

**TOWN OF TAMWORTH, NEW HAMPSHIRE**

**Financial Statements**

**December 31, 2017**

**and**

**Independent Auditor's Report**

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2017**

**TABLE OF CONTENTS**

|  | <u>Page(s)</u> |
|--|----------------|
| INDEPENDENT AUDITOR'S REPORT   |                |
| MANAGEMENT'S DISCUSSION AND ANALYSIS   | i-vii          |
| <b>BASIC FINANCIAL STATEMENTS</b>  |                |
| EXHIBITS:  |                |
| A Statement of Net Position  | 1              |
| B Statement of Activities  | 2              |
| C Balance Sheet – Governmental Funds   | 3              |
| C-1 Reconciliation of the Balance Sheet of Governmental Funds to the<br>Statement of Net Position  | 4              |
| D Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Governmental Funds   | 5              |
| D-1 Reconciliation of the Statement of Revenues, Expenditures and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities | 6              |
| E Statement of Fiduciary Net Position – Fiduciary Funds  | 7              |
| F Statement of Changes in Fiduciary Net Position – Fiduciary Funds   | 8              |
| NOTES TO BASIC FINANCIAL STATEMENTS  | 9-27           |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  |                |
| SCHEDULES:   |                |
| 1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and<br>Actual (Budgetary Basis) – General Fund                           | 28             |
| 2 Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability   | 29             |
| 3 Schedule of Town Contributions   | 30             |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  | 31-32          |
| <b>SUPPLEMENTAL SCHEDULES</b>  |                |
| SCHEDULES:   |                |
| A Combining Balance Sheet – Governmental Funds – All Nonmajor Funds  | 33             |
| B Combining Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Governmental Funds – All Nonmajor Funds                          | 34             |

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Tamworth, New Hampshire

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Tamworth, New Hampshire (the Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Tamworth, New Hampshire, as of December 31, 2017, 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town contributions on pages i-vii and 28-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplemental Information*

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

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

*Wachon Ouley & Company, PC*

Manchester, New Hampshire  
July 16, 2018

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

The following is a discussion and analysis of the financial activities of the Town of Tamworth, New Hampshire for the year ending December 31, 2017. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town's financial position, and the result of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Financial Statements**

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

The **Statement of Net Position** presents information on all of the Town's (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town 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 not result in cash flows until future periods (such as uncollected taxes and interest on long-term obligations).

**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. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

**Governmental Funds:** Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

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 statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town of Tamworth maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the Town's only major fund. Data from the other governmental funds are combined into a single, aggregate presentation.

**Fiduciary funds:** These funds are used to account for resources held for the benefit of parties outside of the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town's fiduciary funds consist of private-purpose trust funds agency funds.

**Notes to the Basic Financial Statements**

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

**Required Supplementary Information**

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D). The Town's only major governmental fund for 2017 with an adopted budget is the General Fund.

This section also includes a schedule of changes in the Town's proportionate share of the net pension liability and a schedule of Town contributions to the New Hampshire Retirement System.

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

**Other Supplementary Information**

Other supplementary information includes combining financial statements for the nonmajor governmental funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

The table below provides a summary of the Town's net position for the year ended December 31, 2017 compared with 2016. Please note that the 2016 figures have been restated. See Note 15 in the Notes to the Basic Financial Statements for additional information.

Net position of the Town of Tamworth as of December 31, 2017 and 2016 are as follows:

|                                  | <u>2017</u>         | (Restated)<br><u>2016</u> |
|----------------------------------|---------------------|---------------------------|
| Current assets                   | \$ 6,290,073        | \$ 5,790,965              |
| Other assets                     | 52,235              | 56,173                    |
| Capital assets                   | <u>4,437,870</u>    | <u>4,375,088</u>          |
| Total assets                     | <u>10,780,178</u>   | <u>10,222,226</u>         |
| <br>                             |                     |                           |
| Deferred outflows of resources   | <u>184,103</u>      | <u>297,980</u>            |
| <br>                             |                     |                           |
| Long-term liabilities            | 1,395,683           | 1,716,623                 |
| Other liabilities                | <u>3,316,001</u>    | <u>3,009,486</u>          |
| Total liabilities                | <u>4,711,684</u>    | <u>4,726,109</u>          |
| <br>                             |                     |                           |
| Deferred inflows of resources    | <u>305,011</u>      | <u>54,102</u>             |
| <br>                             |                     |                           |
| Net position:                    |                     |                           |
| Net investment in capital assets | 4,437,870           | 4,375,088                 |
| Restricted                       | 316,327             | 294,202                   |
| Unrestricted                     | <u>1,193,389</u>    | <u>1,077,214</u>          |
| Total net position               | <u>\$ 5,947,586</u> | <u>\$ 5,746,504</u>       |

The largest portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Although the Town's investment in its 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 generally cannot be used to liquidate these liabilities.

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town of Tamworth, those restrictions include those related to non-expendable trust funds and the unexpended balance of restricted donations.

**Statement of Activities**

The Town's net position increased by \$201,082 during the current year. Total revenues of \$3,241,006 exceeded revenues of \$3,039,924.

Changes in net position for the years ending December 31, 2017 and 2016 are as follows:

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| Revenues                                  |                     |                     |
| Program revenues:                         |                     |                     |
| Charges for services                      | \$ 99,624           | \$ 107,983          |
| Operating grants and contributions        | 523,680             | 138,518             |
| General revenues:                         |                     |                     |
| Property and other taxes                  | 1,835,518           | 2,125,120           |
| Licenses and permits                      | 576,701             | 552,096             |
| Grants and contributions                  | 150,463             | 150,619             |
| Interest and investment earnings          | 37,926              | 28,911              |
| Miscellaneous                             | 14,694              | 21,513              |
| Contributions to permanent fund principal | 2,400               | -                   |
| Total revenues                            | <u>3,241,006</u>    | <u>3,124,760</u>    |
| Expenses                                  |                     |                     |
| General government                        | 743,042             | 513,038             |
| Public safety                             | 619,645             | 703,251             |
| Highways and streets                      | 957,882             | 1,304,487           |
| Sanitation                                | 219,574             | 167,378             |
| Health and welfare                        | 183,495             | 171,833             |
| Culture and recreation                    | 298,939             | 291,200             |
| Conservation                              | 6,466               | 5,169               |
| Interest and fiscal charges               | 10,881              | 14,439              |
| Total expenses                            | <u>3,039,924</u>    | <u>3,170,795</u>    |
| Change in net position                    | 201,082             | (46,035)            |
| Net position, beginning of year           | 5,746,504           | 5,302,454           |
| Restatements                              |                     | 490,085             |
| Net position, end of year                 | <u>\$ 5,947,586</u> | <u>\$ 5,746,504</u> |

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

Property and other taxes brought in \$1,835,518 in revenues. Licenses and permits generated \$576,701 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings, and miscellaneous revenues. Total revenues recognized during the year ended December 31, 2017 increased from the previous year by \$116,246 or 3.72%.

The Town's expenses cover a range of services. The largest expenses were for highways and streets (31.51%), public safety (20.38%), and general government (24.44%) which accounted for 76.50% of total expenses. Total expenses recognized during the year ended December 31, 2017 decreased from the previous year by \$130,871 or (-4.13%).

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

**Governmental Funds**

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

***General Fund***

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$1,333,800. A detail of the fund balance components at year end are detailed on page 25 of the Notes to the Basic Financial Statements.

The total General Fund balance increased \$109,258 from December 31, 2016. A decrease in fund balance was anticipated as the Town applied \$400,000 of its unassigned fund balance to reduce taxes.

