

TOWN OF RAYMOND, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2018

TOWN OF RAYMOND, NEW HAMPSHIRE

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Raymond, New Hampshire

Additional Offices:
Nashua, NH
Andover, MA
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Raymond, New Hampshire, as of December 31, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 48 to 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

August 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The governmental activities include general government, public safety, highways and streets, health and welfare, sanitation, water distribution and treatment, and culture and recreation.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available

at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current calendar year, the total of assets exceeded liabilities by \$15,339,603 (i.e., net position), a change of \$247,777 in comparison to the prior year.
- As of the close of the current calendar year, governmental funds reported combined ending fund balances of \$8,620,472, a change of \$1,631,396 in comparison to the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$3,862,022, a change of \$1,244,562 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION</u>	
	Governmental <u>Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 19,004,226	\$ 17,455,950
Capital assets	<u>17,003,466</u>	<u>17,393,519</u>
Total assets	36,007,692	34,849,469
Deferred outflows of resources	963,348	1,132,023
Current liabilities	12,221,025	11,301,651
Noncurrent liabilities	<u>8,904,929</u>	<u>8,080,189</u>
Total liabilities	21,125,954	19,381,840
Deferred inflows of resources	505,483	381,748
Net position:		
Net investments in capital assets	13,240,701	14,579,873
Restricted	2,328,984	1,890,817
Unrestricted	<u>(230,082)</u>	<u>(252,786)</u>
Total net position	\$ <u>15,339,603</u>	\$ <u>16,217,904</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent calendar year, total net position was \$15,339,603, a change of \$247,777 from the prior year.

The largest portion of net position \$13,240,701 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$2,328,984, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(230,082), may be used to meet the Town's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues		
Charges for services	\$ 1,992,724	\$ 1,954,667
Operating grants and contributions	67,264	11,044
Capital grants and contributions	274,012	477,254
General revenues:		
Property taxes	5,871,647	5,459,733
Motor vehicle permit fees	2,251,839	2,052,011
Grants and contributions not restricted to specific programs	528,081	530,009
Investment income	226,661	175,437
Other	489,597	122,858
Total revenues	<u>11,701,825</u>	<u>10,783,013</u>
Expenses:		
General government	2,666,043	2,367,248
Public safety	3,315,036	3,115,389
Highway and streets	2,855,332	3,004,290
Health and welfare	180,679	159,995
Sanitation	756,553	686,414
Water distribution and treatment	659,323	723,762
Culture and recreation	991,533	970,771
Interest on long-term debt	29,549	38,024
Total expenses	<u>11,454,048</u>	<u>11,065,893</u>
Change in net position	247,777	(282,880)
Net position - beginning of year, as restated	<u>15,091,826</u>	<u>16,500,784</u>
Net position - end of year	<u>\$ 15,339,603</u>	<u>\$ 16,217,904</u>

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

Governmental activities. Governmental activities for the year resulted in a change in net position of \$247,777. Key elements of this change are as follows:

General Fund operations	\$ 1,426,577
Other governmental funds operations	204,819
Depreciation is in excess of debt principal	(1,919,843)
Capital asset additions, net of disposals	1,654,790
SRF loan proceeds	(876,333)
Net pension liability and related deferred outflows and inflows of resources	24,354
Net OPEB liability and related deferred outflows and inflows of resources	67,686
Other	<u>(334,273)</u>
Total	<u>\$ 247,777</u>

D. FINANCIAL ANALYSIS OF FUNDS

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

Governmental funds

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

As of the end of the current calendar year, governmental funds reported combined ending fund balances of \$8,620,472, a change of \$1,631,396 in comparison to the prior year. Key elements of this change are as follows:

General Fund operations	\$ 1,426,577
Nonmajor fund operations	<u>204,819</u>
Total	<u>\$ 1,631,396</u>

The general fund is the chief operating fund. At the end of the current calendar year, unassigned fund balance of the general fund was \$3,862,022, while total fund balance was \$6,434,452. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 3,862,022	\$ 2,617,460	\$ 1,244,562	49.78%
Total fund balance	\$ 6,434,452	\$ 5,007,875	\$ 1,426,577	82.93%

The following table represents the general fund unassigned fund balance retention as calculated by the Department of Revenue Administration for setting the tax rate. This calculation was accepted by the Board of Selectman as town policy. The Board of Selectman's goal is to retain a minimum unassigned fund balance in the general fund of 15% as calculated below:

General Fund Undesignated Fund Balance Retention

<u>Year</u>	<u>Unassigned Fund Balance (1)</u>	<u>General Fund Operating Expenses (2)</u>	<u>% Retained</u>
2018	\$ 3,861,051	\$ 27,332,614	14.13%
2017	\$ 3,599,228	\$ 25,016,512	14.39%
Change	\$ 825,052	\$ 2,677,828	1.81%

(1) As defined by the DRA, see note 17. This amount represents the beginning unassigned fund balance.

