

TOWN OF DURHAM, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2018

Town of Durham, New Hampshire

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	17
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual – Sewer Fund	18
Fiduciary Funds:	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21

REQUIRED SUPPLEMENTARY INFORMATION:

Pension:

Schedule of Proportionate Share of the Net Pension Liability (GASB 68)	51
Schedule of Pension Contributions (GASB 68)	52

OPEB:

Schedule of Proportionate Share of Net OPEB Liability (GASB 75)	53
Schedule of Changes in the Net OPEB Liability and Contributions (GASB 75)	54

OTHER SUPPLEMENTARY INFORMATION:

Combining Schedule – General Fund Balance Sheet	55
Combining Schedule – Nonmajor Governmental Funds Balance Sheet	56
Combining Schedule – General Fund Revenues, Expenditures, Changes in Fund Balance	57
Combining Schedule – Nonmajor Governmental Funds Revenues, Expenditures, Changes in Fund Balance	58

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Durham, New Hampshire

Additional Offices:

Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Durham, New Hampshire's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) qualified audit opinion on the governmental activities; and (2) unmodified audit opinion on each major fund and the aggregate remaining fund information.

Basis for Qualified Opinion on Governmental Activities

Management has not included any of the Town of Durham, New Hampshire's capital assets acquired in years prior to 2004, nor the accumulated depreciation and depreciation expense related to those assets in the governmental activities. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on Governmental Activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Durham, New Hampshire, as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 51 to 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information appearing on pages 55 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Melanson Heath

May 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, and conservation.

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

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

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

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$11,800,046 (i.e., net position), a change of \$196,838 in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$8,031,803, a change of \$2,910,289 in comparison to the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$3,341,109, a change of \$624,700 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

<u>NET POSITION</u>		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 18,519,816	\$ 17,923,564
Capital assets	<u>42,165,775</u>	<u>41,712,755</u>
Total assets	60,685,591	59,636,319
Deferred outflows of resources	2,250,370	2,907,856
Current liabilities	13,036,138	14,770,948
Noncurrent liabilities	<u>36,933,416</u>	<u>35,585,043</u>
Total liabilities	49,969,554	50,355,991
Deferred inflows of resources	1,166,361	514,206
Net position:		
Net investment in capital assets	20,567,601	19,817,244
Restricted	3,812,800	3,108,400
Unrestricted	<u>(12,580,355)</u>	<u>(11,251,666)</u>
Total net position	<u>\$ 11,800,046</u>	<u>\$ 11,673,978</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was \$11,800,046, a change of \$196,838 from the prior year.

The largest portion of net position \$20,567,601 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$3,812,800, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(12,580,355) primarily resulting from the Town's unfunded net pension liability.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,554,160	\$ 3,916,345
Capital grants and contributions	185,506	110,776
General revenues:		
Property taxes	8,517,751	8,601,248
Motor vehicle permit fees	1,176,627	1,175,731
Penalties and interest on taxes	161,019	173,664
Grants and contributions not restricted to specific programs	4,385,411	4,390,081
Investment income	105,458	85,482
Other	543,691	714,834
Total revenues	<u>19,629,623</u>	<u>19,168,161</u>
Expenses:		
General government	2,823,222	2,594,405
Public safety	8,428,923	8,279,852
Highways and streets	2,613,562	2,449,502
Sanitation	2,787,240	2,284,809
Water distribution and treatment	643,427	422,437
Health and human services	16,300	20,750
Welfare	29,024	20,634
Culture and recreation	1,209,821	1,290,863
Conservation	98,177	206,473
Interest on long-term debt	783,089	708,411
Total expenses	<u>19,432,785</u>	<u>18,278,136</u>
Change in net position	196,838	890,025
Net position - beginning of year, as restated	<u>11,603,208</u>	<u>10,783,953</u>
Net position - end of year	<u>\$ 11,800,046</u>	<u>\$ 11,673,978</u>

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

Governmental activities. Governmental activities for the year resulted in a change in net position of \$196,838. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 458,249
Other governmental funds operations	2,452,040
Principal debt service in excess of depreciation expense	187,040
Other	<u>(2,900,491)</u>
Total	<u>\$ 196,838</u>

D. FINANCIAL ANALYSIS OF FUNDS

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$8,031,803, a change of \$2,910,289 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 458,249
Capital project fund activities	2,118,969
Sewer fund activities	145,853
Nonmajor funds operating results	<u>187,218</u>
Total	<u>\$ 2,910,289</u>

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$3,341,109, while total fund balance was \$5,202,522. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 3,341,109	\$ 2,716,409	\$ 624,700	22.9%
Total fund balance	\$ 5,202,522	\$ 4,744,273	\$ 458,249	35.7%

The total fund balance of the general fund changed by \$458,249 during the current year. Key factors in this change are as follows:

Revenues less than budget	\$ (223,416)
Expenditures less than budget	622,130
Expenditures of prior year encumbrances	(42,267)
Change in capital reserves	80,990
Change in library activities	20,812
Total	<u>\$ 458,249</u>

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

	<u>12/31/18</u>	<u>12/31/17</u>	<u>Change</u>
Capital reserves	\$ <u>1,055,133</u>	\$ <u>974,143</u>	\$ <u>80,990</u>
Total	\$ <u>1,055,133</u>	\$ <u>974,143</u>	\$ <u>80,990</u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

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

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$42,165,775 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

New Additions:	
Recycling Collection Vehicle	\$ 220,061
Dump Truck	\$ 127,261
New Additions to Construction in Progress:	
Police Building Renovations	\$ 875,469
Road Resurfacing 2018	\$ 295,095
Crommets Creek Bridge Repair	\$ 176,428
Recycling Facility Repairs	\$ 164,989
Reclassification of Construction in Progress:	
Sludge Dewatering Upgrade	\$ 3,487,676
Spruce Hole Aquifer	\$ 2,349,073
Road Program 2016	\$ 344,000
Sewer Line Old Bagdad Road	\$ 219,611
Sewer Line Main St/ Mill Road	\$ 207,396

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

Long-term debt. At the end of the current year, total bonded debt outstanding was \$20,985,985, all of which was backed by the full faith and credit of the government.