***Nonmajor Governmental Funds***

The total fund balance of \$382,545 in the nonmajor governmental funds is designated for the purposes of the individually established fund. The largest portion of this total represents the balance in the Permanent Funds (\$294,869 or 77.08%) and the Conservation Commission Fund (\$77,502 or 20.26%).

The total fund balance in the nonmajor governmental funds increased \$9,389 from December 31, 2016.

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary information for the major governmental fund (the General Fund) is included in the Required Supplementary Information section.

Actual revenues and other financing sources on the budgetary basis were less than the budgeted amount by \$161,154 or (4.79%). This decrease in revenue is primarily attributable to budgeted bridge repair work for \$225,000 that was to be funded by a transfer from capital reserve funds. This repair work was not done, and accordingly, the transfer in was not necessary .

The Town under expended its budget by \$581,934 or 15.68%. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget. The key areas of savings resulted within general government, public safety, highways and streets, and capital outlay.

**CAPITAL ASSET AND LONG-TERM OBLIGATIONS**

**Capital Assets**

The Town considers a capital asset to be an asset whose costs exceeds \$5,000 and has a useful life of greater than (1) year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$8,149,265. Accumulated depreciation amounts to \$3,711,395, leaving a net book value of \$4,437,870. This investment in capital assets includes equipment and real property. See Note 4 in the Notes to the Basic Financial Statements for a summary of all capital assets.

**Long-Term Obligations**

At December 31, 2017, the Town of Tamworth had total outstanding notes payable of \$315,570. During the year, debt service payments were made in accordance with the scheduled payments.

Additional long-term obligations at year end include estimated landfill postclosure care costs and the Town's proportionate share of the net pension liability. See Notes 6, 7 and 8 in the Basic Financial Statements for additional information.

**ECONOMIC CONDITIONS**

The Town is in stable financial condition with little long-term debt. The Board of Selectmen with the help of the Advisory Budget Committee and citizen's support continue prudent management of the town portion of the tax rate. This has been done through a combination of responsible budgeting and utilizing surplus money to apply toward the tax rate. The Capital Improvement Plan committee continues to update the Capital Improvements Plan (CIP) and forward that information to the Selectmen so that anticipated capital needs can be included in the budgetary process.

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2017**

The Fire Department is working on the acquisition of a new fire truck that was voted on 2 years ago.

The Board of Selectmen accepted funds of a one-time lump sum payment of \$109,293 for local highway aid under Senate Bill (SB) 38. This aid was specifically intended for highway purposes that were not already budgeted. The highway crew was able to take care of needed work on Gardner Hill Road.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all of Tamworth citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Tamworth, Selectmen's Office, 84 Main Street, Tamworth, NH 03886, telephone number (603)323-7525.

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

|  | Governmental<br><u>Activities</u> |
|--|-----------------------------------|
| <b>ASSETS</b>  |                                   |
| Current Assets:  |                                   |
| Cash and cash equivalents  | \$ 4,987,112                      |
| Investments  | 591,820                           |
| Taxes receivable   | 679,382                           |
| Accounts receivable  | 5,868                             |
| Due from other governments   | 20,050                            |
| Prepaid expenses   | <u>5,841</u>                      |
| Total Current Assets   | <u>6,290,073</u>                  |
| Noncurrent Assets:   |                                   |
| Due from other governments   | 52,235                            |
| Capital assets:  |                                   |
| Non-depreciable capital assets   | 2,043,694                         |
| Depreciable capital assets, net  | <u>2,394,176</u>                  |
| Total Noncurrent Assets  | <u>4,490,105</u>                  |
| Total Assets   | <u>10,780,178</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                                   |
| Deferred outflows related to net pension liability                       | <u>184,103</u>                    |
| Total Deferred Outflows of Resources                                     | <u>184,103</u>                    |
| <b>LIABILITIES</b>   |                                   |
| Current Liabilities:   |                                   |
| Accounts payable   | 129,624                           |
| Accrued expenses   | 60,080                            |
| Due to other governments   | 3,049,308                         |
| Current portion of notes payable   | 52,595                            |
| Current portion of compensated absences payable                          | 16,894                            |
| Current portion of estimated liability for<br>landfill postclosure costs | <u>7,500</u>                      |
| Total Current Liabilities  | <u>3,316,001</u>                  |
| Noncurrent Liabilities:  |                                   |
| Notes payable  | 262,975                           |
| Compensated absences payable   | 25,204                            |
| Estimated liability for landfill postclosure care costs                  | 105,000                           |
| Net pension liability  | <u>1,002,504</u>                  |
| Total Noncurrent Liabilities   | <u>1,395,683</u>                  |
| Total Liabilities  | <u>4,711,684</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                                   |
| Taxes collected in advance   | 106,555                           |
| Deferred inflows related to net pension liability                        | <u>198,456</u>                    |
| Total Deferred Inflows of Resources                                      | <u>305,011</u>                    |
| <b>NET POSITION</b>  |                                   |
| Net investment in capital assets   | 4,437,870                         |
| Restricted   | 316,327                           |
| Unrestricted   | <u>1,193,389</u>                  |
| Total Net Position   | <u>\$ 5,947,586</u>               |

*See accompanying notes to the basic financial statements*

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

| Functions/Programs   | <u>Expenses</u>     | <u>Program Revenues</u> |                      | <u>Net (Expense) Revenue</u> |
|--|---------------------|-------------------------|----------------------|------------------------------|
|  |                     | <u>Charges for</u>      | <u>Operating</u>     | <u>and Changes</u>           |
|  |                     | <u>Services</u>         | <u>Grants and</u>    | <u>in Net Position</u>       |
|  |                     |                         | <u>Contributions</u> | <u>Governmental</u>          |
|  |                     |                         |                      | <u>Activities</u>            |
| <b>Governmental Activities:</b>                                      |                     |                         |                      |                              |
| General government   | \$ 743,042          | \$ 10,221               | \$ 283,830           | \$ (448,991)                 |
| Public safety  | 619,645             | 2,490                   |                      | (617,155)                    |
| Highways and streets   | 957,882             | 146                     | 237,855              | (719,881)                    |
| Sanitation   | 219,574             | 54,091                  |                      | (165,483)                    |
| Health and welfare   | 183,495             |                         |                      | (183,495)                    |
| Culture and recreation   | 298,939             | 32,426                  |                      | (266,513)                    |
| Conservation   | 6,466               | 250                     |                      | (6,216)                      |
| Interest and fiscal charges  | 10,881              |                         | 1,995                | (8,886)                      |
| Total governmental activities  | <u>\$ 3,039,924</u> | <u>\$ 99,624</u>        | <u>\$ 523,680</u>    | <u>(2,416,620)</u>           |
| <b>General revenues:</b>   |                     |                         |                      |                              |
|  |                     |                         |                      | 1,835,518                    |
| Property and other taxes   |                     |                         |                      | 576,701                      |
| Licenses and permits   |                     |                         |                      |                              |
| <b>Grants and contributions:</b>                                     |                     |                         |                      |                              |
| Rooms and meals tax distribution                                     |                     |                         |                      | 148,765                      |
| State & federal forest land reimbursement                            |                     |                         |                      | 1,698                        |
| Interest and investment earnings                                     |                     |                         |                      | 37,926                       |
| Miscellaneous  |                     |                         |                      | 14,694                       |
| Contributions to permanent fund principal                            |                     |                         |                      | <u>2,400</u>                 |
| Total general revenues and contributions to permanent fund principal |                     |                         |                      | <u>2,617,702</u>             |
| Change in net position   |                     |                         |                      | 201,082                      |
| Net Position at beginning of year, as restated                       |                     |                         |                      | <u>5,746,504</u>             |
| Net Position at end of year  |                     |                         |                      | <u>\$ 5,947,586</u>          |