(2) DRA calculation = town appropriations + county assessments + local school tax effort – enterprise funds and/or non-general fund appropriations.

The total fund balance of the general fund changed by \$1,426,577 during the current calendar year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 826,456
Expenditures less than budget	419,376
Use of fund balance as a funding source	(40,000)
Adjust tax revenue to budgetary basis	(135,041)
Expenditures of prior year encumbrances	(183,589)
Change in capital reserve	365,764
Other	173,611
Total	\$ <u>1,426,577</u>

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

	<u>12/31/18</u>	<u>12/31/17</u>	<u>Change</u>
Capital reserves	\$ <u>2,299,753</u>	\$ <u>1,933,989</u>	\$ <u>365,764</u>
Total	\$ <u>2,299,753</u>	\$ <u>1,933,989</u>	\$ <u>365,764</u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the original budget and the final amended budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets at year-end amounted to \$17,003,466 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

Governmental Activities:

New Additions:

2018 Roadway Reconstruction	\$	443,775
2019 International HV507	\$	107,350
PD Evidence Room	\$	51,641
2018 Ford Explorer	\$	31,595
2018 Ford Explorer	\$	31,095

New Additions to Construction in Progress:

Well #1 & #4 CIP	\$	945,736
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Long-term debt. At the end of the current calendar year, total bonded debt outstanding was \$3,753,256, all of which was backed by the full faith and credit of the government.

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

REQUESTS FOR INFORMATION

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

Town of Raymond, New Hampshire
Town Manager
4 Epping Street
Raymond, NH 03077

TOWN OF RAYMOND, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 14,170,399
Investments	2,602,861
Receivables, net of allowance for uncollectibles:	
Taxes	840,340
User fees	244,438
Departmental and other	69,196
Intergovernmental	98,074
Other assets	13,217
Internal balances	376,222
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	589,479
Capital assets:	
Land an construction in progress	4,741,866
Other capital assets, net of accumulated depreciation	12,261,600
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	888,946
Related to OPEB	74,402
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	36,971,040
LIABILITIES	
Current:	
Accounts payable	295,085
Accrued liabilities	141,683
Tax refunds payable	555,393
Due to other governments	3,181
Due to school district	7,945,197
Other current liabilities	89,812
Current portion of long-term liabilities:	
Bonds payable	125,000
Notes payable	3,003,256
Other	62,418
Noncurrent:	
Bonds payable, net of current portion	625,000
Net pension liability	6,163,757
Net OPEB liability	1,591,058
Other, net of current portion	525,114
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	503,537
Related to OPEB	1,946
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,631,437
NET POSITION	
Net investment in capital assets	13,240,701
Restricted for:	
Grants and other statutory restrictions	2,089,712
Permanent funds:	
Nonexpendable	146,699
Expendable	92,573
Unrestricted	(230,082)
TOTAL NET POSITION	\$ 15,339,603

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

TOWN OF RAYMOND, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 2,666,043	\$ 80,519	\$ -	\$ -	\$ (2,585,524)
Public safety	3,315,036	176,715	62,764	25,394	(3,050,163)
Highways and streets	2,855,332	700	-	248,618	(2,606,014)
Health and welfare	180,679	8,418	-	-	(172,261)
Sanitation	756,553	456,531	-	-	(300,022)
Water distribution and treatment	659,323	909,148	-	-	249,825
Culture and recreation	991,533	360,693	4,500	-	(626,340)
Interest	29,549	-	-	-	(29,549)
Total Governmental Activities	<u>\$ 11,454,048</u>	<u>\$ 1,992,724</u>	<u>\$ 67,264</u>	<u>\$ 274,012</u>	(9,120,048)
General Revenues:					
					5,871,647
					2,251,839
					528,081
					226,661
					489,597
					<u>9,367,825</u>
					247,777
Net Position:					
					<u>15,091,826</u>
					<u>\$ 15,339,603</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	\$ 13,280,527	\$ 889,872	\$ 14,170,399
Investments	2,378,414	224,447	2,602,861
Receivables:			
Property taxes	1,441,378	-	1,441,378
User fees	-	244,438	244,438
Departmental and other	1,847	67,349	69,196
Intergovernmental	-	98,074	98,074
Due from other funds	720,006	1,992,652	2,712,658
Advance to other funds	141,171	-	141,171
Other assets	4,392	8,825	13,217
TOTAL ASSETS	\$ 17,967,735	\$ 3,525,657	\$ 21,493,392
LIABILITIES			
Accounts payable	\$ 188,133	\$ 95,167	\$ 283,300
Accrued liabilities	123,891	13,474	137,365
Tax refunds payable	555,393	-	555,393
Due to school district	7,945,197	-	7,945,197
Due to other governments	3,181	-	3,181
Due to other funds	1,504,588	831,848	2,336,436
Advance from other funds	-	141,171	141,171
Other liabilities	76,273	13,539	89,812
TOTAL LIABILITIES	10,396,656	1,095,199	11,491,855
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	1,136,627	244,438	1,381,065
FUND BALANCES			
Nonspendable	141,171	92,573	233,744
Restricted	-	2,236,411	2,236,411
Committed	2,299,753	46,562	2,346,315
Assigned	131,506	-	131,506
Unassigned	3,862,022	(189,526)	3,672,496
TOTAL FUND BALANCES	6,434,452	2,186,020	8,620,472
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,967,735	\$ 3,525,657	\$ 21,493,392