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

REQUESTS FOR INFORMATION

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

Office of Business Manager
Town of Durham
8 Newmarket Road
Durham, NH 03824

TOWN OF DURHAM, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 14,426,451
Investments	2,176,577
Restricted cash	435,322
Receivables, net of allowance for uncollectibles:	
Property taxes	1,081,899
User fees	67,864
Departmental and other	120,915
Other assets	166,949
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	43,839
Capital assets:	
Land and construction in progress	7,904,553
Other capital assets, net of accumulated depreciation	34,261,222
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	2,057,521
Related to OPEB	192,849
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	62,935,961
LIABILITIES	
Current:	
Accounts payable	951,782
Retainage payable	30,969
Accrued liabilities	465,384
Tax refunds payable	75,000
Taxes paid in advance	24,095
Due to school district	8,211,594
Due to other governments	5,839
Other current liabilities	716,444
Current portion of long-term liabilities:	
Bonds payable	2,359,268
Other	195,763
Noncurrent:	
Bonds payable, net of current portion	18,626,717
Net pension liability	14,282,942
Net OPEB liability	2,272,324
Other, net of current portion	1,751,433
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,054,062
Related to OPEB	29,772
Other	82,527
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	51,135,915
NET POSITION	
Net investment in capital assets	20,567,601
Restricted for:	
Grants and other statutory restrictions	3,388,599
Permanent funds:	
Nonexpendable	371,403
Expendable	52,798
Unrestricted	(12,580,355)
TOTAL NET POSITION	\$ 11,800,046

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

TOWN OF DURHAM, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 2,823,222	\$ 432,696	\$ -	\$ -	\$ (2,390,526)
Public safety	8,428,923	946,892	-	-	(7,482,031)
Highways and streets	2,613,562	3,340	-	81,788	(2,528,434)
Sanitation	2,787,240	1,915,846	-	72,082	(799,312)
Water distribution and treatment	643,427	934,998	-	-	291,571
Health and human services	16,300	-	-	-	(16,300)
Welfare	29,024	-	-	-	(29,024)
Culture and recreation	1,209,821	320,388	-	31,636	(857,797)
Conservation	98,177	-	-	-	(98,177)
Interest	783,089	-	-	-	(783,089)
Total Governmental Activities	19,432,785	4,554,160	-	185,506	(14,693,119)
General Revenues and Transfers:					
					8,517,751
					1,176,627
					161,019
					4,385,411
					105,458
					543,691
Total general revenues and transfers					14,889,957
Change in Net Position					196,838
Net Position:					
Beginning of year, as restated					11,603,208
End of year					\$ 11,800,046

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

TOWN OF DURHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2018

	<u>General</u>	<u>Capital Project</u>	<u>Sewer</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and short-term investments	\$ 12,111,481	\$ -	\$ 1,207,047	\$ 1,107,923	\$ 14,426,451
Restricted cash	435,322	-	-	-	435,322
Investments	1,013,793	-	659,477	503,307	2,176,577
Receivables:	-	-	-	-	-
Property taxes	1,344,611	-	-	-	1,344,611
User fees	-	-	59,348	75,585	134,933
Departmental and other	120,915	-	-	-	120,915
Due from other funds	317,540	-	25,195	19,937	362,672
Other assets	105,488	-	-	61,461	166,949
TOTAL ASSETS	\$ 15,449,150	\$ -	\$ 1,951,067	\$ 1,768,213	\$ 19,168,430
LIABILITIES					
Accounts payable	\$ 521,910	\$ 264,576	\$ 128,980	\$ 36,316	\$ 951,782
Retainage payable	-	30,969	-	-	30,969
Accrued liabilities	182,958	-	8,868	6,728	198,554
Tax refunds payable	75,000	-	-	-	75,000
Taxes paid in advance	24,095	-	-	-	24,095
Due to other funds	45,132	316,645	-	895	362,672
Due to school district	8,211,594	-	-	-	8,211,594
Due to other governments	5,838	-	-	-	5,838
Other liabilities	715,411	-	-	1,034	716,445
TOTAL LIABILITIES	9,781,938	612,190	137,848	44,973	10,576,949
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	464,690	-	50,561	44,427	559,678
FUND BALANCES					
Nonspendable	105,488	-	-	432,864	538,352
Restricted	448,378	1,010,586	1,077,986	904,447	3,441,397
Committed	572,685	-	684,672	314,444	1,571,801
Assigned	734,862	-	-	27,058	761,920
Unassigned	3,341,109	(1,622,776)	-	-	1,718,333
TOTAL FUND BALANCES	5,202,522	(612,190)	1,762,658	1,678,813	8,031,803
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,449,150	\$ -	\$ 1,951,067	\$ 1,768,213	\$ 19,168,430

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

TOWN OF DURHAM, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2018

Total governmental fund balances	\$ 8,031,803
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,165,775
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	191,209
• Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(39,488,447)
• Other	<u>899,706</u>
Net position of governmental activities	<u><u>\$ 11,800,046</u></u>

