

**TOWN OF SANBORNTON, NEW HAMPSHIRE**

**Financial Statements**

**June 30, 2018**

**and**

**Independent Auditor's Report**

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**June 30, 2018**

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FINANCIAL STATEMENTS  
June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Sanbornton, New Hampshire

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sanbornton, New Hampshire, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the District's single employer other post-employment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the deferred inflows, liabilities, and deferred outflows, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the deferred outflows, liabilities, deferred inflows, net position, and expenses of the governmental activities 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" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Sanbornton, New Hampshire, as of June 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting policies generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sanbornton, New Hampshire, as of June 30, 2018, and the respective changes in financial position and cash flows thereof 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, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages i-vii and 36-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sanbornton, New Hampshire's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Vaehon Clifton + Company PC*

Manchester, New Hampshire  
February 13, 2019

**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

The Town of Sanbornton provides this Management Discussion & Analysis as part of the format prescribed by the provisions of the Government Standards Board Statement 34 (GASB 34). This overview and analysis of the Town of Sanbornton's financial activities covers the twelve months Financial Statements ending June 30, 2018. This report and its content have been designed to fairly present the Town's financial position, including the result of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader to acquiring an accurate understanding of the Town's financial activities have been included.

**Overview of the Financial Statement**

This discussion and analysis is intended to serve as an introduction to the Town of Sanbornton's financial statements. The basic financial statements comprise three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. The statement of activities presents information illustrating how the Town's net position changed during the most recent fiscal year.

Both of the government-wide financial statements have separate sections for two types of activities:

Governmental activities – represent most of the Town's basic services and includes all Governmental Funds

Business-type activities- account for the Town's sewer operations and receives its revenue from user fees.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. Sanbornton uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The Town maintains three fund types: governmental, proprietary and fiduciary funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements

**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund and the Nonmajor Governmental Funds.

Sanbornton relies on a March Town Meeting and adopts an annual budget for its General Fund. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds provide sewer services to customers and charge a user fee.

Fiduciary Funds are used to account for resources held for the benefit of parties outside of town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the town's programs. Fiduciary Funds include Private Purpose Trust Funds (Nonexpendable Trusts) under the stewardship of the Sanbornton Trustees of the Trust Fund.

#### **Notes to the Basic Financial Statements**

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

#### **Comparative Information**

The information below reflects activities for the year ended June 30, 2017 and the year ended June 30, 2018.

### **Government-Wide Financial Analysis**

#### **Governmental Activities (See Exhibits A & B)**

#### **Statement of Net Position**

Net position of the Town of Sanbornton's governmental activities as of June 30, 2018 is as follows:



**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

Current and Other Assets:	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Current Assets	\$ 6,337,171	\$6,191,058
Other Assets	<u>\$11,958,326</u>	<u>\$12,191,075</u>
Total Assets	\$18,295,497	\$18,382,133
Deferred Outflow of Resources	<u>\$ 673,237</u>	<u>\$470,615</u>
Current and Other Liabilities		
Current Liabilities	\$ 411,607	\$325,538
Other Liabilities	<u>\$3,333,926</u>	<u>\$2,939,896</u>
Total Liabilities	<u>\$3,745,533</u>	<u>\$3,265,434</u>
Deferred Inflows of Resources	<u>\$2,917,003</u>	<u>\$2,960,867</u>
Net Position		
Invested in Capital Assets	\$11,131,895	\$11,484,136
Restricted	\$ 184,975	\$305,241
Unrestricted	<u>\$ 989,328</u>	<u>\$837,070</u>
Total Net Position	<u>\$12,306,198</u>	<u>\$12,626,447</u>

Sanbornton's net position totaled \$12,626,447 at June 30, 2018 with \$11,484,136 reflecting the investment in capital assets such as land, buildings, infrastructure, and equipment less the outstanding debt used to acquire those assets.

**Statement of Activities**

Changes in net position of the governmental activities for the year ending June 30, 2018 are as follows:

Program Revenues:	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Charges for Services	\$ 291,752	\$ 290,829
Operating Grants and Contributions	\$ 174,188	\$ 376,356
Capital Grants and Contributions	<u>\$ 72,702</u>	
Total Program Revenues	<u>\$ 538,642</u>	<u>\$ 667,185</u>
General Revenues:		
Property & Other Taxes	\$\$3,477,217	\$3,539,367
Licenses & Permits	\$ 715,559	\$ 744,499
Intergovernmental Revenues	\$ 153,887	\$ 153,559
Interest & Investment Earnings	\$ 10,425	\$ 34,584
Miscellaneous	<u>\$ 2,846</u>	<u>\$ 27,897</u>
Total General Revenues	<u>\$ 4,359,934</u>	<u>\$4,499,906</u>
Total Revenues	<u>\$ 4,898,576</u>	<u>\$5,167,091</u>
Program Expenses:		
General Government	\$1,166,729	\$1,266,562
Public Safety	\$ 912,417	\$1,011,809

**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

Highway & Streets	\$ 1,207,906	\$ 1,967,620
Health & Welfare	\$ 93,045	\$ 117,491
Sanitation	\$ 145,726	\$ 177,627
Culture & Recreation	\$ 277,703	\$ 283,628
Interest	<u>\$ 31,686</u>	<u>\$ 22,105</u>
Total Expenses	<u>\$ 3,835,212</u>	<u>\$4,846,842</u>
Change In Net Position:	\$ 1,063,364	\$ 320,249
Net Position –Beginning of Year	<u>\$ 11,366,342</u>	<u>\$ 12,306,198</u>
Restatement for GASB 75	\$(123,508)	
Net Position-Ending of Year	<u>\$ 12,306,198</u>	<u>\$12,749,955</u>

As shown in the above statement the Town of Sanbornton's governmental activities experienced a favorable increase in financial position of \$320,249.