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

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

DECEMBER 31, 2018

Total governmental fund balances	\$	8,620,472
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 		17,003,466
<ul style="list-style-type: none"> • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 		1,369,506
<ul style="list-style-type: none"> • Long-term liabilities, including bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds. 		(12,095,603)
<ul style="list-style-type: none"> • Other 		<u>441,762</u>
 Net position of governmental activities	 \$	 <u><u>15,339,603</u></u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2018

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Property taxes	\$ 5,702,769	\$ 29,250	\$ 5,732,019
Penalties, interest, and other taxes	242,515	-	242,515
Licenses and permits	2,251,839	-	2,251,839
Charges for services	181,997	1,797,328	1,979,325
Intergovernmental	528,081	341,276	869,357
Investment income	202,670	23,991	226,661
Miscellaneous	<u>403,139</u>	<u>86,458</u>	<u>489,597</u>
Total Revenues	9,513,010	2,278,303	11,791,313
Expenditures:			
Current:			
General government	2,566,854	133,491	2,700,345
Public safety	2,913,526	156,466	3,069,992
Highways and streets	1,128,974	494,758	1,623,732
Health and welfare	180,679	-	180,679
Sanitation	183,085	573,468	756,553
Water distribution and treatment	13,385	1,424,425	1,437,810
Culture and recreation	664,823	260,185	925,008
Debt service	-	157,270	157,270
Water bonded capital item	-	77,511	77,511
Capital outlay	<u>107,350</u>	<u>-</u>	<u>107,350</u>
Total Expenditures	<u>7,758,676</u>	<u>3,277,574</u>	<u>11,036,250</u>
Excess (deficiency) of revenues over expenditures	1,754,334	(999,271)	755,063
Other Financing Sources (Uses):			
State revolving loan proceeds	-	876,333	876,333
Transfers in	29,180	416,937	446,117
Transfers out	<u>(356,937)</u>	<u>(89,180)</u>	<u>(446,117)</u>
Total Other Financing Sources (Uses)	<u>(327,757)</u>	<u>1,204,090</u>	<u>876,333</u>
Change in fund balance	1,426,577	204,819	1,631,396
Fund Balance, at Beginning of Year, as restated	<u>5,007,875</u>	<u>1,981,201</u>	<u>6,989,076</u>
Fund Balance, at End of Year	<u>\$ 6,434,452</u>	<u>\$ 2,186,020</u>	<u>\$ 8,620,472</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

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

FOR THE YEAR ENDED DECEMBER 31, 2018

Net changes in fund balances - total governmental funds	\$ 1,631,396																
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td style="padding-left: 20px;">Capital outlay</td> <td style="text-align: right;">1,654,790</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(2,044,843)</td> </tr> </table> The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td style="padding-left: 20px;">SRF loan drawdown</td> <td style="text-align: right;">(876,333)</td> </tr> <tr> <td style="padding-left: 20px;">Repayments of debt</td> <td style="text-align: right;">125,000</td> </tr> </table> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources. <table> <tr> <td></td> <td style="text-align: right;">36,365</td> </tr> </table> Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds: <table> <tr> <td style="padding-left: 20px;">Pension expense</td> <td style="text-align: right;">24,354</td> </tr> <tr> <td style="padding-left: 20px;">OPEB expense</td> <td style="text-align: right;">67,686</td> </tr> </table> Other differences <table> <tr> <td></td> <td style="text-align: right;"><u>(370,638)</u></td> </tr> </table> 	Capital outlay	1,654,790	Depreciation	(2,044,843)	SRF loan drawdown	(876,333)	Repayments of debt	125,000		36,365	Pension expense	24,354	OPEB expense	67,686		<u>(370,638)</u>	
Capital outlay	1,654,790																
Depreciation	(2,044,843)																
SRF loan drawdown	(876,333)																
Repayments of debt	125,000																
	36,365																
Pension expense	24,354																
OPEB expense	67,686																
	<u>(370,638)</u>																
Change in net position of governmental activities	\$ <u>247,777</u>																