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

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

	<u>General</u>	<u>Capital Project</u>	<u>Sewer</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 8,533,267	\$ -	\$ -	\$ 159,414	\$ 8,692,681
Motor vehicle permit fees	1,176,627	-	-	-	1,176,627
Penalties, interest and other taxes	154,482	-	3,789	2,748	161,019
Charges for services	895,408	-	1,908,957	1,243,978	4,048,343
Intergovernmental	3,571,406	310,514	568,255	17,024	4,467,199
Licenses and permits	462,813	-	-	88,418	551,231
Investment income	75,198	-	15,031	15,229	105,458
Contributions	153,222	-	72,082	575	225,879
Miscellaneous	<u>318,289</u>	<u>6,759</u>	<u>594</u>	<u>16,081</u>	<u>341,723</u>
Total Revenues	15,340,712	317,273	2,568,708	1,543,467	19,770,160
Expenditures:					
Current:					
General government	2,617,504	92,497	-	56,476	2,766,477
Public safety	7,502,554	907,848	-	-	8,410,402
Education	-	-	-	-	-
Highways and streets	1,320,324	1,151,925	-	-	2,472,249
Sanitation	632,525	1,079,476	1,144,048	-	2,856,049
Water distribution and treatment	-	11,175	-	590,289	601,464
Health and human services	16,300	-	-	-	16,300
Welfare	29,024	-	-	-	29,024
Culture and recreation	874,239	45,459	-	186,910	1,106,608
Employee benefits	95,198	-	-	2,979	98,177
Debt service	<u>1,500,497</u>	<u>-</u>	<u>1,010,180</u>	<u>297,444</u>	<u>2,808,121</u>
Total Expenditures	<u>14,588,165</u>	<u>3,288,380</u>	<u>2,154,228</u>	<u>1,134,098</u>	<u>21,164,871</u>
Excess (deficiency) of revenues over expenditures	752,547	(2,971,107)	414,480	409,369	(1,394,711)
Other Financing Sources (Uses):					
Issuance of bonds	-	3,876,465	-	-	3,876,465
Bond premiums	-	428,535	-	-	428,535
Transfers in	638,028	867,717	1,628	62,981	1,570,354
Transfers out	<u>(932,326)</u>	<u>(82,641)</u>	<u>(270,255)</u>	<u>(285,132)</u>	<u>(1,570,354)</u>
Total Other Financing Sources (Uses)	<u>(294,298)</u>	<u>5,090,076</u>	<u>(268,627)</u>	<u>(222,151)</u>	<u>4,305,000</u>
Change in fund balance	458,249	2,118,969	145,853	187,218	2,910,289
Fund Balance, at Beginning of Year	<u>4,744,273</u>	<u>(2,731,159)</u>	<u>1,616,805</u>	<u>1,491,595</u>	<u>5,121,514</u>
Fund Balance, at End of Year	<u>\$ 5,202,522</u>	<u>\$ (612,190)</u>	<u>\$ 1,762,658</u>	<u>\$ 1,678,813</u>	<u>\$ 8,031,803</u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Net changes in fund balances - total governmental funds	\$ 2,910,289																
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td>Capital outlay</td><td style="text-align: right;">2,320,812</td></tr> <tr> <td>Depreciation</td><td style="text-align: right;">(1,867,792)</td></tr> </table> The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td>Issuance of debt</td><td style="text-align: right;">(3,876,465)</td></tr> <tr> <td>Repayments of debt</td><td style="text-align: right;">2,054,832</td></tr> <tr> <td>Other</td><td style="text-align: right;">(348,728)</td></tr> </table> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <div style="text-align: right;">(220,344)</div> Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: <table> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td><td style="text-align: right;">(370,374)</td></tr> <tr> <td>Net OPEB liability and related deferred outflows and inflows of resources</td><td style="text-align: right;">(377,187)</td></tr> <tr> <td>Other</td><td style="text-align: right;">1,595</td></tr> </table> Other differences. <div style="text-align: right;">(29,800)</div> 	Capital outlay	2,320,812	Depreciation	(1,867,792)	Issuance of debt	(3,876,465)	Repayments of debt	2,054,832	Other	(348,728)	Net pension liability and related deferred outflows and inflows of resources	(370,374)	Net OPEB liability and related deferred outflows and inflows of resources	(377,187)	Other	1,595	
Capital outlay	2,320,812																
Depreciation	(1,867,792)																
Issuance of debt	(3,876,465)																
Repayments of debt	2,054,832																
Other	(348,728)																
Net pension liability and related deferred outflows and inflows of resources	(370,374)																
Net OPEB liability and related deferred outflows and inflows of resources	(377,187)																
Other	1,595																
Change in net position of governmental activities	\$ <u>196,838</u>																

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

TOWN OF DURHAM, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources:				
Property taxes	\$ 8,583,008	\$ 8,583,008	\$ 8,533,267	\$ (49,741)
Penalties, interest and other taxes	198,699	198,699	154,482	(44,217)
Charges for services	385,000	385,000	469,020	84,020
Intergovernmental	3,668,993	3,668,993	3,571,406	(97,587)
Licenses and permits	1,760,000	1,760,000	1,607,071	(152,929)
Investment income	50,000	50,000	51,046	1,046
Contributions	-	-	1,300	1,300
Miscellaneous	326,000	326,000	318,164	(7,836)
Transfers in	595,500	595,500	638,028	42,528
Total Revenues and Other Sources	15,567,200	15,567,200	15,343,784	(223,416)
Expenditures and Other Uses:				
General government	2,537,170	2,537,170	2,519,794	17,376
Public safety	7,728,835	7,728,835	7,216,800	512,035
Highways and streets	1,499,090	1,499,090	1,317,124	181,966
Sanitation	599,940	599,940	633,725	(33,785)
Health and human services	16,600	16,600	16,300	300
Welfare	23,000	23,000	29,024	(6,024)
Culture and recreation	456,435	456,435	408,422	48,013
Conservation	90,380	90,380	92,348	(1,968)
Debt service	1,481,450	1,481,450	1,500,497	(19,047)
Transfers out	1,134,300	1,134,300	1,211,036	(76,736)
Total Expenditures and Other Uses	15,567,200	15,567,200	14,945,070	622,130
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 398,714	\$ 398,714

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

TOWN OF DURHAM, NEW HAMPSHIRE

SEWER FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources:				
Charges for services	\$ 2,458,278	\$ 2,458,278	\$ 2,482,629	\$ 24,351
Intergovernmental	70,172	70,172	72,082	1,910
Miscellaneous	<u>-</u>	<u>-</u>	<u>594</u>	<u>594</u>
Total Revenues and Other Sources	2,528,450	2,528,450	2,555,305	26,855
Expenditures and Other Uses:				
Sanitation	1,194,350	1,194,350	1,115,454	78,896
Debt service	1,020,100	1,020,100	1,010,180	9,920
Transfers out	<u>314,000</u>	<u>314,000</u>	<u>319,926</u>	<u>(5,926)</u>
Total Expenditures and Other Uses	<u>2,528,450</u>	<u>2,528,450</u>	<u>2,445,560</u>	<u>82,890</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>109,745</u>	\$ <u>109,745</u>

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

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

	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and short-term investments	\$ -	\$ 96,172
Investments	<u>133,474</u>	<u>1,068,526</u>
Total Assets	133,474	1,164,698
 LIABILITIES AND NET POSITION		
Other liabilities	<u>-</u>	<u>1,164,698</u>
Total Liabilities	<u>-</u>	<u>1,164,698</u>
 NET POSITION		
Total net position held in trust	\$ <u><u>133,474</u></u>	\$ <u><u>-</u></u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust Funds
Additions:	
Contributions	\$ 5,406
Interest income	<u>3,130</u>
Total additions	8,536
Deductions:	
Other	<u>20,143</u>
Total deductions	<u>20,143</u>
Net increase (decrease)	(11,607)
Net position:	
Beginning of year	<u>145,081</u>
End of year	<u><u>\$ 133,474</u></u>

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

Town of Durham, New Hampshire

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for the activity pertaining to various construction/renovation projects and the purchase of vehicles and equipment of the Town.
- The *sewer fund* accounts for sewerage treatment services provided to the Town's residents.