See accompanying notes to the basic financial statements

**EXHIBIT C**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2017

|   | General<br>Fund     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>   |                     |                                   |                                |
| Cash and cash equivalents   | \$ 4,916,370        | \$ 70,742                         | \$ 4,987,112                   |
| Investments   | 286,777             | 305,043                           | 591,820                        |
| Taxes receivable  | 679,382             |                                   | 679,382                        |
| Accounts receivable   | 5,868               |                                   | 5,868                          |
| Due from other governments  | 9,603               |                                   | 9,603                          |
| Due from other funds  |                     | 6,760                             | 6,760                          |
| Prepaid expenses  | 5,841               |                                   | 5,841                          |
| Total Assets  | <u>5,903,841</u>    | <u>382,545</u>                    | <u>6,286,386</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                     |                                   |                                |
| Total Deferred Outflows of Resources                                  | -                   |                                   | -                              |
| Total Assets and Deferred Outflows of Resources                       | <u>\$ 5,903,841</u> | <u>\$ 382,545</u>                 | <u>\$ 6,286,386</u>            |
| <b>LIABILITIES</b>  |                     |                                   |                                |
| Accounts payable  | \$ 129,624          |                                   | \$ 129,624                     |
| Accrued expenses  | 54,198              |                                   | 54,198                         |
| Due to other governments  | 3,049,308           |                                   | 3,049,308                      |
| Due to other funds  | 6,760               |                                   | 6,760                          |
| Total Liabilities   | <u>3,239,890</u>    | <u>\$ -</u>                       | <u>3,239,890</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                     |                                   |                                |
| Uncollected property taxes  | 545,998             |                                   | 545,998                        |
| Taxes collected in advance  | 106,555             |                                   | 106,555                        |
| Total Deferred Inflows of Resources                                   | <u>652,553</u>      | <u>-</u>                          | <u>652,553</u>                 |
| <b>FUND BALANCES</b>  |                     |                                   |                                |
| Nonspendable  | 5,841               | 286,099                           | 291,940                        |
| Restricted  | 21,458              | 8,770                             | 30,228                         |
| Committed   | 491,260             | 87,676                            | 578,936                        |
| Assigned  | 159,039             |                                   | 159,039                        |
| Unassigned  | 1,333,800           |                                   | 1,333,800                      |
| Total Fund Balances   | <u>2,011,398</u>    | <u>382,545</u>                    | <u>2,393,943</u>               |
| Total Liabilities, Deferred Inflows of Resources<br>and Fund Balances | <u>\$ 5,903,841</u> | <u>\$ 382,545</u>                 | <u>\$ 6,286,386</u>            |

*See accompanying notes to the basic financial statements*

**EXHIBIT C-1**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
December 31, 2017

|   |                     |
|---|---------------------|
| Total Fund Balances - Governmental Funds (Exhibit C)  | \$ 2,393,943        |
| Amounts reported for governmental activities in the statement of net position are different because:  |                     |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds  | 4,437,870           |
| Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis  | 545,998             |
| Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds. Long-term assets at year end consist of:     |                     |
| Notes receivable  | 62,682              |
| Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds: |                     |
| Deferred outflows of resources related to net pension liability   | 184,103             |
| Deferred inflows of resources related to net pension liability  | (198,456)           |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:          |                     |
| Notes payable   | (315,570)           |
| Accrued interest on long-term obligations   | (5,882)             |
| Compensated absences payable  | (42,098)            |
| Estimated liability for landfill postclosure care costs   | (112,500)           |
| Net pension liability   | <u>(1,002,504)</u>  |
| Net Position of Governmental Activities (Exhibit A)   | <u>\$ 5,947,586</u> |

*See accompanying notes to the basic financial statements*

**EXHIBIT D**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended December 31, 2017

|   | General<br>Fund     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| Revenues:                                       |                     |                                   |                                |
| Taxes   | \$ 1,861,774        | \$ 6,760                          | \$ 1,868,534                   |
| Licenses and permits                            | 576,701             |                                   | 576,701                        |
| Intergovernmental                               | 684,590             |                                   | 684,590                        |
| Charges for services                            | 76,493              |                                   | 76,493                         |
| Interest and investment income                  | 15,397              | 22,529                            | 37,926                         |
| Miscellaneous                                   | <u>31,225</u>       | <u>9,000</u>                      | <u>40,225</u>                  |
| Total Revenues                                  | <u>3,246,180</u>    | <u>38,289</u>                     | <u>3,284,469</u>               |
| Expenditures:                                   |                     |                                   |                                |
| Current operations:                             |                     |                                   |                                |
| General government                              | 771,560             |                                   | 771,560                        |
| Public safety                                   | 542,893             |                                   | 542,893                        |
| Highways and streets                            | 969,080             |                                   | 969,080                        |
| Sanitation                                      | 240,682             |                                   | 240,682                        |
| Health and welfare                              | 183,495             |                                   | 183,495                        |
| Culture and recreation                          | 275,909             | 21,758                            | 297,667                        |
| Conservation                                    | 6,466               |                                   | 6,466                          |
| Capital outlay                                  | 87,658              |                                   | 87,658                         |
| Debt service:                                   |                     |                                   |                                |
| Principal retirement                            | 52,595              |                                   | 52,595                         |
| Interest and fiscal charges                     | <u>13,726</u>       |                                   | <u>13,726</u>                  |
| Total Expenditures                              | <u>3,144,064</u>    | <u>21,758</u>                     | <u>3,165,822</u>               |
| Excess revenues over expenditures               | <u>102,116</u>      | <u>16,531</u>                     | <u>118,647</u>                 |
| Other financing sources (uses):                 |                     |                                   |                                |
| Transfers in                                    | 7,142               |                                   | 7,142                          |
| Transfers out                                   |                     | <u>(7,142)</u>                    | <u>(7,142)</u>                 |
| Total other financing sources (uses)            | <u>7,142</u>        | <u>(7,142)</u>                    | <u>-</u>                       |
| Net change in fund balances                     | 109,258             | 9,389                             | 118,647                        |
| Fund balances at beginning of year, as restated | <u>1,902,140</u>    | <u>373,156</u>                    | <u>2,275,296</u>               |
| Fund balances at end of year                    | <u>\$ 2,011,398</u> | <u>\$ 382,545</u>                 | <u>\$ 2,393,943</u>            |

*See accompanying notes to the basic financial statements*

**EXHIBIT D-1**  
**TOWN OF TAMWORTH, 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, 2017

|   |                   |
|---|-------------------|
| Net Change in Fund Balances - Governmental Funds (Exhibit D)  | \$ 118,647        |
| Amounts reported for governmental activities in the statement of activities are different because:  |                   |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.   | 65,684            |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposed capital assets reduced by the actual proceeds received from the disposal.   | (2,902)           |
| Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | (33,016)          |
| Revenues in the governmental fund financial statements that reduce long-term assets recorded on the statement of net position are not reported as revenues in the statement of activities.  | (10,447)          |
| Repayment of principal on notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.  | 52,595            |
| In the statement of activities, interest is accrued on outstanding notes payable, whereas in governmental funds, an interest expenditure is reported when due.  | 2,845             |
| Some expenses reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. These expenses are from the following sources:   |                   |
| Compensated absences  | (10,041)          |
| Landfill postclosure care costs   | 7,500             |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense reflects the change in the net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which pension contributions exceeded pension expense in the current period. | <u>10,217</u>     |
| Change in Net Position of Governmental Activities (Exhibit B)   | <u>\$ 201,082</u> |