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

TOWN OF RAYMOND, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Other Sources:				
Property taxes	\$ 5,837,810	\$ 5,837,810	\$ 5,837,810	\$ -
Penalties, interest, and other taxes	228,002	228,002	242,515	14,513
Charges for services	142,430	142,430	181,997	39,567
Intergovernmental	530,383	530,383	528,081	(2,302)
Licenses and permits	1,819,070	1,819,070	2,251,839	432,769
Investment income	35,000	35,000	164,271	129,271
Miscellaneous	15,000	15,000	228,458	213,458
Transfer in	30,000	30,000	29,180	(820)
Use of fund balance	40,000	40,000	40,000	-
Total Revenues and Other Sources	<u>8,677,695</u>	<u>8,677,695</u>	<u>9,504,151</u>	<u>826,456</u>
Expenditures and Other Uses:				
General government	2,484,509	2,484,509	2,392,477	92,032
Public safety	2,941,207	2,941,207	2,862,922	78,285
Highways and streets	1,180,155	1,180,155	1,045,225	134,930
Health and welfare	167,615	167,615	180,679	(13,064)
Sanitation	218,525	218,525	183,085	35,440
Culture and recreation	708,184	708,184	652,590	55,594
Capital outlay	205,000	205,000	170,904	34,096
Transfers out	772,500	772,500	770,437	2,063
Total Expenditures and Other Uses	<u>8,677,695</u>	<u>8,677,695</u>	<u>8,258,319</u>	<u>419,376</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,245,832</u>	\$ <u>1,245,832</u>

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

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

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 38,289	\$ 894,903
Investments	38,113	804,895
Due from other funds	<u>5,508</u>	<u>14,203</u>
Total Assets	81,910	1,714,001
 <u>LIABILITIES AND NET POSITION</u>		
Accounts payable	-	748
Due to other funds	-	395,933
Due to other governments	48	102,402
Other liabilities	<u>76</u>	<u>1,214,918</u>
Total Liabilities	<u>124</u>	<u>1,714,001</u>
 <u>NET POSITION</u>		
Total net position held in trust for other purposes	<u>\$ 81,786</u>	<u>\$ -</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment income	\$ <u>4,706</u>
Total additions	4,706
Deductions:	
Scholarships	<u>1,150</u>
Total deductions	<u>1,150</u>
Net change	3,556
Net position:	
Beginning of year	<u>78,230</u>
End of year	<u>\$ <u>81,786</u></u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The government reports the following major governmental fund:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The Town reports the following fiduciary funds:

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

D. Cash and Short-Term Investments

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

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

E. Investments

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

F. Interfund Receivables and Payables

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$15,000 (\$10,000 for donated assets) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Machinery, equipment, and furnishings	5-15
Infrastructure	50

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Fund Equity

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

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

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

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

K. Use of Estimates

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

2. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

The Town's budget is originally prepared by the Selectmen's Office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

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

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

B. Budgetary Basis

The final appropriations appearing on the “Budget and Actual” page of the fund financial statements represent the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 9,513,010	\$ 7,758,676
Other financing sources/uses (GAAP Basis)	<u>29,180</u>	<u>356,937</u>
Subtotal (GAAP Basis)	9,542,190	8,115,613
Adjust tax revenue to accrual basis	135,041	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(315,095)
Add end of year appropriation carryforwards to expenditures	-	131,506
Recognize use of fund balance as funding source	40,000	-
To eliminate capital reserve activity	(39,469)	326,295
Other GAAP timing differences	<u>(173,611)</u>	<u>-</u>
Budgetary Basis	<u>\$ 9,504,151</u>	<u>\$ 8,258,319</u>

D. Deficit Fund Equity

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

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

3. Cash and Short-Term Investments

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

As of December 31, 2018, none of the Town’s bank balance of \$15,170,239 was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank’s trust department not in the Town’s name.