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

The Town reports the following fiduciary funds:

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

D. Cash and Short-Term Investments

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

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

E. Investments

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

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

F. Interfund Receivables and Payables

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and building improvements	10-50
Infrastructure	15-25
Equipment and Vehicles	5-15

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Fund Equity

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

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

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

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

K. Use of Estimates

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

2. Departures from Generally Accepted Accounting Principles

The significant departures of the financial statements from generally accepted accounting principles are as follows:

The government-wide Statement of Net Position does not include any of the Town’s capital assets acquired in years prior to 2004, nor the accumulated depreciation on those assets. This is a departure from generally accepted accounting principles of the United States of America.

3. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Town's budget is originally prepared by the Town Administrator's office with the cooperation of the various department heads and submitted to the Town Council for review. The Town Council will review the budget for the following year and make any modifications and amendments as necessary.

After reviewing the budget, the Town Council will hold public hearings for discussion.

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

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

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

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 15,340,712	\$ 14,588,165
Other financing sources/uses (GAAP Basis)	<u>638,028</u>	<u>932,326</u>
Subtotal (GAAP Basis)	15,978,740	15,520,491
Reverse beginning of year appropriation carryforwards from expenditures	-	(72,658)
Add end-of-year appropriation carryforwards from expenditures	-	30,391
To eliminate library activity	(32,059)	(11,247)
To eliminate parking activity	(458,882)	(458,882)
To eliminate capital reserve activity	<u>(144,015)</u>	<u>(63,025)</u>
Budgetary Basis	\$ <u><u>15,343,784</u></u>	\$ <u><u>14,945,070</u></u>
 <u>Sewer Fund</u>	 <u>Revenues and Other Financing Sources</u>	 <u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 2,568,708	\$ 2,154,228
Other financing sources/uses (GAAP Basis)	<u>1,628</u>	<u>270,255</u>
Subtotal (GAAP Basis)	2,570,336	2,424,483
To eliminate capital reserve activity	<u>(15,031)</u>	<u>21,077</u>
Budgetary Basis	\$ <u><u>2,555,305</u></u>	\$ <u><u>2,445,560</u></u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of December 31, 2018.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

4. Cash and Short-Term Investments

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

As of December 31, 2018, none of the Town's bank balance of \$14,608,537 was exposed to custodial credit risk as uninsured or uncollateralized.

5. Restricted Cash

Restricted cash represents capital reserve funds held by the Trustees of Trust Funds as of December 31, 2018.

6. Investments

A. Credit Risk

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

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End				
				AA+	A	A-	AA-	BBB+
U.S. Treasury bonds	\$ 1,329,475	N/A	\$ -	\$ 1,329,475	\$ -	\$ -	\$ -	\$ -
Corporate bonds	1,127,169		-	88,513	166,976	281,857	125,959	463,864
Mutual funds	921,933	N/A	921,933	-	-	-	-	-
Total investments	\$ 3,378,577		\$ 921,933	\$ 1,417,988	\$ 166,976	\$ 281,857	\$ 125,959	\$ 463,864

B. Custodial Credit Risk

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

The Town's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities.

C. Concentration of Credit Risk

The Town does not have an investment in one issuer greater than 5% of total investments.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

		Investment Maturities (in Years)		
Investment Type	Amount	Less		
		Than 1	1-5	6-10
Debt Related Securities:				
U.S. Treasury bonds	\$ 1,329,475	\$ 164,367	\$ 1,165,108	\$ -
Corporate bonds	<u>1,127,169</u>	<u>238,580</u>	<u>668,107</u>	<u>220,482</u>
Total	\$ 2,456,644	\$ 402,947	\$ 1,833,215	\$ 220,482

E. Foreign Currency Risk

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

F. Fair Value

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

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

<u>Description</u>	<u>Fair Value Measurements Using:</u>	
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	
Investments by fair value level:		
Debt securities		
U.S. Treasury bonds	\$ 1,329,475	\$ 1,329,475
Corporate bonds	1,127,169	1,127,169
Mutual Funds	921,933	921,933
Total	<u>\$ 3,378,577</u>	

7. Property Taxes Receivable

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

Property taxes receivable at December 31, 2018 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 1,145,179	\$ (63,280)	\$ 1,081,899
Tax liens	<u>199,432</u>	<u>(155,593)</u>	<u>43,839</u>
Total property taxes	<u>\$ 1,344,611</u>	<u>\$ (218,873)</u>	<u>\$ 1,125,738</u>

Taxes Collected for Others

The Town collects taxes for the State of New Hampshire, the Oyster River Cooperative School District and the County of Strafford. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

8. User Fee Receivables

Receivables for user charges and betterments at December 31, 2018 consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Water	\$ 40,297	\$ (25,750)	\$ 14,547
Sewer	59,348	(37,790)	21,558
Churchill Rink	<u>35,288</u>	<u>(3,529)</u>	<u>31,759</u>
Total	\$ <u>134,933</u>	\$ <u>(67,069)</u>	\$ <u>67,864</u>

9. Intergovernmental Receivables

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

10. Interfund Fund Accounts

Receivables/Payables

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 317,540	\$ 45,132
Capital Project Funds	-	316,645
Sewer Fund	25,195	-
Nonmajor Funds:		
Water Fund	19,937	-
Conservation	<u>-</u>	<u>895</u>
Subtotal Nonmajor Funds	<u>19,937</u>	<u>895</u>
Total	\$ <u>362,672</u>	\$ <u>362,672</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of major interfund transfers.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 638,028	\$ 932,326
Capital Project Funds	867,717	82,641
Sewer Fund	1,628	270,255
Nonmajor Funds:		
Special Revenue Funds:		
Water Fund	62,981	178,524
Depot Road	-	106,608
Subtotal Nonmajor Funds	<u>62,981</u>	<u>285,132</u>
Grand Total	\$ <u>1,570,354</u>	\$ <u>1,570,354</u>

