$ 224,295	
Unexpended balance of appropriations (Schedule 2)	<u>66,137</u>	
2017 Budget surplus		290,432
Increase in nonspendable fund balance		<u>(24,991)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,100,973
Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:		
To record deferred inflows of resources for property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(240,842)
To remove the allowance for uncollectible property taxes, recognized on a budgetary basis, but not on a GAAP basis		<u>20,000</u>
Unassigned fund balance, ending (GAAP basis Exhibit C-1)		<u><u>\$ 1,880,131</u></u>

SCHEDULE 4
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue Funds					Total
	Conservation Commission	DARE	Public Safety		Permanent Fund	
			Services Revolving	Recycling Revolving		
ASSETS						
Cash and cash equivalents	\$ 1,356	\$ 7,108	\$ 100,123	\$ 22,242	\$ -	\$ 130,829
Investments	-	-	-	-	5,805	5,805
Accounts receivable	-	-	6,291	-	-	6,291
Total assets	<u>\$ 1,356</u>	<u>\$ 7,108</u>	<u>\$ 106,414</u>	<u>\$ 22,242</u>	<u>\$ 5,805</u>	<u>\$ 142,925</u>
LIABILITIES						
Interfund payable	\$ -	\$ -	\$ 44,450	\$ -	\$ -	\$ 44,450
FUND BALANCES						
Nonspendable	-	-	-	-	5,564	5,564
Restricted	-	7,108	-	-	241	7,349
Committed	1,356	-	61,964	22,242	-	85,562
Total fund balances	<u>1,356</u>	<u>7,108</u>	<u>61,964</u>	<u>22,242</u>	<u>5,805</u>	<u>98,475</u>
Total liabilities and fund balances	<u>\$ 1,356</u>	<u>\$ 7,108</u>	<u>\$ 106,414</u>	<u>\$ 22,242</u>	<u>\$ 5,805</u>	<u>\$ 142,925</u>

SCHEDULE 5
TOWN OF ALLENSTOWN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2017

	Special Revenue Funds					Total
	Conservation	Public Safety			Permanent	
	Commission	DARE	Services Revolving	Recycling Revolving	Fund	
REVENUES						
Charges for services	\$ -	\$ -	\$ 41,895	\$ 4,341	\$ -	\$ 46,236
Miscellaneous	2	16	185	46	66	315
Total revenues	<u>2</u>	<u>16</u>	<u>42,080</u>	<u>4,387</u>	<u>66</u>	<u>46,551</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	26	26
Public safety	-	-	26,408	-	-	26,408
Total expenditures	<u>-</u>	<u>-</u>	<u>26,408</u>	<u>-</u>	<u>26</u>	<u>26,434</u>
Net change in fund balances	2	16	15,672	4,387	40	20,117
Fund balances, beginning	1,354	7,092	46,292	17,855	5,765	78,358
Fund balances, ending	<u>\$ 1,356</u>	<u>\$ 7,108</u>	<u>\$ 61,964</u>	<u>\$ 22,242</u>	<u>\$ 5,805</u>	<u>\$ 98,475</u>