4. Investments

A. Credit Risk

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

Presented below is the actual rating as of year-end for each investment of the Town.

<u>Investment Type</u>	<u>Amount</u>	Exempt From <u>Disclosure</u>
Mutual funds	\$ <u>3,445,869</u>	\$ <u>3,445,869</u>
Total investments	\$ <u><u>3,445,869</u></u>	\$ <u><u>3,445,869</u></u>

B. Custodial Credit Risk

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

securities that are in the possession of another party. The Town does not have policies for custodial credit risk.

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

C. Concentration of Credit Risk

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

D. Interest Rate Risk

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

E. Foreign Currency Risk

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

F. Fair Value

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

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

<u>Description</u>	<u>Fair Value Measurements Using:</u> Quoted prices in active markets for identical assets (<u>Level 1</u>)
Investments by fair value level:	
Mutual funds	\$ <u>3,445,869</u>
	\$ 3,445,869

5. Property Taxes Receivable

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

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

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 840,340	\$ -	\$ 840,340
Tax liens	<u>601,038</u>	<u>(11,559)</u>	<u>589,479</u>
Grand total	<u>\$ 1,441,378</u>	<u>\$ (11,559)</u>	<u>\$ 1,429,819</u>

6. User Fee Receivables

Receivables for user charges at December 31, 2018 consisted of outstanding water billing due at year end.

7. Intergovernmental Receivables

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

8. Interfund Fund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2018 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ 720,006	\$ 1,504,588	\$ 141,171	\$ -
Nonmajor Funds:				
Special Revenue Funds:				
Cable Fund	264,779	-	-	-
Conservation Fund	39,440	65,079	-	-
Dare Fund	-	7,008	-	-
FEMA Fund	-	62,175	-	-
Fire Fund	59,195	-	-	-
Grants Fund	-	6,969	-	-
Homeland Security Fund	-	816	-	-
July 4th Fund	5,747	-	-	-
Misc Grants Fund	11,154	9,520	-	-
OHRV Fund	13,383	12,425	-	-
Permanent Fund	14,825	-	-	-
Police Grants	28,627	33,573	-	-
Recreation Fund	146,259	-	-	-
Recycling Fund	10,643	-	-	-
Roadways Fund	281,535	-	-	-
Special Duty Fund	31,201	-	-	-
Water	1,027,517	593,199	-	-
WWTP Fund	-	-	-	141,171
Subtotal Special Revenue Funds	1,934,305	790,764	-	141,171
Capital Project Funds:				
Water Bond	58,347	-	-	-
Water Well	-	41,084	-	-
Subtotal Capital Project Funds	58,347	41,084	-	-
Subtotal Nonmajor Funds	1,992,652	831,848	-	141,171
Trust and Agency Funds:				
Private Purpose Trust Fund	5,508	-	-	-
Agency Fund	14,203	395,933	-	-
Subtotal Fiduciary Funds	19,711	395,933	-	-
Total	\$ 2,732,369	\$ 2,732,369	\$ 141,171	\$ 141,171

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accom-

plish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2018.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 29,180	\$ 356,937
Nonmajor Funds:		
Special Revenue Funds:		
Recycling Fund	116,937	-
Roadways Fund	300,000	-
Water	-	89,180
	<u>416,937</u>	<u>89,180</u>
Subtotal Nonmajor Funds	416,937	89,180
Grand Total	<u>\$ 446,117</u>	<u>\$ 446,117</u>

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

9. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,597,709	\$ 68,601	\$ -	\$ 4,666,310
Machinery, equipment, and furnishings	4,976,329	196,848	(79,834)	5,093,343
Infrastructure	<u>54,099,787</u>	<u>443,775</u>	<u>-</u>	<u>54,543,562</u>
Total capital assets, being depreciated	63,673,825	709,224	(79,834)	64,303,215
Less accumulated depreciation for:				
Buildings and improvements	(2,880,672)	(141,431)	-	(3,022,103)
Machinery, equipment, and furnishings	(3,755,461)	(190,338)	62,766	(3,883,033)
Infrastructure	<u>(43,423,405)</u>	<u>(1,713,074)</u>	<u>-</u>	<u>(45,136,479)</u>
Total accumulated depreciation	<u>(50,059,538)</u>	<u>(2,044,843)</u>	<u>62,766</u>	<u>(52,041,615)</u>
Total capital assets, being depreciated, net	13,614,287	(1,335,619)	(17,068)	12,261,600
Capital assets, not being depreciated:				
Land	1,668,964	15,636	-	1,684,600
Construction in progress	<u>2,110,268</u>	<u>946,998</u>	<u>-</u>	<u>3,057,266</u>
Total capital assets, not being depreciated	<u>3,779,232</u>	<u>962,634</u>	<u>-</u>	<u>4,741,866</u>
Governmental activities capital assets, net	<u>\$ 17,393,519</u>	<u>\$ (372,985)</u>	<u>\$ (17,068)</u>	<u>\$ 17,003,466</u>