*See accompanying notes to the basic financial statements*

**EXHIBIT E**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2017

|                                       | Private-<br>Purpose<br><u>Trust Funds</u> | Agency<br><u>Funds</u> |
|---------------------------------------|---|------------------------|
| <b>ASSETS</b>                         |   |                        |
| Cash and cash equivalents             |   | \$ 76,813              |
| Investments                           | \$ 6,845                                  | <u>292,246</u>         |
| Total Assets                          | <u>6,845</u>                              | <u>\$ 369,059</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |   |                        |
| Total Deferred Outflows of Resources  | <u>-</u>                                  |                        |
| <b>LIABILITIES</b>                    |   |                        |
| Accounts payable                      |   |                        |
| Due to other governments              |   | \$ 292,246             |
| Due to others                         |   | <u>76,813</u>          |
| Total Liabilities                     | <u>-</u>                                  | <u>\$ 369,059</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |                        |
| Total Deferred Inflows of Resources   | <u>-</u>                                  |                        |
| <b>NET POSITION</b>                   |   |                        |
| Held in trust                         | <u>6,845</u>                              |                        |
| Total Net Position                    | <u>\$ 6,845</u>                           |                        |

*See accompanying notes to the basic financial statements*

**EXHIBIT F**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended December 31, 2017

|  | <u>Private-<br/>Purpose<br/>Trust Funds</u> |
|--|---|
| <b>ADDITIONS:</b>                              |   |
| Investment earnings:                           |   |
| Interest income                                | \$ 177                                      |
| Realized gains on investments                  | 62  |
| Net increase in the fair value of investments  | <u>271</u>                                  |
| Total Investment Earnings                      | <u>510</u>                                  |
| Total Additions                                | <u>510</u>                                  |
| <b>DEDUCTIONS:</b>                             |   |
| Benefits                                       | <u>174</u>                                  |
| Total Deductions                               | <u>174</u>                                  |
| Change in net position                         | 336   |
| Net Position at beginning of year, as restated | <u>6,509</u>                                |
| Net Position at end of year                    | <u>\$ 6,845</u>                             |

*See accompanying notes to the basic financial statements*

**TOWN OF TAMWORTH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2017**

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

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

***Financial Reporting Entity***

The Town of Tamworth, New Hampshire (the Town) was incorporated in 1766. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

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

***Basis of Presentation***

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

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

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

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

**2. Fund Financial Statements:**

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

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***Fund Accounting***

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

**1. Governmental Funds:**

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

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

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains one private purpose trust fund which accounts for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds account for the capital reserve and other funds of the Tamworth School District, which are held by the Town's Trustees of Trust Funds in accordance with State law. The Town also accounts for certain performance deposits in its agency funds.

***Measurement Focus***

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

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

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Basis of Accounting***

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

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

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 9). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

**2. Expenses/Expenditures:**

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

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

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

***Budgetary Data***

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2017, the Town applied \$400,000 of its unassigned fund balance to reduce taxes. An additional \$177,776 was approved at the 2017 annual Town meeting to offset current year appropriations.

***Investments***

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

***Capital Assets***

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

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

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

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

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

|  | <u>Description</u>         | <u>Years</u> |
|--|----------------------------|--------------|
|  | Infrastructure             | 40           |
|  | Buildings and improvements | 10-40        |
|  | Vehicles and equipment     | 5-15         |

***Compensated Absences***

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to Town personnel policy, employees earn vacation time dependent on length of service and may accumulate unused sick days to a maximum of fourteen days. Upon voluntary separation of employment, an employee shall be compensated for any unused vacation or sick leave (subject to certain limitations) at current rates of pay.

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

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

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, general obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Other Post-Employment Benefits***

Other Post Employment Benefit Obligations that are required to be reported by Government Accounting Standard Board (GASB) Statement 45 are not material to these financial statements.

***Pensions***

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

***Net Position***

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

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

***Fund Balance Policy***

Under GASB Statement 54, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or through enabling legislation.
- *Committed Fund Balance*: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned Fund Balance*: Amounts the Town intends to use for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as "assigned".
- *Unassigned Fund Balance*: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit balance of another governmental fund.

*Spending Prioritizations*

In instances when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned and unassigned.

*Minimum Level of Unassigned Fund Balance*

Per the Town's fund balance policy, the Board will maintain an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association, which are as follows:

- 5% to 15% of regular General Fund operating revenues, or
- 8% to 17% of regular General Fund operating expenditures

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

*Interfund Activity*

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

*Estimates*

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

**NOTE 2—DEPOSITS AND INVESTMENTS**

Deposits and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| Statement of Net Position:           |                     |
| Cash and cash equivalents            | \$ 4,987,112        |
| Investments                          | 591,820             |
| Statement of Fiduciary Net Position: |                     |
| Cash and cash equivalents            | 76,813              |
| Investments                          | 299,091             |
| Total deposits and investments       | <u>\$ 5,954,836</u> |

Deposits and investments as of December 31, 2017 consist of the following:

|                                      |                     |
|--------------------------------------|---------------------|
| Cash on hand                         | \$ 50               |
| Deposits with financial institutions | 5,063,875           |
| Investments                          | 890,911             |
| Total deposits and investments       | <u>\$ 5,954,836</u> |

The Town's investment policy for governmental funds states that any excess funds which are not immediately needed for the purpose of expenditure shall be invested in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. Collateral security for such deposits shall be in the form of United States government obligations maturing in less than one-year, United States government agency obligations, obligations of the State of New Hampshire in value at least equal to the amount of the deposit, or savings bank deposits of banks that are FDIC insured and incorporated under the laws of the State of New Hampshire.

Responsibility for the investments of the Trust Funds is with the Board of Trustees of Trust Funds. The Trustees of Trust Funds have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a) and follow the Prudent Person rule (RSA 31:25-b). Investments of the library funds are at the discretion of the Library Trustees. It is the policy of the Library Trustees to invest monies in low-risk, income-producing accounts.

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town's investment policy for managing credit risk is to minimize credit risk by limiting its investments to the safest types of securities and diversifying the portfolio. The Library Trustees do not have a policy regarding credit risk.

The investment policy of the Trustees of Trust Funds addresses credit risk by diversifying the investment portfolio. To provide for sufficient diversification, investments shall be made through mutual funds and/or exchange-traded funds. Unless specifically authorized, no single company will comprise more than 5% of the portfolio at the time of purchase.

The following are the actual ratings as of December 31, 2017, for each investment type:

| <u>Investment Type</u>    | <u>Fair Value</u> | <u>Rating as of Year End</u> |                   |
|---------------------------|-------------------|------------------------------|-------------------|
|                           |                   | <u>Aaa</u>                   | <u>Not Rated</u>  |
| State investment pool     | \$ 577,376        | \$ 577,376                   |                   |
| Equity mutual funds       | 117,044           |                              | \$ 117,044        |
| Fixed income funds        | 193,985           |                              | 193,985           |
| Money market mutual funds | 2,506             |                              | 2,506             |
|                           | <u>\$ 890,911</u> | <u>\$ 577,376</u>            | <u>\$ 313,535</u> |

***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. For governmental funds, the Town's policy states that an objective of its investments is to maintain sufficient liquidity to meet the Town's cash requirements. The Library Trustees do not have a policy regarding interest rate risk. The investment policy of the Trustees of Trust Funds states that the practice of asset allocation is used to apportion investments among various asset classes on a long-term basis.

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

| <u>Investment Type</u> | <u>Total</u> | <u>Remaining Maturity (in Years)</u> |                  |                     |
|------------------------|--------------|--------------------------------------|------------------|---------------------|
|                        |              | <u>0-1 Years</u>                     | <u>1-5 Years</u> | <u>&gt; 5 Years</u> |
| Fixed income funds     | \$ 193,985   | \$ -                                 | \$ 24,921        | \$ 169,064          |

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Town addresses custodial credit risk for its governmental funds by requiring any institution holding deposits of Town assets to collateralize the total of these deposits with pledged securities that shall be equal to or in excess of the amount of public funds deposited, less any portion thereof covered by federal deposit insurance. The Library Trustees do not have a policy regarding custodial credit risk.