**Business-Type Activities (See Exhibits E, F & G)**

**Statement of Net Position**

Net position of the business-type activities as of June 30, 2018 is as follows:

Current and Other Assets	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Current Assets	\$ 117,553	\$ 93,248
Other Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total Assets	<u>\$ 117,553</u>	<u>\$ 93,248</u>
Deferred Outflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>
Current and Other Liabilities		
Current Liabilities	\$ 0	\$ 0
Other Liabilities	<u>\$ 0</u>	<u>\$ 21,713</u>
Deferred Inflows of Resources	<u>\$ 30,918</u>	<u>\$ 0</u>
Net Position		
Unrestricted	<u>\$ 86,635</u>	<u>\$ 71,535</u>
Total Net Position	<u>\$ 86,635</u>	<u>\$ 71,535</u>

**Statement of Activities**

Changes in the net position of the business-type activities for the year ending June 30, 2018 are as follows:

Program Revenues:	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Charges for Services	<u>\$ 60,317</u>	<u>\$ 58,776</u>
Total Program Revenues	<u>\$ 60,317</u>	<u>\$ 58,776</u>

**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

General Revenues

Interest & Investment Earnings	\$ 0	\$ 1
Total General Revenues	<u>\$ 0</u>	<u>\$ 1</u>
Total Revenues	<u>\$ 60,317</u>	<u>\$ 58,777</u>
Program Expenses:		
Contract Services	\$ 44,035	\$ 42,864
Total Expenses	<u>\$ 44,035</u>	<u>\$ 42,864</u>
Change in Net Position	<u>\$ 16,282</u>	<u>\$ 15,913</u>
Net Position-Beginning of Year	<u>\$ 70,353</u>	<u>\$ 55,622</u>
Restatement	\$ (31,013)	
Net Position – Ending of Year	<u>\$ 55,622</u>	<u>\$ 71,535</u>

The following source for business-type activities is charges for services. Net position increased by \$15,913.

**Financial Analysis of the Town's Funds**

As noted previously, The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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

**General Fund**

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the general fund had a fund balance of \$2,542,793. There was a use of fund balance to help offset the current year tax rate in the amount of \$93,000.

**Other Governmental Funds**

For financial statement reporting purposes, the following funds are included as part of the General Fund: Energy Conservation Fund, Library Fund, Town Hall Restoration Fund, Drug Forfeiture Fund, and Capital Reserve Funds. The total fund balance of these funds is \$897,557.

**Non-Major Governmental Funds**

Includes the following separate funds: Ambulance Fund, Conservation Commission Fund, Recreation Fund, Cemetery Sales Fund and the Police Details Revolving Fund. Total fund balance for these funds was \$372,254.

**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

**Proprietary Funds**

The Town's proprietary fund, the Sewer Fund, had an unrestricted net position of \$71,535 at June 30, 2018. Charges for services for sewer operation cover the Winnepesaukee River Basin Program Administration, Operating & Maintenance and Capital charges as allocated to Sanbornton based upon the Town's share of the entire project.

**Capital Assets and Long-Term Obligations**

**Capital Assets**

The Town of Sanbornton's Capital Assets of \$20,328,446 covers Land, Construction in progress, Infrastructure, Buildings & Improvements and Vehicles and Equipment. Assets depreciated using the straight-line method over the course of their useful life. The Total Accumulated Depreciation at June 30, 2018 is \$8,137,371, resulting in Net Capital Assets of \$12,191,075. See Note 4 in the Notes to the Basic Financial Statements for additional information.

**Long-Term Obligations**

All Changes to Long-Term Obligations resulted in a \$237,572 net decrease primarily in Bonds Payable and Capital Lease Payments. Additional information regarding the Town's long-term debt obligations can be found in Note 6 of the Notes to the Basic Financial Statements.

**Budgetary Highlights**

Budgetary information for the General Fund (a major governmental fund) is included in the Required Supplementary Information section. Budgetary information in these financial statements has been presented for only one of the Town's major governmental funds (the General Fund).

Actual revenues and transfers in on the budgetary basis were less than the estimated budgeted amount by \$8,973.

The Town under-expended its budget by \$99,498.

**Economic Factors**

The Town's Assessed Valuation for setting the municipality tax rate increased from \$393,052,930 to \$394,378,392. The Town's portion of the total property tax rate increased from \$8.82 to \$8.99 per \$1,000 of valuation. The Town accounted for 38% of the total tax rate of \$23.63 per \$1,000. The remaining municipal tax rate calculation for FY '17 being broken down as: \$1.41 for the County tax rate, \$2.42 for the State Education and \$10.81 for Local Education.

The Town of Sanbornton remains in good financial condition. The Town of Sanbornton has a stable cash flow and does not have to utilize any Tax Anticipation Notes. It is the Board of Selectmen's intent to continue this stability during the coming years.

**Town of Sanbornton, New Hampshire**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ending June 30, 2018**

**Contacting the Town of Sanbornton's Financial Management**

This financial report is to provide our citizens and creditors with a general overview of the Town's finances and to show a measure of accountability for the money it receives. If you have any questions about this report or need to get additional information, contact the Board of Selectmen at, PO Box 124, Sanbornton, NH 03269, telephone number 603-286-8303.

EXHIBIT A  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 5,577,003	\$ 1,544	\$ 5,578,547
Investments	407,329		407,329
Taxes receivable, net	273,603		273,603
Accounts receivable, net	24,827		24,827
Internal balances	(91,704)	91,704	-
Total Current Assets	<u>6,191,058</u>	<u>93,248</u>	<u>6,284,306</u>
Noncurrent Assets:			
Non-depreciable capital assets	3,082,510		3,082,510
Depreciable capital assets, net	9,108,565		9,108,565
Total Noncurrent Assets	<u>12,191,075</u>	<u>-</u>	<u>12,191,075</u>
Total Assets	<u>18,382,133</u>	<u>93,248</u>	<u>18,475,381</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	20,744		20,744
Deferred outflows related to pension	449,871		449,871
Total Deferred Outflows of Resources	<u>470,615</u>	<u>-</u>	<u>470,615</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	55,348		55,348
Accrued expenses	49,597		49,597
Due to other governments	3,853		3,853
Unearned revenue	19,204	21,713	40,917
Current portion of bonds payable	168,523		168,523
Current portion of capital leases payable	24,013		24,013
Current portion of estimated liability for landfill postclosure care costs	5,000		5,000
Total Current Liabilities	<u>325,538</u>	<u>21,713</u>	<u>347,251</u>
Noncurrent Liabilities:			
Bonds payable	455,565		455,565
Capital leases payable	58,838		58,838
Compensated absences payable	157,720		157,720
OPEB Liability	125,622		125,622
Net pension liability	1,973,126		1,973,126
Estimated liability for landfill postclosure care costs	169,025		169,025
Total Noncurrent Liabilities	<u>2,939,896</u>	<u>-</u>	<u>2,939,896</u>
Total Liabilities	<u>3,265,434</u>	<u>21,713</u>	<u>3,287,147</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes collected in advance	2,830,604		2,830,604
Deferred inflows related to OPEB	2,435		2,435
Deferred inflows related to pension	127,828		127,828
Total Deferred Inflows of Resources	<u>2,960,867</u>	<u>-</u>	<u>2,960,867</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,484,136		11,484,136
Restricted	305,241		305,241
Unrestricted	837,070	71,535	908,605
Total Net Position	<u>\$ 12,626,447</u>	<u>\$ 71,535</u>	<u>\$ 12,697,982</u>