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

Governmental Activities:	
General government	\$ 4,319
Public safety	120,847
Highway and streets	1,793,753
Water distribution and treatment	106,759
Culture and recreation	<u>19,165</u>
Total depreciation expense - governmental activities	<u>\$ 2,044,843</u>

10. Deferred Outflows of Resources

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

11. Accounts Payable and Accrued Liabilities

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

12. Tax Refunds Payable

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

13. Capital Lease Obligations

The Town is the lessee of certain equipment under a capital and operating lease expiring in 2022. Future minimum lease payments under the capital lease consists of the following as of December 31, 2018:

<u>Fiscal Year</u>	<u>Capital Lease</u>
2019	\$ 5,712
2020	5,712
2021	5,712
2022	<u>3,332</u>
Total payments	<u>\$ 20,468</u>

14. Long-Term Debt

A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/18</u>
State revolving loan	06/01/24	3.69%	\$ <u>750,000</u>
Total Governmental Activities			\$ <u><u>750,000</u></u>

B. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 125,000	\$ 27,660	\$ 152,660
2020	125,000	23,050	148,050
2021	125,000	18,440	143,440
2022	125,000	13,830	138,830
2023	125,000	9,220	134,220
2024	<u>125,000</u>	<u>4,610</u>	<u>129,610</u>
Total	<u>\$ 750,000</u>	<u>\$ 96,810</u>	<u>\$ 846,810</u>

The water fund has been designated as the source to repay the general obligation long-term debt outstanding as of December 31, 2018.

C. Changes in General Long-Term Liabilities

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

	Total Balance 1/1/18	Additions	Reductions	Total Balance 12/31/18	Less Current Portion	Equals Long-Term Portion 12/31/18
<u>Governmental Activities</u>						
Bonds payable	\$ 875,000	\$ -	\$ (125,000)	\$ 750,000	\$ (125,000)	\$ 625,000
SRF loan proceeds ¹	2,126,923	876,333	-	3,003,256	(3,003,256)	-
Subtotal	3,001,923	876,333	(125,000)	3,753,256	(3,128,256)	625,000
Net pension liability	6,552,977	-	(389,220)	6,163,757	-	6,163,757
Net OPEB liability	1,607,723	-	(16,665)	1,591,058	-	1,591,058
Other:						
Compensated absences	329,482	237,582	-	567,064	(56,706)	510,358
Capital leases	26,180	-	(5,712)	20,468	(5,712)	14,756
Subtotal - other	355,662	237,582	(5,712)	587,532	(62,418)	525,114
Totals	\$ 11,518,285	\$ 1,113,915	\$ (536,597)	\$ 12,095,603	\$ (3,190,674)	\$ 8,904,929

¹ This balance represents the drawdown proceeds from the State of NH through the Drinking Water State Revolving Fund program. The Drinking Water State Revolving Fund program provides low interest loans to assist communities with water system improvements, and the proceeds are disbursed as eligible costs are incurred through drawdowns. Upon completion of the project, the original financial assistant agreement shall be amended to reflect actual project expenditures. A supplemental agreement will then be executed between the State and the Town containing the final project cost and the repayment schedule.

15. Deferred Inflows of Resources

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

16. Governmental Funds - Balances

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

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

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

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), special purpose, and various special revenue funds.

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

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Advance to other funds	\$ 141,171	\$ -	\$ 141,171
Nonexpendable permanent funds	<u>-</u>	<u>92,573</u>	<u>92,573</u>
Total Nonexpendable	141,171	92,573	233,744
Restricted			
Special revenue funds	-	2,089,712	2,089,712
Expendable permanent funds	<u>-</u>	<u>146,699</u>	<u>146,699</u>
Total Restricted	-	2,236,411	2,236,411
Committed			
Capital reserve funds	2,299,753	-	2,299,753
Capital project fund	<u>-</u>	<u>46,562</u>	<u>46,562</u>
Total Committed	2,299,753	46,562	2,346,315
Assigned			
Encumbrances	<u>131,506</u>	<u>-</u>	<u>131,506</u>
Total Assigned	131,506	-	131,506
Unassigned			
Water Well fund deficit	-	(35,603)	(35,603)
Grants fund deficit	-	(6,969)	(6,969)
Homeland Security fund deficit	-	(816)	(816)
Police Grants fund deficit	-	(4,967)	(4,967)
WWTP fund deficit	-	(141,171)	(141,171)
Unassigned	<u>3,862,022</u>	<u>-</u>	<u>3,862,022</u>
Total Unassigned	<u>3,862,022</u>	<u>(189,526)</u>	<u>3,672,496</u>
Total Fund Balance	<u>\$ 6,434,452</u>	<u>\$ 2,186,020</u>	<u>\$ 8,620,472</u>