The investment policy of the Trustees of Trust Funds states that the portfolio of the Capital Reserve Funds is to be invested according to the Prudent Person Rule. The portfolio objectives are to maintain principal while generating income. Investments are made through mutual funds and exchange-traded funds in a common fund in the name of the municipality. The objective of the Trust Funds is to provide a total return consistent with the purpose of that fund that exceeds the long-term rate of inflation. Targeted asset allocations for the Trust Fund portfolio are as follows: larger capitalized U.S. stocks (5-25%), smaller capitalized U.S. stocks (0-15%), international stocks (0-15%), and bonds and cash (65-85%). Unless specifically authorized, no single company will comprise more than 5% of the portfolio at the time of purchase.

Of the Town's deposits with financial institutions at year end, \$4,345,352 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2017, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

| <u>Investment Type</u>    | <u>Amount</u>     |
|---------------------------|-------------------|
| Equity mutual funds       | \$ 117,044        |
| Fixed income funds        | 193,985           |
| Money market mutual funds | 2,506             |
|                           | <u>\$ 313,535</u> |

***Investment in NHPDIP***

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at [www.NHPDIP.com](http://www.NHPDIP.com).

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

***Fair Value***

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

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 recurring fair value measurements as of December 31, 2017:

| <u>Description</u>               | <u>Total</u>      | <u>Fair Value Measurements Using:</u>   |  |  |
|----------------------------------|-------------------|---|--|--|
|                                  |                   | <u>Quoted prices<br/>in active<br/>markets for<br/>identical assets<br/>(Level 1)</u> | <u>Significant<br/>observable<br/>inputs<br/>(Level 2)</u> | <u>Significant<br/>unobservable<br/>inputs<br/>(Level 3)</u> |
| Investments by fair value level: |                   |   |  |  |
| Equity mutual funds              | \$ 117,044        | \$ 117,044  |  |  |
| Fixed income funds               | 193,985           | 193,985   |  |  |
|                                  | <u>\$ 311,029</u> | <u>\$ 311,029</u>   | <u>\$ -</u>  | <u>\$ -</u>  |

**NOTE 3—TAXES RECEIVABLE**

Taxes levied during the current year and prior and uncollected at December 31, 2017 are recorded as receivables. As of December 31, 2017, no allowance was deemed necessary.

**NOTE 4—CAPITAL ASSETS**

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

|   | <u>(Restated)<br/>Balance<br/>01/01/17</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance<br/>12/31/17</u> |
|---|--|------------------|-------------------|-----------------------------|
| Governmental activities:                      |  |                  |                   |                             |
| Capital assets not depreciated:               |  |                  |                   |                             |
| Land  | \$ 1,868,600                               | \$ 37,100        |                   | \$ 1,905,700                |
| Easements                                     | 137,994                                    |                  |                   | 137,994                     |
| Total capital assets not being depreciated    | <u>2,006,594</u>                           | <u>37,100</u>    | <u>\$ -</u>       | <u>2,043,694</u>            |
| Other capital assets:                         |  |                  |                   |                             |
| Infrastructure                                | 1,160,911                                  | 92,641           |                   | 1,253,552                   |
| Buildings and improvements                    | 1,734,649                                  | 83,340           |                   | 1,817,989                   |
| Vehicles and equipment                        | 3,124,155                                  | 29,825           | (119,950)         | 3,034,030                   |
| Total other capital assets at historical cost | <u>6,019,715</u>                           | <u>205,806</u>   | <u>(119,950)</u>  | <u>6,105,571</u>            |
| Less accumulated depreciation for:            |  |                  |                   |                             |
| Infrastructure                                | (27,632)                                   | (29,948)         |                   | (57,580)                    |
| Buildings and improvements                    | (1,373,927)                                | (16,582)         |                   | (1,390,509)                 |
| Vehicles and equipment                        | (2,249,662)                                | (130,692)        | 117,048           | (2,263,306)                 |
| Total accumulated depreciation                | <u>(3,651,221)</u>                         | <u>(177,222)</u> | <u>117,048</u>    | <u>(3,711,395)</u>          |
| Total other capital assets, net               | <u>2,368,494</u>                           | <u>28,584</u>    | <u>(2,902)</u>    | <u>2,394,176</u>            |
| Total capital assets, net                     | <u>\$ 4,375,088</u>                        | <u>\$ 65,684</u> | <u>\$ (2,902)</u> | <u>\$ 4,437,870</u>         |

Depreciation expense was charged to governmental functions as follows:

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

|  |                   |
|--|-------------------|
| General government                                 | \$ 2,397          |
| Public safety                                      | 79,606            |
| Highways and streets                               | 82,442            |
| Sanitation   | 5,923             |
| Culture and recreation                             | 6,854             |
| Total governmental activities depreciation expense | <u>\$ 177,222</u> |

**NOTE 5—INTERFUND BALANCES AND TRANSFERS**

The Town maintains self-balancing funds; however, some cash transactions flow through the General Fund. In order to obtain accountability for each fund, the Town utilizes interfund receivable and payable accounts. At December 31, 2017, the General Fund had an interfund payable of \$6,760 to the nonmajor governmental funds.

During the year, several interfund transactions occurred between funds. The transfer of \$7,142 into the General Fund from the Permanent Funds (a nonmajor governmental fund) was made to distribute the earned income during the year to support the Town's programs.

**NOTE 6—LONG-TERM OBLIGATIONS**

*Changes in Long-Term Obligations*

The changes in the Town's long-term obligations for the year ended December 31, 2017 are as follows:

|                               | Balance<br>01/01/17 | Additions        | Reductions         | Balance<br>12/31/17 | Due Within<br>One Year |
|-------------------------------|---------------------|------------------|--------------------|---------------------|------------------------|
| Governmental activities:      |                     |                  |                    |                     |                        |
| Notes payable                 | \$ 368,165          |                  | \$ (52,595)        | \$ 315,570          | \$ 52,595              |
| Compensated absences payable  | 32,057              | \$ 13,363        | (3,322)            | 42,098              | 16,894                 |
| Total governmental activities | <u>\$ 400,222</u>   | <u>\$ 13,363</u> | <u>\$ (55,917)</u> | <u>\$ 357,668</u>   | <u>\$ 69,489</u>       |

Payments on the notes payable are paid out of the General Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

*Notes Payable*

Notes payable at December 31, 2017 is comprised of the following individual issue:

|  |                   |
|--|-------------------|
| \$1,051,905 Landfill closure note, due in annual installments<br>of \$52,595 through July 2023; interest at 3.728% | <u>\$ 315,570</u> |
|--|-------------------|

Debt service requirements to retire notes payable outstanding at December 31, 2016 are as follows:

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

| Year Ending<br><u>December 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Totals</u>     |
|------------------------------------|-------------------|------------------|-------------------|
| 2018                               | \$ 52,595         | \$ 11,765        | \$ 64,360         |
| 2019                               | 52,595            | 9,804            | 62,399            |
| 2020                               | 52,595            | 7,843            | 60,438            |
| 2021                               | 52,595            | 5,882            | 58,477            |
| 2022                               | 52,595            | 3,922            | 56,517            |
| 2023                               | 52,595            | 1,961            | 54,556            |
|                                    | <u>\$ 315,570</u> | <u>\$ 41,177</u> | <u>\$ 356,747</u> |

The State of New Hampshire annually reimburses the Town for its share of landfill closure related debt service payments. For the year ended December 31, 2017, the landfill closure reimbursement was \$12,442.