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

11. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 450,928	\$ 86,337	\$ -	\$ 537,265
Buildings and improvements	17,163,620	3,487,675	-	20,651,295
Machinery, equipment, and furnishings	8,200,595	572,329	(112,590)	8,660,334
Infrastructure	12,865,067	3,342,355	-	16,207,422
Total capital assets, being depreciated	38,680,210	7,488,696	(112,590)	46,056,316
Less accumulated depreciation for:				
Land improvements	(150,557)	(11,148)	-	(161,705)
Buildings and improvements	(2,359,101)	(490,065)	-	(2,849,166)
Machinery, equipment, and furnishings	(3,760,905)	(703,357)	112,590	(4,351,672)
Infrastructure	(3,769,329)	(663,222)	-	(4,432,551)
Total accumulated depreciation	(10,039,892)	(1,867,792)	112,590	(11,795,094)
Total capital assets, being depreciated, net	28,640,318	5,620,904	-	34,261,222
Capital assets, not being depreciated:				
Land	3,271,891	-	-	3,271,891
Construction in progress	9,800,546	1,878,858	(7,046,742)	4,632,662
Total capital assets, not being depreciated	13,072,437	1,878,858	(7,046,742)	7,904,553
Governmental activities capital assets, net	<u>\$ 41,712,755</u>	<u>\$ 7,499,762</u>	<u>\$ (7,046,742)</u>	<u>\$ 42,165,775</u>

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

Governmental Activities:	
General government	\$ 9,844
Public safety	364,954
Highways and streets	876,284
Sanitation	367,587
Water distribution and treatment	100,897
Culture and recreation	148,226
Total depreciation expense - governmental activities	<u>\$ 1,867,792</u>

12. Deferred Outflows of Resources

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

13. Accounts Payable and Accrued Expenses

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

14. Tax Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Board of Tax and Land Appeals.

15. Operating Lease Obligations

The Town is the lessee of certain equipment under an operating lease expiring in 2021. Future minimum lease payments under the operating leases consist of the following as of December 31, 2018:

<u>Fiscal</u> <u>Year</u>	<u>Operating</u> <u>Leases</u>
2019	\$ 6,763
2020	6,763
2021	<u>1,691</u>
Present Value of Minimum Lease Payments	<u>\$ 15,217</u>

16. Long-Term Debt

A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/18</u>
Capital improvements	12/31/19	3.00-4.50%	\$ 60,000
Wastewater improvements	06/01/24	3.69%	1,247,147
Landfill closure	02/01/24	3.69%	240,826
Capital improvements	11/15/26	3.80-4.00%	1,095,000
Capital improvements	11/15/28	3.00-4.050%	1,100,000
Capital improvements	08/15/30	3.00-5.00%	570,000
Capital improvements	08/15/32	1.85-4.00%	2,680,000
Capital improvements	03/01/33	2.00-4.125%	2,650,000
Dover Rd Pump Station	10/01/32	2.72%	919,288
Spruce Hole Well Dev	01/01/23	1.70%	121,422
Water Meter Upgrade	01/01/23	1.70%	170,808
Capital improvements	08/15/34	3.04%	2,640,000
Old Concord Road	02/01/34	3.10%	166,259
Capital improvements	09/01/25	2.00%	2,070,000
Capital improvements	01/15/27	2.20%	1,378,770
Capital improvements	02/14/38	2.86%	3,876,465
Total Governmental Activities			<u>\$ 20,985,985</u>

B. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,359,268	\$ 750,738	\$ 3,110,006
2020	2,206,052	660,696	2,866,748
2021	2,159,576	579,483	2,739,059
2022	2,128,380	500,037	2,628,417
2023	1,995,902	423,111	2,419,013
2024 - 2028	6,631,810	1,229,159	7,860,969
2029 - 2033	2,934,603	387,886	3,322,489
Thereafter	<u>570,394</u>	<u>40,611</u>	<u>611,005</u>
Total	<u>\$ 20,985,985</u>	<u>\$ 4,571,721</u>	<u>\$ 25,557,706</u>

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2018:

General fund	\$ 11,090,568
Sewer fund	7,997,481
Special revenue fund	<u>1,897,936</u>
Total	<u>\$ 20,985,985</u>

C. Changes in General Long-Term Liabilities

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

	Total Balance 1/1/18	Additions	Reductions	Total Balance 12/31/18	Less Current Portion	Equals Long-Term Portion 12/31/18
<u>Governmental Activities</u>						
Bonds payable	\$ 19,164,352	\$ 3,876,465	\$ (2,054,832)	\$ 20,985,985	\$ (2,359,268)	\$ 18,626,717
Net pension liability	15,380,286	-	(1,097,344)	14,282,942	-	14,282,942
Net OPEB liability	1,661,290	611,034	-	2,272,324	-	2,272,324
Other:						
Landfill liability	170,000	-	(14,000)	156,000	(14,000)	142,000
Compensated absences	763,093	12,405	-	775,498	(77,550)	697,948
Unamortized premium	<u>666,970</u>	<u>428,535</u>	<u>(79,807)</u>	<u>1,015,698</u>	<u>(104,213)</u>	<u>911,485</u>
Subtotal - other	<u>1,600,063</u>	<u>440,940</u>	<u>(93,807)</u>	<u>1,947,196</u>	<u>(195,763)</u>	<u>1,751,433</u>
Totals	<u>\$ 37,805,991</u>	<u>\$ 4,928,439</u>	<u>\$ (3,245,983)</u>	<u>\$ 39,488,447</u>	<u>\$ (2,555,031)</u>	<u>\$ 36,933,416</u>

17. Landfill Closure and Postclosure Care Costs

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

The \$156,000 reported as landfill postclosure care liability at December 31, 2018 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

