

TOWN OF RAYMOND, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2017

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, each major fund, and the aggregate remaining fund information of the Town of Raymond, New Hampshire, 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

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, each major fund, and the aggregate remaining fund information of the Town of Raymond, New Hampshire, as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 44 to 46 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

September 14, 2018

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, 2017.

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 \$16,217,904 (i.e., net position), a change of \$(282,880) in comparison to the prior year.
- As of the close of the current calendar year, governmental funds reported combined ending fund balances of \$6,989,076, a change of \$413,982 in comparison to the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$2,617,460, a change of \$331,481 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION</u>	
	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 17,455,950	\$ 17,415,358
Capital assets	17,393,519	16,224,610
Total assets	<u>34,849,469</u>	<u>33,639,968</u>
Deferred outflows	1,132,023	1,888,789
Current liabilities	11,301,651	9,909,131
Noncurrent liabilities	<u>8,080,189</u>	<u>8,861,682</u>
Total liabilities	19,381,840	18,770,813
Deferred inflows	381,748	257,160
Net position:		
Net investments in capital assets	14,579,873	14,940,044
Restricted	1,890,817	1,447,360
Unrestricted	<u>(252,786)</u>	<u>113,380</u>
Total net position	\$ <u>16,217,904</u>	\$ <u>16,500,784</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 \$16,217,904, a change of \$(282,880) from the prior year.

The largest portion of net position \$14,579,873 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, \$1,890,817, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(252,786), may be used to meet the Town's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues		
Charges for services	\$ 1,954,667	\$ 1,793,986
Operating grants and contributions	11,044	9,054
Capital grants and contributions	477,254	251,718
General revenues:		
Property taxes	5,459,733	5,671,068
Motor vehicle permit fees	2,052,011	2,005,453
Grants and contributions not restricted to specific programs	530,009	530,384
Investment income	175,437	49,308
Other	122,858	107,796
Total revenues	<u>10,783,013</u>	<u>10,418,767</u>
Expenses:		
General government	2,367,248	2,362,333
Public safety	3,115,389	3,423,033
Highway and streets	3,004,290	2,858,182
Health and welfare	159,995	152,894
Sanitation	686,414	675,334
Water distribution and treatment	723,762	617,392
Culture and recreation	970,771	894,659
Interest on long-term debt	38,024	42,666
Total expenses	<u>11,065,893</u>	<u>11,026,493</u>
Change in net position	(282,880)	(607,726)
Net position - beginning of year	<u>16,500,784</u>	<u>17,108,510</u>
Net position - end of year	<u>\$ 16,217,904</u>	<u>\$ 16,500,784</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(282,880). Key elements of this change are as follows:

General Fund operations	\$ 707,359
Water Well Fund operationg	13,630
Other governmental funds operations	(307,007)
Depreciation is greater than debt principal	(1,824,823)
Other	<u>1,127,961</u>
Total	<u>\$ (282,880)</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT’S 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 \$6,989,076, a change of \$413,982 in comparison to the prior year. Key elements of this change are as follows:

General Fund operations	\$ 707,359
Water Well Fund operationg	13,630
Nonmajor fund operations	<u>(307,007)</u>
Total	<u>\$ 413,982</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 \$2,617,460, while total fund balance was \$5,007,875. 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>12/31/17</u>	<u>12/31/16</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 2,617,460	\$ 2,285,979	\$ 331,481	35.48%
Total fund balance	\$ 5,007,875	\$ 4,300,516	\$ 707,359	67.88%

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:

<u>Year</u>	<u>Unassigned Fund Balance (1)</u>	<u>General Fund Operating Expenses (2)</u>	<u>% Retained</u>
2017	\$ 3,599,228	\$ 25,016,512	14.39%
2016	\$ 3,035,999	\$ 24,654,786	12.31%
Change	\$ 563,229	\$ 361,726	2.07%

(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 current year.

The total fund balance of the general fund changed by \$707,359 during the current calendar year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 332,207
Expenditures less than budget	126,770
Use of fund balance as a funding source	(9,231)
Adjust tax revenue to budgetary basis	(118,265)
Current year encumbrances are greater than prior year	169,630
Change in capital reserve	<u>206,248</u>
Total	<u>\$ 707,359</u>

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

	<u>12/31/17</u>	<u>12/31/16</u>	<u>Change</u>
Capital reserves	\$ <u>1,933,989</u>	\$ <u>1,727,741</u>	\$ <u>206,248</u>
Total	\$ <u>1,933,989</u>	\$ <u>1,727,741</u>	\$ <u>206,248</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 \$17,393,519 (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:

2017 Roadway Reconstruct	\$ 1,297,934
2017 Ford F-550 Truck	52,497
2017 SUV Ford Explorer	40,248

New Additions to Construction in Progress:

Well #1 & #4 CIP	\$ 1,750,820
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Long-term debt. At the end of the current calendar year, total bonded debt outstanding was \$3,001,923, 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, 2017

	Governmental <u>Activities</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 12,819,905
Investments	2,154,380
Receivables, net of allowance for uncollectibles:	
Taxes	741,203
User fees	231,039
Departmental and other	79,414
Intergovernmental	546,405
Other assets	217,733
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	665,871
Capital assets:	
Land an construction in progress	3,779,232
Other capital assets, net of accumulated depreciation	13,614,287
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>1,132,023</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	35,981,492
LIABILITIES	
Current:	
Accounts payable	505,856
Accrued liabilities	331,596
Tax refunds payable	410,746
Due to other governments	3,295
Due to school district	7,661,808
Internal balances	1,948
Other current liabilities	95,819
Current portion of long-term liabilities:	
Bonds payable	125,000
Notes payable	2,126,923
Other	38,660
Noncurrent:	
Bonds payable, net of current portion	750,000
Net pension liability	6,552,977
Net OPEB obligation	460,210
Other, net of current portion	317,002
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	<u>381,748</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	19,763,588
NET POSITION	
Net investment in capital assets	14,579,873
Restricted for:	
Grants and other statutory restrictions	1,579,950
Permanent funds:	
Nonexpendable	216,706
Expendable	94,161
Unrestricted	<u>(252,786)</u>
TOTAL NET POSITION	\$ <u>16,217,904</u>