**NOTE 7—LANDFILL POSTCLOSURE CARE COSTS**

The Town closed its landfill on October 1, 2003. State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. An estimated liability has been recorded based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$112,500 as of December 31, 2017. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or change in landfill laws and regulations. The Town will finance the postclosure costs through annual appropriations.

The following is a summary of changes in the estimated liability for postclosure care cost for the year ended December 31, 2017:

|   |                   |
|---|-------------------|
| Balance - January 1, 2017                   | \$ 120,000        |
| Expenditures recognized in the General Fund | (6,723)           |
| Net change in estimated liability           | <u>(777)</u>      |
| Balance - December 31, 2017                 | <u>\$ 112,500</u> |

**NOTE 8—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

The Town contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The New Hampshire Retirement System is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

Retirement System, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at [www.nhrs.org](http://www.nhrs.org).

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

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

***Benefits Provided***

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members vested by January 1, 2012, who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have not attained status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5 but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by ¼ of 1%. For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated depending on age and years of creditable service as follows:

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

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

***Funding Policy***

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

salary. The Town is required to contribute at an actuarially determined rate. The Town's pension contribution rates for the covered payroll of police officers, fire employees, and general employees were 22.54%, 25.32%, and 10.86%, respectively through June 30, 2017 and 25.33%, 27.79%, and 11.08%, respectively thereafter. The Town contributes 100% of the employer cost for police officers, fire employees, and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's pension contributions to the NHRS for the year ending December 31, 2017 was \$79,922.

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

At December 31, 2017, the Town reported a liability of \$1,002,504 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2016. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2017, the Town's proportion was approximately 0.0204 percent, which was a decrease of 0.0035 percentage points from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$71,130. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>Inflows of<br><u>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 2,273                                    | \$ 12,759                                  |
| Changes of assumptions  | 100,665                                     |  |
| Net difference between projected and actual earnings on pension plan investments                          |   | 12,767                                     |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 41,310                                      | 172,930                                    |
| Town contributions subsequent to the measurement date   | <u>39,855</u>                               |  |
| Totals  | <u>\$ 184,103</u>                           | <u>\$ 198,456</u>                          |

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as a decrease to unrestricted net position in the amount of \$14,353. The Town reported \$39,855 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2018. Other amounts reported as deferred outflows of resources and

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

deferred inflows of resources related to pensions will be recognized in pension expense for the measurement periods as follows:

| <u>June 30,</u> |                    |
|-----------------|--------------------|
| 2018            | \$ (16,759)        |
| 2019            | 10,379             |
| 2020            | (536)              |
| 2021            | (47,292)           |
| 2022            | -                  |
|                 | <u>\$ (54,208)</u> |

***Actuarial Assumptions***

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

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

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

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

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

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

***Discount Rate***

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

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

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

|   | 1% Decrease<br><u>(6.25%)</u> | Current<br>Discount rate<br><u>(7.25%)</u> | 1% Increase<br><u>(8.25%)</u> |
|---|-------------------------------|--|-------------------------------|
| Town's proportionate share of the net pension liability | \$ 1,320,749                  | \$ 1,002,504                               | \$ 741,715                    |

**NOTE 9—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$345,733,099 as of April 1, 2017) and are due in two installments on July 5, 2017 and December 16, 2017. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

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

In accordance with State law, the Town collects taxes for the Tamworth School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$5,648,826 and \$463,477 for the Tamworth School District and Carroll County, respectively. These taxes are not recognized as revenues in these financial statements. As of December 31, 2017, the balance of the property tax appropriation due to the Tamworth School District is \$3,048,826. The Town bears responsibility for uncollected taxes.

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE 10—RESTRICTED NET POSITION**

Net position is restricted for specific purposes at December 31, 2017 as follows:

|  |                   |
|--|-------------------|
| Permanent Funds - Principal                    | \$ 286,099        |
| Permanent Funds - Income                       | 8,770             |
| Library  | 20,738            |
| State of NH SB38 - Highway Block Grant funding | 720               |
|  | <u>\$ 316,327</u> |

**NOTE 11—COMPONENTS OF FUND BALANCE**

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

| <u>Fund Balances</u>                           | <u>General<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--|---|
| <b>Nonspendable:</b>                           |                         |  |   |
| Permanent Funds - Principal                    |                         | \$ 286,099                                 | \$ 286,099                              |
| Prepaid expenses                               | \$ 5,841                |  | 5,841                                   |
| <b>Restricted for:</b>                         |                         |  |   |
| Permanent Funds - Income                       |                         | 8,770                                      | 8,770                                   |
| Library  | 20,738                  |  | 20,738                                  |
| State of NH SB38 - Highway Block Grant funding | 720                     |  | 720                                     |
| <b>Committed for:</b>                          |                         |  |   |
| Expendable Trusts                              | 286,653                 |  | 286,653                                 |
| Carryforward appropriations                    | 204,607                 |  | 204,607                                 |
| Conservation                                   |                         | 77,502                                     | 77,502                                  |
| Rescue Squad                                   |                         | 3,556                                      | 3,556                                   |
| Cemetery                                       |                         | 6,618                                      | 6,618                                   |
| <b>Assigned for:</b>                           |                         |  |   |
| Subsequent year's expenditures                 | 150,000                 |  | 150,000                                 |
| Encumbrances                                   | 9,039                   |  | 9,039                                   |
| <b>Unassigned</b>                              | <u>1,333,800</u>        |  | <u>1,333,800</u>                        |
|  | <u>\$ 2,011,398</u>     | <u>\$ 382,545</u>                          | <u>\$ 2,393,943</u>                     |

**NOTE 12—RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2017, the Town participated in public entity risk pools (Trusts) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

foresee no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2017.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

***Worker's Compensation***

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

**NOTE 13—COMMITMENTS**

During the year ended December 31, 2015, the Town entered into a long-term contract with an independent company to provide emergency medical and ambulance services through March 31, 2021. There is an option to extend the contract for an additional five-year period. Terms of the contract provide for monthly payments. For the year ended December 31, 2017, the Town expended \$127,326 under the terms of the agreement.

Minimum future payments for the next four years are as follows:

| <u>Year Ending</u><br><u>December 31,</u> | <u>Amount</u>     |
|---|-------------------|
| 2018                                      | \$ 141,489        |
| 2019                                      | 142,186           |
| 2020                                      | 142,186           |
| 2021                                      | 35,546            |
|   | <u>\$ 461,407</u> |

**NOTE 14—CONTINGENCIES**

***Litigation***

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

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE 15—RESTATEMENT OF EQUITY**

*Government-Wide Statements*

During the year ended December 31, 2017, it was determined that the net valuation of the Town’s capital assets was understated. Additionally, it was determined that fiduciary funds were incorrectly reported as permanent funds.

The impact on net position of the governmental activities as of January 1, 2017 is as follows:

|  |                     |
|--|---------------------|
| Net Position, January 1, 2017 (as previously reported) | \$ 5,256,419        |
| Amount of restatement due to :                         |                     |
| Understatement of capital assets, net                  | 496,594             |
| Misclassification of Fiduciary Funds                   | <u>(6,509)</u>      |
| Net Position, January 1, 2017 - as restated            | <u>\$ 5,746,504</u> |

*Fund Financial Statements*

During the year ended December 31, 2017, it was determined that Private-Purpose Trust Funds were incorrectly reported as Permanent Funds (a nonmajor governmental fund). Fund balance of the Nonmajor Governmental Funds and net position of the Fiduciary Funds as of January 1, 2017 have been restated as follows:

|  | Nonmajor<br>Governmental<br>Funds | Fiduciary<br>Funds |
|--|-----------------------------------|--------------------|
| Fund Balance/Net Position - January 1, 2017 (as previously reported) | \$ 379,665                        | \$ -               |
| Amount of restatement due to :                                       |                                   |                    |
| Misclassification of Private-Purpose Trust Funds                     | <u>(6,509)</u>                    | <u>6,509</u>       |
| Fund Balance/Net Position - January 1, 2017, as restated             | <u>\$ 373,156</u>                 | <u>\$ 6,509</u>    |

**NOTE 16—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS**

The Government Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which the Town is required to implement in the year ending December 31, 2018. Management believes that this pronouncement will have a potentially significant impact on the Town’s government-wide financial statements. The Town will have to report its proportional share of the New Hampshire Retirement System’s unfunded other post-employment benefits (OPEB) obligation in the financial statements for the fiscal year beginning after June 15, 2017. Additionally, Statement No. 75 modifies the allowable methods, recognition and measurement criteria related to how the Town accounts for and reports its single employer OPEB plan, currently disclosed in Note 1 as being immaterial to the Town’s financial statements.