17. General Fund Unassigned Fund Balance

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

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

GAAP basis balance	\$ 3,862,022
Unavailable revenue	1,136,627
Allowance for doubtful accounts	(11,559)
Tax deeded property	<u>157,125</u>
Tax Rate Setting Balance	<u>\$ 5,144,215</u>

18. Retirement System

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

A. Plan Description

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

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

B. Benefits Provided

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

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012.

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

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

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, for which the contribution rates are 7% for employees and teachers, 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The Town's contributions to NHRS for the year ended December 31, 2018 were \$569,690, which was equal to their annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At December 31, 2018, the Town reported a liability of \$6,163,757, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating

employers, actuarially determined. At June 30, 2018, the Town's proportion was .12800619%.

For the year ended December 31, 2018, the Town recognized pension expense of \$548,480. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,198	\$ 49,908
Changes of assumptions	426,562	-
Net difference between projected and actual earnings on pension plan investments	-	142,635
Changes in proportion and differences between contributions and proportionate share of contributions	125,027	310,994
Contributions subsequent to the measurement date	<u>288,159</u>	<u>-</u>
Total	<u>\$ 888,946</u>	<u>\$ 503,537</u>

The \$288,159 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Outflows <u>(Inflows)</u>
2019	\$ 209,559
2020	149,724
2021	(200,176)
2022	<u>(61,857)</u>
Total	<u>\$ 97,250</u>

F. Actuarial Assumptions

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

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

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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

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

Asset Class	Target Allocation Percentage	Weighted Average Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.75%
Emerging Int'l Equities	7.00	6.25%
Total international equities	20.00	
Core Bonds	5.00	0.64%
Short Duration	2.00	-0.25%
Global Multi-Sector Fixed Income	11.00	1.71%
Absolute Return Fixed Income	7.00	1.08%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Opportunistic	5.00	3.68%
Total alternative investments	15.00	
Real estate	10.00	3.25%
Total	100.00 %	

G. Discount Rate

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

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

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

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 8,200,929	\$ 6,163,757	\$ 4,456,545

I. Pension Plan Fiduciary Net Position

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

19. Other Post-Employment Benefits (GASB 75)

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

A. Town OPEB Plan

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

General Information about the OPEB Plan

Plan Description

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town’s healthcare program. Since they are included in the same pool as active employees, the insurance rates

are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

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

Plan Membership

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

Inactive employees or beneficiaries	
currently receiving benefit payments	1
Active employees	<u>47</u>
Total	<u><u>48</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the alternative method as of December 31, 2018, in accordance with the parameters of GASB Statement No. 75. Alternative measurement method valuations of an ongoing plan are allowed for a sole employer with fewer than one hundred total plan members and involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future, similar to broad measurement steps as would be used by an actuarial valuation for plans whose members exceed one hundred. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The alternative measurement method used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	5.6% , average, including inflation
Discount rate	3.71%
Healthcare cost trend rates	8.5% for 2018, fluctuating 0.5% , to an ultimate rate of 4.5% as of 2026 and later years
Retirees' share of benefit-related costs	100%

The discount rate was based on the Fidelity General Obligation AA 20 Year Bond at December 31, 2018.

Mortality rates were based on the mortality tables at the National Center for Health Statistics. The 2014 United States life Tables for Males and Females were used.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 3.71%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The Town's total OPEB liability of \$978,489 was measured as of December 31, 2018, and was determined by the alternative method as of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 1,179,758
Changes for the year:	
Service cost	95,599
Interest	36,309
Changes in assumptions or other inputs	(234,531)
Benefit payments	<u>(98,646)</u>
Net Changes	<u>(201,269)</u>
Balances, end of year	\$ <u><u>978,489</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.31% in 2017 to 3.71% in 2018. All other assumptions were the same as those used in the previous measurement.