18. Deferred Inflows of Resources

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

19. **Governmental Funds - Balances**

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

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

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

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

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

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

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

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

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

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Prepaid expenditures	\$ 105,488	\$ -	\$ -	\$ 61,461	\$ 166,949
Nonexpendable permanent funds	-	-	-	371,403	371,403
Total Nonexpendable	105,488	-	-	432,864	538,352
Restricted					
Bonded projects	-	1,010,586	-	-	1,010,586
Grant proceeds	2,500	-	-	-	2,500
Library operations	437,876	-	-	-	437,876
Parking operations	6,805	-	-	-	6,805
Police confidential	1,197	-	-	-	1,197
Special revenue funds	-	-	1,077,986	851,649	1,929,635
Expendable permanent funds	-	-	-	52,798	52,798
Total Restricted	448,378	1,010,586	1,077,986	904,447	3,441,397
Committed					
Capital reserve funds	572,685	-	684,672	314,444	1,571,801
Total Committed	572,685	-	684,672	314,444	1,571,801
Assigned					
Encumbrances	30,391	-	-	27,058	57,449
Proceeds for future debt payments	303,013	-	-	-	303,013
Fire station improvements	401,458	-	-	-	401,458
Total Assigned	734,862	-	-	27,058	761,920
Unassigned					
Unassigned	3,341,109	(1,622,776)	-	-	1,718,333
Total Unassigned	3,341,109	(1,622,776)	-	-	1,718,333
Total Fund Balance	\$ 5,202,522	\$ (612,190)	\$ 1,762,658	\$ 1,678,813	\$ 8,031,803

20. General Fund Unassigned Fund Balance

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

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

GAAP basis balance	\$ 3,341,109
Unavailable revenue	464,690
Allowance for abatements	(218,873)
Other	(80,987)
Statutory Balance	<u>\$ 3,505,939</u>

21. Retirement System

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

A. Plan Description

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

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

B. Benefits Provided

Group 1 benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

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

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	12	2.2%
Less than 4 years	49	24	2.1%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The Town's contribution to NHRS for the year ended December 31, 2018 was \$1,286,745, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At December 31, 2018, the Town reported a liability of \$14,282,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was .29662183 percent.

For the year ended December 30, 2018, the Town recognized pension expense of \$1,657,056. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 114,004	\$ 115,649
Changes of assumptions	988,450	-
Net difference between projected and actual earnings on pension plan investments	-	330,520
Changes in proportion and differences between contributions and proportionate share of contributions	304,453	607,893
Contributions subsequent to the measurement date	<u>650,614</u>	<u>-</u>
Total	<u>\$ 2,057,521</u>	<u>\$ 1,054,062</u>

\$650,614 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 672,941
2020	300,370
2021	(448,087)
2022	<u>(172,379)</u>
Total	<u>\$ 352,845</u>

F. Actuarial Assumptions

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

Inflation	2.5 percent per year
Salary increases	5.6 percent average, including inflation
Wage inflation	3.25 percent
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.

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

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

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	<u>7.00</u>	1.14%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.25%
Opportunistic	5.00	2.15%
Real estate	<u>10.00</u>	3.25%
Total alternative investments	<u>25.00</u>	
Total	<u><u>100.00</u></u> %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$ 19,003,571	\$ 14,282,942	\$ 10,326,910

I. Pension Plan Fiduciary Net Position

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

22. Other Post-Employment Benefits (GASB 75)

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

A. Town OPEB Plan

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

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

Plan Membership

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

Inactive employees or beneficiaries	
currently receiving benefit payments	20
Active employees	<u>86</u>
Total	<u><u>106</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent per year
Salary increases	3.25 percent average, including inflation
Discount rate	4.11 percent
Healthcare cost trend rates	8 percent for 2019, fluctuating 0.5 percent per year to an ultimate rate of 4.5 percent for 2026 and later years
Retirees' share of benefit-related costs	100 percent

The discount rate was based on Bond Buyer GO 20-year Municipal Bond Index at December 31, 2018.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.11%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town's total OPEB liability of \$673,098 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances, beginning of year	\$ 692,112
Changes for the year:	
Service cost	46,930
Interest	24,351
Changes in assumptions or other inputs	(27,435)
Benefit payments	<u>(62,860)</u>
Net Changes	<u>(19,014)</u>
Balances, end of year	\$ <u><u>673,098</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44 percent in 2017 to 4.11 percent in 2018. All other assumptions were the same as those used in the previous measurement.

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

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

<u>1%</u> <u>Decrease</u> <u>(3.11%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (4.11%)</u>	<u>1%</u> <u>Increase</u> <u>(5.11 %)</u>
\$ 714,571	\$ 673,098	\$ 634,710

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

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

<u>1%</u> <u>Decrease</u> <u>(7%)</u>	<u>Current</u> <u>Healthcare</u> <u>Cost Trend</u> <u>Rates (8%)</u>	<u>1%</u> <u>Increase (9%)</u>
\$ 619,365	\$ 673,098	\$ 736,212

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

For the year ended December 31, 2018, the Town recognized an OPEB expense of \$68,537. At December 31, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Change in assumptions	\$ <u>24,691</u>
Total	\$ <u><u>24,691</u></u>

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

<u>Year Ended June 30:</u>	
2019	\$ (2,744)
2020	(2,744)
2021	(2,744)
2022	(2,744)
2023	(2,744)
Thereafter	<u>(10,971)</u>
Total	\$ <u>(24,691)</u>

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

Actuarial Assumptions and Other Inputs

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

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

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

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

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$1,599,226.

For the year ended December 31, 2018, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$530,855. At December 31, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 9,387	\$ -
Changes in proportion	102,531	-
Net difference between projected and actual OPEB investment earnings	-	5,081
Contributions subsequent to the measurement date	<u>80,931</u>	<u>-</u>
Total	<u>\$ 192,849</u>	<u>\$ 5,081</u>

The \$80,931 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2019.