*See accompanying notes to the basic financial statements*

EXHIBIT B  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>						
General government	\$ 1,266,562	\$ 2,226		\$ (1,264,336)		\$ (1,264,336)
Public safety	1,011,809	93,387	\$ 34,289	(884,133)		(884,133)
Highways and streets	1,967,620		342,067	(1,625,553)		(1,625,553)
Health and welfare	117,491			(117,491)		(117,491)
Sanitation	177,627	107,576		(70,051)		(70,051)
Culture and recreation	283,628	87,640		(195,988)		(195,988)
Interest and fiscal charges	22,105			(22,105)		(22,105)
Total governmental activities	<u>4,846,842</u>	<u>290,829</u>	<u>376,356</u>	<u>(4,179,657)</u>	<u>\$ -</u>	<u>(4,179,657)</u>
<b>Business-type activities:</b>						
Sewer	<u>42,864</u>	<u>58,776</u>			<u>15,912</u>	<u>15,912</u>
Total business-type activities	<u>42,864</u>	<u>58,776</u>	<u>-</u>	<u>-</u>	<u>15,912</u>	<u>15,912</u>
Total primary government	<u>\$4,889,706</u>	<u>\$ 349,605</u>	<u>\$ 376,356</u>	<u>(4,179,657)</u>	<u>15,912</u>	<u>(4,163,745)</u>
<b>General revenues:</b>						
Property and other taxes				3,539,367		3,539,367
Licenses and permits				744,499		744,499
<b>Grants and contributions:</b>						
Rooms and meals tax distribution				153,559		153,559
Interest and investment earnings				34,584	1	34,585
Miscellaneous				27,897		27,897
Total general revenues				<u>4,499,906</u>	<u>1</u>	<u>4,499,907</u>
Change in net position				320,249	15,913	336,162
Net position - beginning, as restated				<u>12,306,198</u>	<u>55,622</u>	<u>12,361,820</u>
Net position - ending				<u>\$ 12,626,447</u>	<u>\$ 71,535</u>	<u>\$ 12,697,982</u>

*See accompanying notes to the basic financial statements*

EXHIBIT C  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,203,153	\$ 373,850	\$ 5,577,003
Investments	280,937	126,392	407,329
Taxes receivable, net	273,603		273,603
Accounts receivable, net		24,827	24,827
Due from other funds	<u>7,219</u>		<u>7,219</u>
Total Assets	<u>\$ 5,764,912</u>	<u>\$ 525,069</u>	<u>\$ 6,289,981</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,764,912</u>	<u>\$ 525,069</u>	<u>\$ 6,289,981</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 55,348		\$ 55,348
Accrued expenses	32,755		32,755
Due to other governments	3,853		3,853
Due to other funds	91,704	\$ 7,219	98,923
Unearned recreation revenue		<u>19,204</u>	<u>19,204</u>
Total Liabilities	<u>183,660</u>	<u>26,423</u>	<u>210,083</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes collected in advance	<u>3,038,459</u>		<u>3,038,459</u>
Total Deferred Inflows of Resources	<u>3,038,459</u>	<u>-</u>	<u>3,038,459</u>
<b>FUND BALANCES</b>			
Nonspendable		47,226	47,226
Restricted	162,011	96,004	258,015
Committed	1,303,735	355,416	1,659,151
Assigned	4,932		4,932
Unassigned	<u>1,072,115</u>		<u>1,072,115</u>
Total Fund Balances	<u>2,542,793</u>	<u>498,646</u>	<u>3,041,439</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,764,912</u>	<u>\$ 525,069</u>	<u>\$ 6,289,981</u>

*See accompanying notes to the basic financial statements*



EXHIBIT C-1  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2018**

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 3,041,439
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	12,191,075
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	207,855
Deferred outflows of resources and deferred inflows of resources that do not provide or require the use of current financial resources are not reported within the funds.	
Deferred outflow of resources attributable to net OPEB liability	20,744
Deferred outflow of resources attributable to net pension liability	449,871
Deferred inflow of resources attributable to net OPEB liability	(2,435)
Deferred inflow of resources attributable to net pension liability	(127,828)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(624,088)
Capital leases payable	(82,851)
Compensated absences payable	(157,720)
Accrued interest on long-term obligations	(16,842)
OPEB liability	(125,622)
Net pension liability	(1,973,126)
Estimated liability for landfill postclosure care costs	<u>(174,025)</u>
Net position of governmental activities (Exhibit A)	<u>\$ 12,626,447</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 3,562,285		\$ 3,562,285
Licenses and permits	744,499		744,499
Intergovernmental	526,680	\$ 3,235	529,915
Charges for services	113,422	177,407	290,829
Investment income	33,633	951	34,584
Miscellaneous	20,397	5,500	25,897
Total Revenues	<u>5,000,916</u>	<u>187,093</u>	<u>5,188,009</u>
<b>Expenditures:</b>			
<b>Current operations:</b>			
General government	1,254,295		1,254,295
Public safety	845,861	16,344	862,205
Highways and streets	895,894		895,894
Health and welfare	117,491		117,491
Sanitation	177,400		177,400
Culture and recreation	248,749	31,116	279,865
Capital outlay	1,491,364	11,271	1,502,635
<b>Debt service:</b>			
Principal retirement	272,664		272,664
Interest and fiscal charges	26,985		26,985
Total Expenditures	<u>5,330,703</u>	<u>58,731</u>	<u>5,389,434</u>
Excess revenues over (under) expenditures	<u>(329,787)</u>	<u>128,362</u>	<u>(201,425)</u>
<b>Other financing sources (uses):</b>			
Capital lease proceeds	77,095		77,095
Transfers in	320,801		320,801
Transfers out		(320,801)	(320,801)
Total other financing sources (uses)	<u>397,896</u>	<u>(320,801)</u>	<u>77,095</u>
Net change in fund balances	68,109	(192,439)	(124,330)
Fund balances - beginning	<u>2,474,684</u>	<u>691,085</u>	<u>3,165,769</u>
Fund balances - ending	<u>\$ 2,542,793</u>	<u>\$ 498,646</u>	<u>\$ 3,041,439</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D-1  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