**SCHEDULE 1**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
**For the Year Ended December 31, 2017**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | Variance with<br>Final Budget -<br>Favorable<br><u>(Unfavorable)</u> |
|---|-------------------------|---------------------|---------------------------|--|
|   | <u>Original</u>         | <u>Final</u>        |                           |  |
| Revenues:                                 |                         |                     |                           |  |
| Taxes                                     | \$ 1,800,668            | \$ 1,800,668        | \$ 1,828,758              | \$ 28,090  |
| Licenses and permits                      | 476,372                 | 476,372             | 576,701                   | 100,329  |
| Intergovernmental                         | 648,830                 | 758,123             | 684,590                   | (73,533)   |
| Charges for services                      | 68,090                  | 68,090              | 76,493                    | 8,403  |
| Interest income                           | 12,000                  | 12,000              | 12,758                    | 758  |
| Miscellaneous                             | 20,825                  | 20,825              | 14,694                    | (6,131)  |
| Total Revenues                            | <u>3,026,785</u>        | <u>3,136,078</u>    | <u>3,193,994</u>          | <u>57,916</u>  |
| Expenditures:                             |                         |                     |                           |  |
| Current operations:                       |                         |                     |                           |  |
| General government                        | 893,726                 | 893,726             | 765,993                   | 127,733  |
| Public safety                             | 664,390                 | 655,783             | 547,763                   | 108,020  |
| Highways and streets                      | 1,068,588               | 1,177,161           | 969,080                   | 208,081  |
| Sanitation                                | 223,141                 | 223,141             | 240,682                   | (17,541)   |
| Health and welfare                        | 190,281                 | 190,281             | 183,495                   | 6,786  |
| Culture and recreation                    | 120,707                 | 120,707             | 119,417                   | 1,290  |
| Conservation                              | 7,457                   | 7,457               | 6,466                     | 991  |
| Capital outlay                            | 424,018                 | 228,018             | 87,658                    | 140,360  |
| Debt service:                             |                         |                     |                           |  |
| Principal retirement                      | 52,595                  | 52,595              | 52,595                    | -  |
| Interest and fiscal charges               | 13,725                  | 13,725              | 13,726                    | (1)  |
| Total Expenditures                        | <u>3,658,628</u>        | <u>3,562,594</u>    | <u>2,986,875</u>          | <u>575,719</u>   |
| Excess revenues over (under) expenditures | <u>(631,843)</u>        | <u>(426,516)</u>    | <u>207,119</u>            | <u>633,635</u>   |
| Other financing sources (uses):           |                         |                     |                           |  |
| Transfers in                              | 225,000                 | 225,000             | 5,930                     | (219,070)  |
| Transfers out                             | <u>(149,175)</u>        | <u>(149,175)</u>    | <u>(142,960)</u>          | <u>6,215</u>   |
| Total other financing sources (uses)      | <u>75,825</u>           | <u>75,825</u>       | <u>(137,030)</u>          | <u>(212,855)</u>   |
| Net change in fund balance                | (556,018)               | (350,691)           | 70,089                    | 420,780  |
| Fund balance at beginning of year         |                         |                     |                           |  |
| - Budgetary Basis                         | <u>2,170,877</u>        | <u>2,170,877</u>    | <u>2,170,877</u>          | <u>-</u>   |
| Fund balance at end of year               |                         |                     |                           |  |
| - Budgetary Basis                         | <u>\$ 1,614,859</u>     | <u>\$ 1,820,186</u> | <u>\$ 2,240,966</u>       | <u>\$ 420,780</u>  |

See accompanying notes to the required supplementary information

**SCHEDULE 2****TOWN OF TAMWORTH, NEW HAMPSHIRE****Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability**

For the Year Ended December 31, 2017

| <u>Measurement<br/>Period Ended</u> | <u>Town's<br/>Proportion of<br/>the Net Pension<br/>Liability</u> | <u>Town's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability</u> | <u>Town's<br/>Covered<br/>Payroll</u> | <u>Town's Proportionate<br/>Share of the Net<br/>Pension Liability (Asset)<br/>as a Percentage of<br/>Covered Payroll</u> | <u>Plan Fiduciary<br/>Net Position<br/>as a Percentage<br/>of the Total<br/>Pension Liability</u> |
|-------------------------------------|---|--|---------------------------------------|---|---|
| June 30, 2017                       | 0.02038442%   | \$ 1,002,504   | \$ 500,604                            | 200.26%   | 62.66%  |
| June 30, 2016                       | 0.02390087%   | \$ 1,270,952   | \$ 540,132                            | 235.30%   | 58.30%  |
| June 30, 2015                       | 0.02451107%   | \$ 971,013   | \$ 533,555                            | 181.99%   | 65.47%  |
| June 30, 2014                       | 0.02356025%   | \$ 884,354   | \$ 498,510                            | 177.40%   | 66.32%  |
| June 30, 2013                       | 0.02444456%   | \$ 1,052,041   | \$ 515,767                            | 203.98%   | 59.81%  |

*See accompanying notes to the required supplementary information*

**SCHEDULE 3**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Schedule of Town Contributions**  
For the Year Ended December 31, 2017

| <u>Year Ended</u> | <u>Contractually<br/>Required<br/>Contributions</u> | <u>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Town's<br/>Covered<br/>Payroll</u> | <u>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</u> |
|-------------------|---|--|---|---------------------------------------|---|
| December 31, 2017 | \$ 79,922   | \$ (79,922)  | \$ -  | \$ 524,768                            | 15.23%  |
| December 31, 2016 | \$ 75,941   | \$ (75,941)  | \$ -  | \$ 493,346                            | 15.39%  |
| December 31, 2015 | \$ 82,676   | \$ (82,676)  | \$ -  | \$ 531,629                            | 15.55%  |
| December 31, 2014 | \$ 79,418   | \$ (79,418)  | \$ -  | \$ 514,628                            | 15.43%  |
| December 31, 2013 | \$ 69,127   | \$ (69,127)  | \$ -  | \$ 514,150                            | 13.44%  |

*See accompanying notes to the required supplementary information*

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2017**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

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

|   | Revenues<br>and Other<br>Financing<br>Sources | Expenditures<br>and Other<br>Financing<br>Uses |
|---|---|--|
| Per Exhibit D   | \$ 3,253,322                                  | \$ 3,144,064                                   |
| Difference in property taxes meeting<br>susceptible to accrual criteria | (33,016)                                      |  |
| Encumbrances, December 31, 2017   |   | 9,039  |
| Encumbrances, December 31, 2016   |   | (9,736)  |
| Non-budgetary revenues and expenditures                                 | (19,170)                                      | (156,492)                                      |
| Non-budgetary transfers in  | (1,212)                                       |  |
| Budgetary transfers out   |   | 142,960  |
| Per Schedule 1  | <u>\$ 3,199,924</u>                           | <u>\$ 3,129,835</u>                            |