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

Year Ended June 30:

2019	\$ 110,333
2020	(1,585)
2021	(1,585)
2022	<u>(326)</u>
Total	\$ <u>106,837</u>

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

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

<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$ 1,664,482	\$ 1,599,226	\$ 1,416,434

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

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at December 31, 2018:

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred Inflows of Resources</u>
Town OPEB Plan	\$ 673,098	\$ -	\$ 24,691
Proportionate share of NHRS Medical Subsidy Plan	<u>1,599,226</u>	<u>192,849</u>	<u>5,081</u>
Total	\$ <u>2,272,324</u>	\$ <u>192,849</u>	\$ <u>29,772</u>

23. Commitments and Contingencies

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

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

24. Beginning Net Position Restatement

The beginning (January 1, 2018) net position of the Town has been restated as follows:

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 11,673,978
Implementation of GASB 75 OPEB	<u>(70,770)</u>
As restated	<u><u>\$ 11,603,208</u></u>

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

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2018	June 30, 2018	0.29662183%	\$14,282,942	\$ 6,282,152	227.36%	64.73%
December 31, 2017	June 30, 2017	0.31273503%	\$15,380,286	\$ 6,245,115	246.28%	62.66%
December 31, 2016	June 30, 2016	0.31390000%	\$16,690,770	\$ 6,160,829	270.92%	58.30%
December 31, 2015	June 30, 2015	0.30896632%	\$12,239,784	\$ 6,004,318	203.85%	65.50%

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

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

SCHEDULE OF PENSION CONTRIBUTIONS

DECEMBER 31, 2018
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2018	June 30, 2018	\$ 1,286,745	\$ 1,286,745	\$ -	\$ 6,419,456	20.04%
December 31, 2017	June 30, 2017	\$ 1,195,801	\$ 1,195,801	\$ -	\$ 6,264,289	19.09%
December 31, 2016	June 30, 2016	\$ 1,115,632	\$ 1,115,632	\$ -	\$ 6,074,719	18.37%
December 31, 2015	June 30, 2015	\$ 1,199,885	\$ 1,199,885	\$ -	\$ 5,982,806	20.06%

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

See Independent Auditors' Report.

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

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2018	June 30, 2018	0.34929370%	\$1,599,226	\$ 6,282,152	25.46%	7.53%
December 31, 2017	June 30, 2017	0.24393420%	\$1,115,350	\$ 6,245,115	17.86%	7.91%

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

See Independent Auditors' Report.

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

Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 46,930
Interest on unfunded liability - time value of money	24,351
Changes of assumptions	(27,435)
Benefit payments, including refunds of member contributions	<u>(62,860)</u>
Net change in total OPEB liability	(19,014)
Total OPEB liability - beginning	<u>692,112</u>
Total OPEB liability - ending	<u>\$ 673,098</u>

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule of Contributions

	<u>2018</u>
Actuarially determined contribution	\$ 62,860
Contributions in relation to the actuarially determined contribution	<u>62,860</u>
Contribution deficiency (excess)	<u>\$ -</u>

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

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

TOWN OF DURHAM, NEW HAMPSHIRE
GENERAL FUND
COMBINING SCHEDULE - GENERAL FUND BALANCE SHEET
DECEMBER 31, 2018

	<u>General</u>	<u>Capital Reserves</u>	<u>Library</u>	<u>Parking</u>	<u>Police Confidential</u>	<u>Eliminate Due To/From</u>	<u>Total General Fund</u>
ASSETS							
Cash and short-term investments	\$ 12,099,731	\$ -	\$ -	\$ 10,553	\$ 1,197	\$ -	\$ 12,111,481
Restricted cash	-	-	435,322	-	-	-	435,322
Investments	-	1,013,793	-	-	-	-	1,013,793
Receivables:							
Property taxes	1,344,611	-	-	-	-	-	1,344,611
Departmental and other	120,915	-	-	-	-	-	120,915
Due from other funds	316,645	-	15,266	-	-	(14,371)	317,540
Other assets	105,488	-	-	-	-	-	105,488
TOTAL ASSETS	<u>\$ 13,987,390</u>	<u>\$ 1,013,793</u>	<u>\$ 450,588</u>	<u>\$ 10,553</u>	<u>\$ 1,197</u>	<u>\$ (14,371)</u>	<u>\$ 15,449,150</u>
LIABILITIES							
Accounts payable	\$ 512,954	\$ 1,599	\$ 5,244	\$ 2,113	\$ -	\$ -	\$ 521,910
Accrued liabilities	173,855	-	7,468	1,635	-	-	182,958
Tax refunds payable	75,000	-	-	-	-	-	75,000
Taxes paid in advance	24,095	-	-	-	-	-	24,095
Due to other funds	102,442	(42,939)	-	-	-	(14,371)	45,132
Due to school district	8,211,594	-	-	-	-	-	8,211,594
Due to other governments	5,838	-	-	-	-	-	5,838
Other liabilities	715,411	-	-	-	-	-	715,411
TOTAL LIABILITIES	<u>9,821,189</u>	<u>(41,340)</u>	<u>12,712</u>	<u>3,748</u>	<u>-</u>	<u>(14,371)</u>	<u>9,781,938</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	464,690	-	-	-	-	-	464,690
FUND BALANCES							
Nonspendable	105,488	-	-	-	-	-	105,488
Restricted	2,500	-	437,876	6,805	1,197	-	448,378
Committed	-	572,685	-	-	-	-	572,685
Assigned	333,404	401,458	-	-	-	-	734,862
Unassigned	3,260,119	80,990	-	-	-	-	3,341,109
TOTAL FUND BALANCES	<u>3,701,511</u>	<u>1,055,133</u>	<u>437,876</u>	<u>6,805</u>	<u>1,197</u>	<u>-</u>	<u>5,202,522</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 13,987,390</u>	<u>\$ 1,013,793</u>	<u>\$ 450,588</u>	<u>\$ 10,553</u>	<u>\$ 1,197</u>	<u>\$ (14,371)</u>	<u>\$ 15,449,150</u>