Net Change in Fund Balances-Total Governmental Funds (Exhibit D)	\$ (124,330)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	237,933
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(20,918)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net loss on disposal of capital assets reduced by the actual proceeds received from the sale of capital assets.	(7,184)
Proceeds from capital leases are reported as other financing sources in the funds, but a capital lease increases long-term liabilities in the statement net position.	(77,095)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.	305,970
In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditures is reported when due.	6,042
Some expenses reported in the statement of activities, such as compensated absences and the estimated liability for landfill postclosure care costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	13,697
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	16,195
Net changes in pension	<u>(30,061)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 320,249</u>

*See accompanying notes to the basic financial statements*

EXHIBIT E  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2018**

	<u>Sewer Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,544
Due from other funds	<u>91,704</u>
Total Current Assets	<u>93,248</u>
Noncurrent Assets:	
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>93,248</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total Deferred Outflows of Resources	<u>-</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Unearned revenue	\$ 21,713
Total Current Liabilities	<u>21,713</u>
Noncurrent Liabilities:	
Total Noncurrent Liabilities	<u>-</u>
Total Liabilities	<u>21,713</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total Deferred Inflows of Resources	<u>-</u>
<b>NET POSITION</b>	
Unrestricted	<u>71,535</u>
Total Net Position	<u>\$ 71,535</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT F**  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2018**

	Sewer <u>Fund</u>
Operating revenues:	
Charges for services	\$ 58,776
Total operating revenues	<u>58,776</u>
Operating expenses:	
Contractual services	<u>42,864</u>
Total operating expenses	<u>42,864</u>
Operating income	<u>15,912</u>
Non-operating revenues:	
Interest revenue	<u>1</u>
Total non-operating revenues	<u>1</u>
Change in net position	15,913
Net position - beginning, as restated	<u>55,622</u>
Net position - ending	<u>\$ 71,535</u>

*See accompanying notes to the basic financial statements*

EXHIBIT G  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2018**

	Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 59,602
Cash paid to suppliers	<u>(42,864)</u>
Net cash provided by operating activities	<u>16,738</u>
Cash flows from investing activities:	
Interest on investments	<u>1</u>
Net cash provided by investing activities	<u>1</u>
Net increase in cash and cash equivalents	16,739
Cash and cash equivalents - beginning	<u>76,509</u>
Cash and cash equivalents - ending	<u>\$ 93,248</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 15,912
Changes in assets and liabilities:	
Increase in unearned revenue	<u>826</u>
Net cash provided by operating activities	<u>\$ 16,738</u>

*See accompanying notes to the basic financial statements*

**EXHIBIT H**  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	ASSETS	Private- Purpose <u>Trust Funds</u>
Cash		\$ 7,755
Investments		<u>140,225</u>
Total assets		<u>\$ 147,980</u>
NET POSITION		
Held in trust		<u>\$ 147,980</u>
Total net position		<u>\$ 147,980</u>

*See accompanying notes to the basic financial statements*

EXHIBIT I  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Investment earnings:	
Interest	\$ 3,943
Realized gain on investments	1,604
Net decrease in the fair value of investments	<u>(5,352)</u>
Total Investment Earnings	<u>195</u>
Total Additions	<u>195</u>
DEDUCTIONS:	
Benefits	<u>1,000</u>
Total Deductions	<u>1,000</u>
Change in net position	(805)
Net position - beginning	<u>148,785</u>
Net position - ending	<u>\$ 147,980</u>

*See accompanying notes to the basic financial statements*



**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Sanbornton, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The Town of Sanbornton, New Hampshire (the “Town”) was incorporated in 1770. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions as authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements:**

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial conditions of the governmental and business-type activities of the Town at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

**2. Fund Financial Statements:**

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the Town's major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

**2. Proprietary Funds:**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following is the Town's major proprietary fund:

The *Sewer Fund* accounts for all revenues and expenses pertaining to the Town's wastewater services provided by the Winnepesaukee River Basin Program.

The Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

**3. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The Town maintains one category of fiduciary funds known as private purpose trust funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private purpose trust funds which account for monies designated to benefit individuals within the Town.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

*Measurement Focus*

**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using the economic resources measurement focus.

*Basis of Accounting*

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**1. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year end.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, charges for services and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period, and taxes collected in advance of the period of availability have been reported as deferred inflows of resources.

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

***Budgetary Data***

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2018, the Town applied \$93,000 of its unassigned fund balance to reduce taxes.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

***Cash and Cash Equivalents***

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	Sewer <u>Fund</u>
Cash and cash equivalents	\$ 1,544
Due from other funds	<u>91,704</u>
	<u>\$ 93,248</u>

***Investments***

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

***Taxes Receivable***

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2018 are recorded as receivables net of reserves for estimated uncollectibles of \$10,000.

***Accounts Receivable***

Accounts receivable are recorded net of reserves for estimated uncollectibles of \$3,981 in the Ambulance Fund, a Nonmajor Governmental Fund.

***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure consists of roads, bridges and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	40
	Buildings and improvements	40
	Vehicles and equipment	5-10

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

***Compensated Absences***

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to Town personnel policy and collective bargaining agreements, employees may accumulate up to 60 days of unused sick time earned and, upon retirement, resignation or death will be compensated for half of the total accrued amounts at current rates of pay. Employees may also accumulate up to 25 days of unused vacation pay earned and, upon retirement, resignation or death will be compensated for the total accrued amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

***Accrued Liabilities and Long-Term Obligations***

Except for the obligation for other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

General obligation bonds, capital leases and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

***Pensions***

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

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Fund Balance Policy***

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance:*** Amounts that are not in a spendable form or are required to be maintained intact.
- ***Restricted Fund Balance:*** Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or by the enabling legislation.
- ***Committed Fund Balance:*** Amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority (Board of Selectmen). Commitments may be changed or lifted only by the Board of Selectmen taking the same formal action that imposed the constraint originally. The Board of Selectmen's actions must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- ***Assigned Fund Balance:*** Amounts a Town intends to use for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as "assigned".
- ***Unassigned Fund Balance:*** Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balances of another governmental fund.

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

As of June 30, 2018 the Town has not established a formal Fund Balance Policy.

***Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the sewer fund, these revenues are charges to customers for sales and services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Other Post-Employment Benefits***

The Town did not implement the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. Statement 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 75 were required to be implemented by the Town during the year ended June 30, 2018. The Town has implemented the provisions of GASB Statement 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 7).