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

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

1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
\$ 1,262,099	\$ 978,489	\$ 771,943

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

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

1% Decrease (7.5%)	Current Healthcare Cost Trend Rates (8.5%)	1% Increase (9.5%)
\$ 913,990	\$ 978,489	\$ 1,048,123

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

For the year ended December 31, 2018, the Town recognized an OPEB expense of \$92,826. At December 31, 2018, the Town did not have any deferred outflows or inflows of resources related to the Total OPEB liability.

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

Actuarial Assumptions and Other Inputs

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

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

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

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

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$612,569.

For the year ended December 31, 2018, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$196,006. At December 31, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 3,596	\$ -
Changes in proportion	39,116	-
Net difference between projected and actual OPEB investment earnings	-	1,946
Contributions subsequent to the measurement date	<u>31,690</u>	<u>-</u>
Total	<u>\$ 74,402</u>	<u>\$ 1,946</u>

The \$31,690 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2019.

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

<u>Year Ended June 30:</u>	Outflows (Inflows)
2019	\$ 42,104
2020	(607)
2021	(607)
2022	<u>(124)</u>
Total	<u>\$ 40,766</u>

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

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

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<u> </u>	<u> </u>	<u> </u>
\$ 637,565	\$ 612,569	\$ 542,553

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

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

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Town OPEB Plan	\$ 978,489	\$ -	\$ -
Proportionate share of NHRS Medical Subsidy Plan	<u>612,569</u>	<u>74,402</u>	<u>1,946</u>
Total	<u>\$ 1,591,058</u>	<u>\$ 74,402</u>	<u>\$ 1,946</u>

20. Commitments and Contingencies

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

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

21. Beginning Fund Balance/Net Position Reclassification

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

Government-Wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported	\$ 16,217,904
Implementation of GASB 75 OPEB	<u>(1,126,078)</u>
As restated	<u>\$ 15,091,826</u>

Fund Basis Financial Statements:

	<u>Water Well Fund</u>	<u>Nonmajor Governmental Funds</u>
As previously reported	\$ (33,689)	\$ 2,014,890
Reclass PY Major Water Well Fund to Nonmajor Governmental Funds	<u>33,689</u>	<u>(33,689)</u>
As restated	<u>\$ -</u>	<u>\$ 1,981,201</u>

TOWN OF RAYMOND, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)

DECEMBER 31, 2018
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2018	June 30, 2018	0.12800619%	\$ 6,163,757	\$ 3,143,797	196.06%	64.73%
December 31, 2017	June 30, 2017	0.13324495%	\$ 6,552,977	\$ 3,024,562	216.66%	62.66%
December 31, 2016	June 30, 2016	0.13646539%	\$ 7,256,677	\$ 2,994,610	242.32%	58.30%
December 31, 2015	June 30, 2015	0.13348816%	\$ 5,288,170	\$ 2,881,837	183.50%	65.50%

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

See Independent Auditors' Report.

**TOWN OF RAYMOND, NEW HAMPSHIRE
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)**

**DECEMBER 31, 2018
(Unaudited)**

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2018	June 30, 2018	\$ 569,690	\$ 569,690	\$ -	\$ 3,334,443	17.09%
December 31, 2017	June 30, 2017	\$ 503,025	\$ 503,025	\$ -	\$ 3,032,281	16.59%
December 31, 2016	June 30, 2016	\$ 482,739	\$ 482,739	\$ -	\$ 2,967,656	16.27%
December 31, 2015	June 30, 2015	\$ 463,802	\$ 463,802	\$ -	\$ 2,911,037	15.93%

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

See Independent Auditors' Report.

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

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2018	June 30, 2018	0.13379384%	\$612,569	\$ 3,143,797	19.49%	7.53%
December 31, 2017	June 30, 2017	0.09359866%	\$427,965	\$ 3,024,562	14.15%	7.91%

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

See Independent Auditors' Report.

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

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

(Unaudited)

Changes in Total OPEB Liability

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 95,599
Interest on unfunded liability - time value of money	36,309
Changes of assumptions	(234,531)
Benefit payments, including refunds of member contributions	<u>(98,646)</u>
Net change in total OPEB liability	(201,269)
Total OPEB liability - beginning	<u>1,179,758</u>
Total OPEB liability - ending	<u><u>\$ 978,489</u></u>

Does not include New Hampshire Retirement System Medical Subsidy.

Schedule of Contributions

	<u>2018</u>
Actuarially determined contribution	\$ Not provided
Contributions in relation to the actuarially determined contribution	<u>*98,646</u>
Contribution deficiency (excess)	<u><u>\$ N/A</u></u>

* The Actuarially Determined Contribution includes only the implicit subsidy and not an amount required to fully fund the Plan over time.

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

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