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

TOWN OF DURHAM, NEW HAMPSHIRE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<u>Water Department</u>	<u>Conservation Commission</u>	<u>Depot Road</u>	<u>Church Hill Rink</u>	<u>Downtown TIF</u>	<u>Permanent Fund</u>	<u>Total</u>
ASSETS							
Cash and short-term investments	\$ 231,565	\$ 76,017	\$ 241,077	\$ 200,969	\$ 358,295	\$ -	\$ 1,107,923
Investments	79,106	-	-	-	-	424,201	503,307
Receivables:							
User fees	40,297	-	-	35,288	-	-	75,585
Due from other funds	19,937	-	-	-	-	-	19,937
Other assets	61,461	-	-	-	-	-	61,461
TOTAL ASSETS	<u>\$ 432,366</u>	<u>\$ 76,017</u>	<u>\$ 241,077</u>	<u>\$ 236,257</u>	<u>\$ 358,295</u>	<u>\$ 424,201</u>	<u>\$ 1,768,213</u>
LIABILITIES							
Accounts payable	\$ 13,221	\$ -	\$ -	\$ 23,095	\$ -	\$ -	\$ 36,316
Accrued liabilities	3,588	-	-	3,140	-	-	6,728
Due to other funds	-	895	-	-	-	-	895
Other liabilities	-	1,034	-	-	-	-	1,034
TOTAL LIABILITIES	16,809	1,929	-	26,235	-	-	44,973
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	31,966	-	-	12,461	-	-	44,427
FUND BALANCES							
Nonspendable	61,461	-	-	-	-	371,403	432,864
Restricted	204,087	74,088	233,905	196,675	142,894	52,798	904,447
Committed	99,043	-	-	-	215,401	-	314,444
Assigned	19,000	-	7,172	886	-	-	27,058
TOTAL FUND BALANCES	<u>383,591</u>	<u>74,088</u>	<u>241,077</u>	<u>197,561</u>	<u>358,295</u>	<u>424,201</u>	<u>1,678,813</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 432,366</u>	<u>\$ 76,017</u>	<u>\$ 241,077</u>	<u>\$ 236,257</u>	<u>\$ 358,295</u>	<u>\$ 424,201</u>	<u>\$ 1,768,213</u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

GENERAL FUND

COMBINING SCHEDULE - GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Capital Reserves</u>	<u>Library</u>	<u>Parking</u>	<u>Police Confidential</u>	<u>Eliminate Due To/From</u>	<u>Total General Fund</u>
Revenues:							
Property taxes	\$ 8,533,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,533,267
Motor vehicle permit fees	1,176,627	-	-	-	-	-	1,176,627
Penalties, interest and other taxes	154,482	-	-	-	-	-	154,482
Charges for services	469,020	-	-	426,388	-	-	895,408
Intergovernmental	3,571,406	-	-	-	-	-	3,571,406
Licenses and permits	430,444	-	-	32,369	-	-	462,813
Investment income	51,046	23,729	423	-	-	-	75,198
Contributions	1,300	120,286	31,636	-	-	-	153,222
Miscellaneous	318,164	-	-	125	-	-	318,289
Total Revenues	14,705,756	144,015	32,059	458,882	-	-	15,340,712
Expenditures:							
Current:							
General government	2,553,125	64,379	-	-	-	-	2,617,504
Public safety	7,220,886	-	-	281,668	-	-	7,502,554
Highways and streets	1,320,324	-	-	-	-	-	1,320,324
Sanitation	632,525	-	-	-	-	-	632,525
Health and human services	16,300	-	-	-	-	-	16,300
Welfare	29,024	-	-	-	-	-	29,024
Culture and recreation	408,422	-	465,817	-	-	-	874,239
Conservation	95,198	-	-	-	-	-	95,198
Debt service	1,500,497	-	-	-	-	-	1,500,497
Total Expenditures	13,776,301	64,379	465,817	281,668	-	-	14,588,165
Excess (deficiency) of revenues over expenditures	929,455	79,636	(433,758)	177,214	-	-	752,547
Other Financing Sources (Uses):							
Transfers in	638,028	83,314	454,570	-	-	(537,884)	638,028
Transfers out	(1,211,036)	(81,960)	-	(177,214)	-	537,884	(932,326)
Total Other Financing Sources (Uses)	(573,008)	1,354	454,570	(177,214)	-	-	(294,298)
Change in fund balance	356,447	80,990	20,812	-	-	-	458,249
Fund Balance, at Beginning of Year	3,345,064	974,143	417,064	6,805	1,197	-	4,744,273
Fund Balance, at End of Year	\$ 3,701,511	\$ 1,055,133	\$ 437,876	\$ 6,805	\$ 1,197	\$ -	\$ 5,202,522

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

TOWN OF DURHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Department	Conservation Commission	Depot Road	Church Hill Rink	Downtown TIF	PTF	Total
Revenues:							
Property taxes	\$ -	\$ 16,520	\$ -	\$ -	\$ 142,894	\$ -	\$ 159,414
Penalties, interest and other taxes	2,740	8	-	-	-	-	2,748
Charges for services	953,226	-	51,039	239,713	-	-	1,243,978
Intergovernmental	17,024	-	-	-	-	-	17,024
Licenses and permits	-	-	88,418	-	-	-	88,418
Investment income	3,614	1,049	-	-	-	10,566	15,229
Contributions	-	-	-	-	-	575	575
Miscellaneous	13,540	-	-	2,541	-	-	16,081
Total Revenues	990,144	17,577	139,457	242,254	142,894	11,141	1,543,467
Expenditures:							
Current:							
General government	-	-	37,870	-	-	18,606	56,476
Highways and streets	590,289	-	-	-	-	-	590,289
Culture and recreation	-	-	-	186,910	-	-	186,910
Conservation	-	2,979	-	-	-	-	2,979
Debt service	294,087	-	-	3,357	-	-	297,444
Total Expenditures	884,376	2,979	37,870	190,267	-	18,606	1,134,098
Excess (deficiency) of revenues over expenditures	105,768	14,598	101,587	51,987	142,894	(7,465)	409,369
Other Financing Sources (Uses):							
Transfers in	62,981	-	-	-	-	-	62,981
Transfers out	(178,524)	-	(106,608)	-	-	-	(285,132)
Total Other Financing Sources (Uses)	(115,543)	-	(106,608)	-	-	-	(222,151)
Change in fund balance	(9,775)	14,598	(5,021)	51,987	142,894	(7,465)	187,218
Fund Balance, at Beginning of Year	393,366	59,490	246,098	145,574	215,401	431,666	1,491,595
Fund Balance, at End of Year	\$ 383,591	\$ 74,088	\$ 241,077	\$ 197,561	\$ 358,295	\$ 424,201	\$ 1,678,813

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