**NOTE 3—DEPOSITS AND INVESTMENTS**

Deposits and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 5,578,547
Investments	407,329
Statement of Fiduciary Net Position:	
Cash and cash equivalents	7,755
Investments	<u>140,225</u>
Total deposits and investments	<u>\$ 6,133,856</u>



**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Deposits and investments at June 30, 2018 consist of the following:

Cash on hand	\$ 1,527,022
Deposits with financial institutions	4,340,217
Investments	<u>266,617</u>
Total deposits and investments	<u>\$ 6,133,856</u>

The Town does not have an investment policy for the investment of public funds in governmental funds. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Library Fund are at the discretion of the Library Trustees.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a policy to address interest rate risk.

Information about the sensitivity of the fair values of the Town’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>&gt; 5 Years</u>
Bond Mutual Funds	<u>\$ 128,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,498</u>

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town’s investments are held in unrated mutual funds. The Town does not have a policy to address credit risk. The Town’s investments in bond mutual funds and prime money market funds are unrated.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have an investment policy for assurance against custodial credit risk.

Of the Town’s deposits with financial institutions at year end, \$412,887 was collateralized by securities held by the bank in the bank’s name.

As of June 30, 2018, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

<u>Investment Type</u>	<u>Reported Amount</u>
Equity Income Funds	3,661
Bond Mutual Funds	128,498
Prime Money Market Funds	<u>134,458</u>
	<u>\$ 266,617</u>

***Fair Value Measurement of Investments***

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of June 30, 2018, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Level 1 Inputs</u>
Equity Income Funds	\$ 3,661
Bond Mutual Funds	128,498
Prime Money Market Funds	<u>134,458</u>
	<u>\$ 266,617</u>

Equity, bond, and money market funds classified as level 1 are valued using unadjusted quoted prices in active markets for those securities.

**NOTE 4—CAPITAL ASSETS**

The following is a summary of changes in capital assets in the governmental funds:

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2018</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 3,082,510			\$ 3,082,510
Total capital assets not being depreciated	<u>3,082,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,082,510</u>
Other capital assets:				
Infrastructure	11,469,432	242,500		11,711,932
Buildings and improvements	2,418,988	6,505		2,425,493
Vehicles and equipment	<u>2,787,484</u>	<u>416,945</u>	<u>(95,918)</u>	<u>3,108,511</u>
Total other capital assets at historical cost	<u>16,675,904</u>	<u>665,950</u>	<u>(95,918)</u>	<u>17,245,936</u>

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Less accumulated depreciation for:

Infrastructure	(5,035,196)	(159,490)		(5,194,686)
Buildings and improvements	(538,875)	(38,222)		(577,097)
Vehicles and equipment	<u>(2,226,017)</u>	<u>(228,305)</u>	88,734	<u>(2,365,588)</u>
Total accumulated depreciation	<u>(7,800,088)</u>	<u>(426,017)</u>	88,734	<u>(8,137,371)</u>
Total other capital assets, net	<u>8,875,816</u>	<u>239,933</u>	<u>(7,184)</u>	<u>9,108,565</u>
Total capital assets, net	<u>\$ 11,958,326</u>	<u>\$ 239,933</u>	<u>\$ (7,184)</u>	<u>\$ 12,191,075</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,980
Public safety	134,230
Highways and streets	278,810
Sanitation	4,075
Culture and recreation	<u>6,922</u>
Total governmental activities depreciation expense	<u>\$ 426,017</u>

The balance of the assets acquired through capital leases as of June 30, 2018 is as follows:

Vehicles and equipment	\$ 279,628
Less accumulated depreciation for:	
Vehicles and equipment	<u>(109,544)</u>
	<u>\$ 170,084</u>

**NOTE 5—INTERFUND BALANCES AND TRANSFERS**

The Town has combined the cash resources of some of its governmental fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2018 are as follows:

	General Fund	Due from	
		Nonmajor Governmental Funds	Totals
Due to General Fund		\$ 7,219	\$ 7,219
Proprietary Fund - Sewer	\$ 91,704		91,704
	<u>\$ 91,704</u>	<u>\$ 7,219</u>	<u>\$ 98,923</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. The nonmajor governmental funds transferred \$320,801 to the General Fund.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

**NOTE 6—LONG-TERM OBLIGATIONS**

*Changes in Long-Term Obligations*

The changes in the Town’s long-term obligations for the year ended June 30, 2018 are as follows:

	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 896,752		\$ (272,664)	\$ 624,088	\$ 168,523
Capital leases payable	39,062	\$ 77,095	(33,306)	82,851	24,013
Compensated absences	166,417	5,804	(14,501)	157,720	
Total governmental activities	<u>\$ 1,102,231</u>	<u>\$ 82,899</u>	<u>\$ (320,471)</u>	<u>\$ 864,659</u>	<u>\$ 192,536</u>

Payments on the general obligation bonds and capital leases of the governmental activities are paid out of the General Fund. Compensated absences will be paid from the fund where the employee’s salary is paid.

*General Obligation Bonds*

Bonds payable at June 30, 2018 are comprised of the following individual issues:

	<u>Original</u> <u>Issue</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>at</u> <u>6/30/2018</u>
Highway building bond	\$ 1,100,000	3.875%	August 2020	\$ 375,415
Maple Circle bond	918,280	1.700%	October 2022	248,673
				<u>\$ 624,088</u>

Debt service requirements to retire general obligation bonds at June 30, 2018 are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 168,523	\$ 18,936	\$ 187,459
2020	174,032	13,427	187,459
2021	179,542	7,694	187,236
2022	50,566	1,734	52,300
2023	51,425	874	52,299
	<u>\$ 624,088</u>	<u>\$ 42,665</u>	<u>\$ 666,753</u>

*Capital Lease Obligations*

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following are the individual capital lease obligations of the governmental activities at June 30, 2018:

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Vehicle, due in annual installments of \$21,051, including interest at 3.565%, through August 2021	\$ 77,095
Vehicle, due in annual installments of \$5,944, including interest at 3.22%, through July 2018	<u>5,756</u>
	<u>\$ 82,851</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2018 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 24,013	\$ 2,982	\$ 26,995
2020	18,919	2,132	21,051
2021	19,604	1,447	21,051
2022	<u>20,315</u>	<u>736</u>	<u>21,051</u>
	<u>\$ 82,851</u>	<u>\$ 7,297</u>	<u>\$ 90,148</u>

**NOTE 7—OTHER POST EMPLOYMENT BENEFITS**

***Plan Description***

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at [www.nhrs.org](http://www.nhrs.org).