**NOTE 2—BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at December 31, 2017 are as follows:

|  |                     |
|--|---------------------|
| <b><i>Nonspendable:</i></b>                    |                     |
| Prepaid expenses                               | \$ 5,841            |
| <b><i>Restricted for:</i></b>                  |                     |
| State of NH SB38 - Highway Block Grant funding | 720                 |
| <b><i>Committed for:</i></b>                   |                     |
| Carryforward appropriations                    | 204,607             |
| <b><i>Assigned for:</i></b>                    |                     |
| Subsequent year's expenditures                 | 150,000             |
| <b><i>Unassigned:</i></b>                      |                     |
| Unassigned - General operations                | <u>1,879,798</u>    |
|  | <u>\$ 2,240,966</u> |

**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**December 31, 2017**

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

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability and schedule of Town contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

**NOTE 4—CHANGES IN ACTUARIAL ASSUMPTIONS**

For the measurement period ending June 30, 2016, the New Hampshire Retirement System's actuarial valuation included changes in the valuation and economic assumptions used in previous measurement periods. The investment rate of return was reduced from 7.75% to 7.25%. The price inflation was decreased from 3.0% to 2.5%. The wage inflation was decreased from 3.75% to 3.25%. The salary increases were decreased from 5.8% to 5.6%. In addition, the expectation of retired life mortality was previously based on the RP-2000 Mortality Tables projected to 2020 with Scale AA. Amounts reported in the June 30, 2016 measurement period are based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015.

**SCHEDULE A**  
**TOWN OF TAMWORTH, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
December 31, 2017

|   | Special Revenue Funds              |                                  |                           | Total Special<br>Revenue<br>Funds | Permanent<br>Funds | Combining<br>Totals |
|---|------------------------------------|----------------------------------|---------------------------|-----------------------------------|--------------------|---------------------|
|   | Conservation<br>Commission<br>Fund | Rescue<br>Squad<br>Trust<br>Fund | Cemetery<br>Trust<br>Fund |                                   |                    |                     |
| <b>ASSETS</b>   |                                    |                                  |                           |                                   |                    |                     |
| Cash and cash equivalents   | \$ 70,742                          |                                  |                           | \$ 70,742                         |                    | \$ 70,742           |
| Investments   |                                    | \$ 3,556                         | \$ 6,618                  | 10,174                            | \$ 294,869         | 305,043             |
| Due from other funds  | 6,760                              |                                  |                           | 6,760                             |                    | 6,760               |
| Total Assets  | <u>77,502</u>                      | <u>3,556</u>                     | <u>6,618</u>              | <u>87,676</u>                     | <u>294,869</u>     | <u>382,545</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                                    |                                  |                           |                                   |                    |                     |
| Total Deferred Outflows of Resources                                  | -                                  | -                                | -                         | -                                 | -                  | -                   |
| Total Assets and Deferred Outflows of Resources                       | <u>\$ 77,502</u>                   | <u>\$ 3,556</u>                  | <u>\$ 6,618</u>           | <u>\$ 87,676</u>                  | <u>\$ 294,869</u>  | <u>\$ 382,545</u>   |
| <b>LIABILITIES</b>  |                                    |                                  |                           |                                   |                    |                     |
| Total Liabilities   | \$ -                               | \$ -                             | \$ -                      | \$ -                              | \$ -               | \$ -                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                                    |                                  |                           |                                   |                    |                     |
| Total Deferred Inflows of Resources                                   | -                                  | -                                | -                         | -                                 | -                  | -                   |
| <b>FUND BALANCES</b>  |                                    |                                  |                           |                                   |                    |                     |
| Nonspendable  |                                    |                                  |                           |                                   | 286,099            | 286,099             |
| Restricted  |                                    |                                  |                           |                                   | 8,770              | 8,770               |
| Committed   | 77,502                             | 3,556                            | 6,618                     | 87,676                            |                    | 87,676              |
| Total Fund Balances   | <u>77,502</u>                      | <u>3,556</u>                     | <u>6,618</u>              | <u>87,676</u>                     | <u>294,869</u>     | <u>382,545</u>      |
| Total Liabilities, Deferred Inflows of Resources<br>and Fund Balances | <u>\$ 77,502</u>                   | <u>\$ 3,556</u>                  | <u>\$ 6,618</u>           | <u>\$ 87,676</u>                  | <u>\$ 294,869</u>  | <u>\$ 382,545</u>   |

**SCHEDULE B**

**TOWN OF TAMWORTH, NEW HAMPSHIRE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds - All Nonmajor Funds**

For the Year Ended December 31, 2017

|   | Special Revenue Funds                     |   |                                  |                                     |  |                           |                            |
|---|---|---|----------------------------------|-------------------------------------|--|---------------------------|----------------------------|
|   | Conservation<br>Commission<br><u>Fund</u> | Rescue<br>Squad<br>Trust<br><u>Fund</u> | Cemetery<br>Trust<br><u>Fund</u> | 250th<br>Celebration<br><u>Fund</u> | Total Special<br>Revenue<br><u>Funds</u> | Permanent<br><u>Funds</u> | Combining<br><u>Totals</u> |
| Revenues:                                       |   |   |                                  |                                     |  |                           |                            |
| Taxes   | \$ 6,760                                  |   |                                  |                                     | \$ 6,760                                 |                           | \$ 6,760                   |
| Interest and investment income                  | 314                                       | \$ 262                                  | \$ 18                            |                                     | 594                                      | \$ 21,935                 | 22,529                     |
| Miscellaneous                                   |   |   | 6,600                            |                                     | 6,600                                    | 2,400                     | 9,000                      |
| Total Revenues                                  | <u>7,074</u>                              | <u>262</u>                              | <u>6,618</u>                     | <u>\$ -</u>                         | <u>13,954</u>                            | <u>24,335</u>             | <u>38,289</u>              |
| Expenditures:                                   |   |   |                                  |                                     |  |                           |                            |
| Current operations:                             |   |   |                                  |                                     |  |                           |                            |
| Culture and recreation                          |   |   |                                  | 21,758                              | 21,758                                   |                           | 21,758                     |
| Total Expenditures                              | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                         | <u>21,758</u>                       | <u>21,758</u>                            | <u>-</u>                  | <u>21,758</u>              |
| Excess revenues over (under) expenditures       | <u>7,074</u>                              | <u>262</u>                              | <u>6,618</u>                     | <u>(21,758)</u>                     | <u>(7,804)</u>                           | <u>24,335</u>             | <u>16,531</u>              |
| Other financing uses:                           |   |   |                                  |                                     |  |                           |                            |
| Transfers out                                   |   |   |                                  |                                     | -  | (7,142)                   | (7,142)                    |
| Total other financing uses                      | <u>-</u>                                  | <u>-</u>                                | <u>-</u>                         | <u>-</u>                            | <u>-</u>                                 | <u>(7,142)</u>            | <u>(7,142)</u>             |
| Net change in fund balances                     | 7,074                                     | 262                                     | 6,618                            | (21,758)                            | (7,804)                                  | 17,193                    | 9,389                      |
| Fund balances at beginning of year, as restated | <u>70,428</u>                             | <u>3,294</u>                            | <u>-</u>                         | <u>21,758</u>                       | <u>95,480</u>                            | <u>277,676</u>            | <u>373,156</u>             |
| Fund balances at end of year                    | <u>\$ 77,502</u>                          | <u>\$ 3,556</u>                         | <u>\$ 6,618</u>                  | <u>\$ -</u>                         | <u>\$ 87,676</u>                         | <u>\$ 294,869</u>         | <u>\$ 382,545</u>          |