The OPEB Plan is divided into four membership types. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. The OPEB plan is closed to new entrants.

***Benefits Provided***

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two person plan.

***Funding Policy***

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of public safety employees and employees were 4.10% and 0.30%, respectively, for the year ended June 30, 2018. Contributions to the OPEB plan for the Town were \$20,744 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2018, the Town reported a liability of \$125,622 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2016. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2017, the Town's proportion was approximately 0.0275 percent, which was an increase of 0.0014 percentage points from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$4,549. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments		\$ 395
Changes in proportion and differences between Town contributions and proportionate share of contributions		2,040
Town contributions subsequent to the measurement date	\$ 20,744	
Totals	<u>\$ 20,744</u>	<u>\$ 2,435</u>

The Town reported \$20,744 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2018. Other amounts reported as deferred

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2018	\$ (2,139)
2019	(99)
2020	(99)
2021	(98)
	<u>\$ (2,435)</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 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.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-2.11%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.25%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.75%
Opportunistic	5%	2.84%
Total	<u>100%</u>	

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

The discount rate used to measure the collective total OPEB liability as of June 30, 2017 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

***Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the Town’s proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net OPEB Liability	\$ 136,714	\$ 125,622	\$ 116,011

**NOTE 8—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301 or their website at [www.nhrs.org](http://www.nhrs.org).

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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 are available to pay retirement benefits to all members.

***Benefits Provided***

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



**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

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 vested by January 1, 2012, 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 not attained 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 benefit commencement date precedes the month after which the member attains 52.5 years of age by 1/4 of 1%. For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

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

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.

***Funding Policy***

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 25.33%, 27.79% and 11.08%, respectively. The Town contributes 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. Contributions to the pension plan for the Town were \$188,155 for the year ended June 30, 2018.

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

At June 30, 2018, the Town reported a liability of \$1,973,126 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2016. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2017, the Town's proportion was approximately 0.0401 percent, which was a decrease of 0.0018 percentage points from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$218,216. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 4,474	\$ 25,112
Changes of assumptions	198,128	
Net difference between projected and actual earnings on pension plan investments		25,129
Difference between expected and actual experience		
Changes in proportion and differences between Town contributions and proportionate share of contributions	59,114	77,587
Town contributions subsequent to the measurement date	<u>188,155</u>	
Total	<u>\$ 449,871</u>	<u>\$ 127,828</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$322,043. The Town reported \$188,155 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense in the measurement periods as follows:

<u>June 30,</u>	
2018	\$ 45,236
2019	84,626
2020	51,762
2021	<u>(47,736)</u>
	<u>\$ 133,888</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions:

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2015 pursuant to an experience study of the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-2.11%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.25%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.75%
Opportunistic	5%	2.84%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the collective 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 contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, 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 or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 2,599,495	\$ 1,973,126	\$ 1,459,842

**NOTE 8—LANDFILL POSTCLOSURE CARE COSTS**

State and federal 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 for thirty years after closure. During 2002, a final cover was placed on the landfill. An estimated liability has been recorded based on the future postclosure care costs that will be incurred after the date the landfill no longer accepts waste. The estimated liability for postclosure care costs has a balance of \$174,025 as of June 30, 2018. The estimated total current cost of the landfill postclosure care 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 June 30, 2018. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended June 30, 2018:

Balance - July 1, 2017	\$ 179,025
Expenditures recognized in the General Fund	(7,892)
Net change in estimated liability for postclosure care costs	<u>2,892</u>
Balance - June 30, 2018	<u>\$ 174,025</u>

**NOTE 9—RESTRICTED NET POSITION**

Net position is restricted for specific purposes as follows:

	Governmental <u>Activities</u>
Permanent funds - Principal	\$ 47,226
Permanent funds - Income	79,166
Library	43,544
Conservation donations	9,965
Highway block grant	118,043
Recreation facilities	6,873
Drug Forfeiture funds	424
	<u>\$ 305,241</u>

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

**NOTE 10—COMPONENTS OF FUND BALANCE**

The Town’s fund balance components are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Non-spendable:</b>			
Permanent Funds - Principal		\$ 47,226	\$ 47,226
<b>Restricted for:</b>			
Permanent Funds - Income		79,166	79,166
Conservation - Donations		9,965	9,965
Recreation facilities - Donations		6,873	6,873
Library Fund	\$ 43,544		43,544
Highway Block Grant	118,043		118,043
Drug Forfeiture Fund	424		424
<b>Committed for:</b>			
Ambulance Fund		112,223	112,223
Conservation Commission		126,118	126,118
Recreation Fund		80,145	80,145
Cemetery Sales Fund		16,047	16,047
Police Special Detail Fund		20,883	20,883
Capital Reserve Fund	923,694		923,694
Subsequent year expenditures	380,041		380,041
<b>Assigned for:</b>			
Energy conservation Fund	167		167
Town Hall Restoration Fund	4,765		4,765
<b>Unassigned:</b>			
Unassigned - General operations	<u>1,072,115</u>		<u>1,072,115</u>
	<u>\$ 2,542,793</u>	<u>\$ 498,646</u>	<u>\$ 3,041,439</u>

**NOTE 11—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$394,378,392 as of April 1, 2017) and are due in two installments on July 11, 2017 and December 21, 2017. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax dedeed to the Town.

In accordance with State law, the Town collects taxes for the Winnisquam Regional School District and Belknap County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$5,205,831 and \$554,573, for the

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

Winnisquam Regional School District and Belknap County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

**NOTE 12—RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2018, the Town participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2018.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

***Worker's Compensation***

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

**NOTE 13—COMMITMENTS AND CONTINGENCIES**

***Litigation***

The Town's management estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**June 30, 2018**

**NOTE 14—SUBSEQUENT EVENTS**

***BAN and General Obligation Bond***

In July 2018, the Town entered into a bond anticipation note in the amount of \$1,903,283, which has an interest rate of 1.90% and reaches maturity February 2019.

In February 2019, the Town issued a general obligation bond through the New Hampshire Municipal Bond Bank. Bond proceeds totaled \$380,656 with a premium of \$45,156, interest varying from 4.10%-5.10% with annual installments of \$30,000-\$35,000 through August 2029.

***Capital Lease Authorization***

In August 2018, the Town entered into two lease agreements for the purchase of highway vehicles totaling \$125,159 and \$68,632, respectively. Annual payments are \$33,726 at 5.04% interest and \$16,176 at 6.9295% interest, respectively, through September 2022.

**NOTE 15—RESTATEMENT OF NET POSITION**

During the year ended June 30, 2018, the Town adopted Governmental Accounting Standards Board (GASB) No. 75 – *Accounting and Financial Report for Postemployment Benefits Other Than Pensions*, as described in Note 1 of the financial statements. Additionally, during the year ended June 30, 2018, it was determined the Sewer Fund was overstated. The impact of the restatements on the governmental activities as of July 1, 2017 is as follows:

Net Position - July 1, 2017 (as previously reported)	\$ 12,429,706
Amount of restatement due to:	
OPEB liability	(139,792)
Deferred outflows of resources related to OPEB	16,284
Net Position - July 1, 2017, as restated	<u>\$ 12,306,198</u>

The impact of the restatements on the business-type activities and the Sewer Fund as of July 1, 2017 is as follows:

Net Position - July 1, 2017 (as previously reported)	\$ 86,635
Amount of restatement due to:	
Overstatement of unearned revenue	10,031
Overstatement of accounts receivable	(41,044)
Net Position - July 1, 2017, as restated	<u>\$ 55,622</u>

SCHEDULE 1  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 3,663,632	\$ 3,663,632	\$ 3,539,367	\$ (124,265)
Licenses and permits	684,900	684,900	744,499	59,599
Intergovernmental	405,058	523,101	526,680	3,579
Charges for services	93,000	93,000	113,422	20,422
Interest income	3,000	3,000	28,345	25,345
Miscellaneous	7,100	7,100	14,095	6,995
Total Revenues	<u>4,856,690</u>	<u>4,974,733</u>	<u>4,966,408</u>	<u>(8,325)</u>
Expenditures:				
Current operations:				
General government	1,314,930	1,314,930	1,254,295	60,635
Public safety	886,366	886,366	845,861	40,505
Highways and streets	927,566	927,566	823,439	104,127
Health and welfare	103,838	103,838	117,491	(13,653)
Sanitation	191,286	191,286	177,400	13,886
Culture and recreation	115,973	115,973	114,724	1,249
Capital outlay	1,027,510	1,027,510	1,133,558	(106,048)
Debt service:				
Principal retirement	272,929	272,929	272,664	265
Interest and fiscal charges	27,105	27,105	26,985	120
Total Expenditures	<u>4,867,503</u>	<u>4,867,503</u>	<u>4,766,417</u>	<u>101,086</u>
Excess revenues over (under) expenditures	<u>(10,813)</u>	<u>107,230</u>	<u>199,991</u>	<u>92,761</u>
Other financing sources (uses):				
Transfers in	321,449	321,449	320,801	(648)
Transfers out	<u>(478,636)</u>	<u>(478,636)</u>	<u>(480,224)</u>	<u>(1,588)</u>
Total other financing sources (uses)	<u>(157,187)</u>	<u>(157,187)</u>	<u>(159,423)</u>	<u>(2,236)</u>
Net change in fund balance	(168,000)	(49,957)	40,568	90,525
Fund balance - beginning				
- Budgetary Basis	<u>1,737,486</u>	<u>1,737,486</u>	<u>1,737,486</u>	<u>-</u>
Fund balance - ending				
- Budgetary Basis	<u>\$ 1,569,486</u>	<u>\$ 1,687,529</u>	<u>\$ 1,778,054</u>	<u>\$ 90,525</u>

See accompanying notes to the required supplementary information



SCHEDULE 2

TOWN OF SANBORNTON, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended June 30, 2018

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2017	0.02747423%	\$ 125,622	\$ 929,521	13.51%	7.91%
June 30, 2016	0.02887648%	\$ 139,792	\$ 944,643	14.80%	5.21%

*See accompanying notes to the required supplementary information*

SCHEDULE 3  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Schedule of Town OPEB Contributions**  
**For the Year Ended June 30, 2018**

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	\$ 20,744	\$ (20,744)	\$ -	\$ 1,069,243	1.94%
June 30, 2017	\$ 16,284	\$ (16,284)	\$ -	\$ 929,521	1.75%
June 30, 2016	\$ 16,779	\$ (16,779)	\$ -	\$ 944,643	1.78%

*See accompanying notes to the required supplementary information*

SCHEDULE 4

**TOWN OF SANBORNTON, NEW HAMPSHIRE**

**Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability**

**For the Year Ended June 30, 2018**

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2017	0.04012056%	\$ 1,973,126	\$ 929,521	212.27%	62.66%
June 30, 2016	0.04194073%	\$ 2,230,238	\$ 944,643	236.09%	58.30%
June 30, 2015	0.04134441%	\$ 1,637,868	\$ 926,598	176.76%	65.47%
June 30, 2014	0.04164618%	\$ 1,563,225	\$ 876,727	178.30%	66.32%
June 30, 2013	0.03873074%	\$ 1,666,888	\$ 803,059	207.57%	59.81%

*See accompanying notes to the required supplementary information*

SCHEDULE 5  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Schedule of Town Pension Contributions**  
For the Year Ended June 30, 2018

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	\$ 188,155	\$ (188,155)	\$ -	\$ 1,069,243	17.60%
June 30, 2017	\$ 146,978	\$ (146,978)	\$ -	\$ 929,521	15.81%
June 30, 2016	\$ 150,092	\$ (150,092)	\$ -	\$ 944,643	15.89%
June 30, 2015	\$ 138,706	\$ (138,706)	\$ -	\$ 926,598	14.97%
June 30, 2014	\$ 135,493	\$ (135,493)	\$ -	\$ 876,727	15.45%
June 30, 2013	\$ 96,506	\$ (96,506)	\$ -	\$ 803,059	12.02%

*See accompanying notes to the required supplementary information*

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. General Fund budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances, capital lease proceeds, non-budgetary activity, and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 5,398,812	\$ 5,330,703
Difference in property taxes meeting susceptible to accrual criteria	(22,918)	
Encumbrances, June 30, 2017		(72,455)
Capital lease proceeds	(77,095)	(77,095)
Non-budgetary activity	(11,590)	(414,736)
Budgetary transfers out		480,224
Per Schedule 1	<u>\$ 5,287,209</u>	<u>\$ 5,246,641</u>

**NOTE 2—GENERAL FUND BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at June 30, 2018 are as follows:

<i>Committed for:</i>	
Subsequent year expenditures	\$ 380,041
<i>Unassigned:</i>	
Unassigned - General operations	<u>1,398,013</u>
	<u>\$ 1,778,054</u>

**NOTE 3—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS**

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net OPEB liability, and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75 during the year ended June 30, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**June 30, 2018**

**NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN CONTRIBUTIONS**

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement #68 during the year ended June 30, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

***Changes in Actuarial Assumptions***

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
**June 30, 2018**

	Special Revenue Funds	Permanent Funds	Combining Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 373,850		\$ 373,850
Investments		\$ 126,392	126,392
Accounts receivable, net	24,827		24,827
<b>Total Assets</b>	<u>398,677</u>	<u>126,392</u>	<u>525,069</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 398,677</u>	<u>\$ 126,392</u>	<u>\$ 525,069</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 7,219		\$ 7,219
Unearned recreation revenue	19,204		19,204
<b>Total Liabilities</b>	<u>26,423</u>	<u>\$ -</u>	<u>26,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	-	-	-
<b>FUND BALANCES</b>			
Nonspendable		47,226	47,226
Restricted	17,128	79,166	96,294
Committed	355,126		355,126
<b>Total Fund Balances</b>	<u>372,254</u>	<u>126,392</u>	<u>498,646</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 398,677</u>	<u>\$ 126,392</u>	<u>\$ 525,069</u>

SCHEDULE A-1  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
**June 30, 2018**

	Ambulance Fund	Conservation Commission	Recreation Fund	Cemetery Sales Fund	Police Special Detail Fund	Town Park Expendable Trust Fund	Combining Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 94,632	\$ 136,083	\$ 99,349	\$ 16,047	\$ 20,866	\$ 6,873	\$ 373,850
Accounts receivable, net	23,117			16,047	1,710		24,827
Total Assets	<u>117,749</u>	<u>136,083</u>	<u>99,349</u>	<u>16,047</u>	<u>22,576</u>	<u>6,873</u>	<u>398,677</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 117,749</u>	<u>\$ 136,083</u>	<u>\$ 99,349</u>	<u>\$ 16,047</u>	<u>\$ 22,576</u>	<u>\$ 6,873</u>	<u>\$ 398,677</u>
<b>LIABILITIES</b>							
Due to other funds	\$ 5,526				\$ 1,693		\$ 7,219
Unearned recreation revenue			\$ 19,204				19,204
Total Liabilities	<u>5,526</u>	<u>-</u>	<u>19,204</u>	<u>-</u>	<u>1,693</u>	<u>-</u>	<u>26,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
<b>FUND BALANCES</b>							
Restricted		9,965				6,873	16,838
Committed	112,223	126,118	80,145	16,047	20,883		355,416
Total Fund Balances	<u>112,223</u>	<u>136,083</u>	<u>80,145</u>	<u>16,047</u>	<u>20,883</u>	<u>6,873</u>	<u>372,254</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 117,749</u>	<u>\$ 136,083</u>	<u>\$ 99,349</u>	<u>\$ 16,047</u>	<u>\$ 22,576</u>	<u>\$ 6,873</u>	<u>\$ 398,677</u>



SCHEDULE B  
**TOWN OF SANBORNTON, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:			
Intergovernmental	\$ 3,235		\$ 3,235
Charges for services	177,407		177,407
Investment income (loss)	1,210	\$ (259)	951
Miscellaneous	<u>5,500</u>		<u>5,500</u>
Total Revenues	<u>187,352</u>	<u>(259)</u>	<u>187,093</u>
Expenditures:			
Current operations:			
Public safety	16,344		16,344
Culture and recreation	31,116		31,116
Capital outlay	<u>11,271</u>		<u>11,271</u>
Total Expenditures	<u>58,731</u>	<u>-</u>	<u>58,731</u>
Excess of revenues over (under) expenditures	<u>128,621</u>	<u>(259)</u>	<u>128,362</u>
Other financing (uses):			
Transfers out	<u>(320,801)</u>		<u>(320,801)</u>
Total other financing (uses)	<u>(320,801)</u>	<u>-</u>	<u>(320,801)</u>
Net change in fund balances	(192,180)	(259)	(192,439)
Fund balances - beginning	<u>564,434</u>	<u>126,651</u>	<u>691,085</u>
Fund balances - ending	<u>\$ 372,254</u>	<u>\$ 126,392</u>	<u>\$ 498,646</u>

SCHEDULE B-1  
TOWN OF SANBORNTON, NEW HAMPSHIRE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds - All Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018

	Ambulance Fund	Conservation Commission	Recreation Fund	Cemetery Sales Fund	Police Special Detail Fund	Town Park Expendable Trust Fund	Combining Totals
Revenues:							
Intergovernmental					\$ 3,235		\$ 3,235
Charges for services	\$ 77,497		\$ 87,640		12,270		177,407
Investment income	574	\$ 242	153	\$ 20	2	\$ 219	1,210
Miscellaneous				5,500			5,500
Total Revenues	<u>78,071</u>	<u>242</u>	<u>87,793</u>	<u>5,520</u>	<u>15,507</u>	<u>219</u>	<u>187,352</u>
Expenditures:							
Current operations:							
Public safety	8,187				8,157		16,344
Culture and recreation		20,050	11,066				31,116
Capital outlay					11,271		11,271
Total Expenditures	<u>8,187</u>	<u>20,050</u>	<u>11,066</u>	<u>-</u>	<u>19,428</u>	<u>-</u>	<u>58,731</u>
Excess of revenues over (under) expenditures	<u>69,884</u>	<u>(19,808)</u>	<u>76,727</u>	<u>5,520</u>	<u>(3,921)</u>	<u>219</u>	<u>128,621</u>
Other financing (uses):							
Transfers out	(265,352)		(55,449)				(320,801)
Total other financing (uses)	<u>(265,352)</u>	<u>-</u>	<u>(55,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,801)</u>
Net change in fund balances	<u>(195,468)</u>	<u>(19,808)</u>	<u>21,278</u>	<u>5,520</u>	<u>(3,921)</u>	<u>219</u>	<u>(192,180)</u>
Fund balances - beginning	<u>307,691</u>	<u>155,891</u>	<u>58,867</u>	<u>10,527</u>	<u>24,804</u>	<u>6,654</u>	<u>564,434</u>
Fund balances - ending	<u>\$ 112,223</u>	<u>\$ 136,083</u>	<u>\$ 80,145</u>	<u>\$ 16,047</u>	<u>\$ 20,883</u>	<u>\$ 6,873</u>	<u>\$ 372,254</u>