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

TOWN OF RAYMOND, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2017

	General Fund	CPF Water Well Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and short-term investments	\$ 11,940,157	\$ 104,933	\$ 774,815	\$ 12,819,905
Investments	1,862,218	-	292,162	2,154,380
Receivables:				
Property taxes	1,465,507	-	-	1,465,507
User fees	-	-	231,039	231,039
Departmental and other	7,160	-	72,254	79,414
Intergovernmental	144,093	402,312	-	546,405
Due from other funds	492,881	-	1,260,993	1,753,874
Advance to other funds	141,171	-	-	141,171
Other assets	14,122	-	62,122	76,244
TOTAL ASSETS	\$ 16,067,309	\$ 507,245	\$ 2,693,385	\$ 19,267,939
LIABILITIES				
Accounts payable	\$ 198,569	\$ 271,354	\$ 35,933	\$ 234,502
Accrued liabilities	304,806	-	7,966	584,126
Tax refunds payable	410,746	-	-	410,746
Due to school district	7,661,808	-	-	7,661,808
Due to other governments	3,295	-	-	3,295
Due to other funds	1,237,115	269,580	249,127	1,755,822
Advance from other funds	-	-	141,171	141,171
Other liabilities	82,560	-	13,259	95,819
TOTAL LIABILITIES	9,898,899	540,934	447,456	10,887,289
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,160,535	-	231,039	1,391,574
FUND BALANCES				
Nonspendable	141,331	-	94,161	235,492
Restricted	-	-	2,329,861	2,329,861
Committed	1,933,989	-	124,073	2,058,062
Assigned	315,095	-	-	315,095
Unassigned	2,617,460	(33,689)	(533,205)	2,050,566
TOTAL FUND BALANCES	5,007,875	(33,689)	2,014,890	6,989,076
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,067,309	\$ 507,245	\$ 2,693,385	\$ 19,267,939

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, 2017

Total governmental fund balances	\$ 6,989,076
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,393,519
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,474,630
• 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.	(10,370,772)
• Other	<u>731,451</u>
Net position of governmental activities	<u><u>\$ 16,217,904</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, 2017

	General Fund	CPF Water Well Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 5,297,591	\$ -	\$ -	\$ 5,297,591
Penalties, interest, and other taxes	219,315	-	643	219,958
Licenses and permits	2,052,011	-	-	2,052,011
Charges for services	174,394	-	1,776,520	1,950,914
Intergovernmental	530,009	-	488,298	1,018,307
Investment income	99,226	-	76,211	175,437
Miscellaneous	23,271	-	99,587	122,858
Total Revenues	<u>8,395,817</u>	<u>-</u>	<u>2,441,259</u>	<u>10,837,076</u>
Expenditures:				
Current:				
General government	2,334,315	-	48,475	2,382,790
Public safety	2,758,727	-	159,343	2,918,070
Highways and streets	1,230,382	-	1,297,934	2,528,316
Health and welfare	159,995	-	-	159,995
Sanitation	165,167	-	521,247	686,414
Water distribution and treatment	35,520	1,813,391	520,124	2,369,035
Culture and recreation	690,978	-	261,774	952,752
Debt service	-	-	278,040	278,040
Water bonded capital item	-	-	1,263	1,263
Capital outlay	2,000	-	-	2,000
Total Expenditures	<u>7,377,084</u>	<u>1,813,391</u>	<u>3,088,200</u>	<u>12,278,675</u>
Excess (deficiency) of revenues over expenditures	1,018,733	(1,813,391)	(646,941)	(1,441,599)
Other Financing Sources (Uses):				
State revolving loan proceeds	-	1,827,021	-	1,827,021
Issuance of capital lease	28,560	-	-	28,560
Transfers in	30,000	-	369,934	399,934
Transfers out	(369,934)	-	(30,000)	(399,934)
Total Other Financing Sources (Uses)	<u>(311,374)</u>	<u>1,827,021</u>	<u>339,934</u>	<u>1,855,581</u>
Change in fund balance	707,359	13,630	(307,007)	413,982
Fund Equity, at Beginning of Year, as restated	<u>4,300,516</u>	<u>(47,319)</u>	<u>2,321,897</u>	<u>6,575,094</u>
Fund Equity, at End of Year	<u>\$ 5,007,875</u>	<u>\$ (33,689)</u>	<u>\$ 2,014,890</u>	<u>\$ 6,989,076</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, 2017

Net changes in fund balances - total governmental funds	\$ 413,982														
<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: 40px;">Capital outlay</td> <td style="text-align: right;">3,231,112</td> </tr> <tr> <td style="padding-left: 40px;">Depreciation</td> <td style="text-align: right;">(2,062,203)</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: 40px;">Issuance of debt</td> <td style="text-align: right;">(28,560)</td> </tr> <tr> <td style="padding-left: 40px;">SRF loan drawdown</td> <td style="text-align: right;">(1,827,021)</td> </tr> <tr> <td style="padding-left: 40px;">Repayments of debt</td> <td style="text-align: right;">237,380</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 style="padding-left: 40px;"></td> <td style="text-align: right;">(54,063)</td> </tr> </table> Other differences <table> <tr> <td style="padding-left: 40px;"></td> <td style="text-align: right;"><u>(193,507)</u></td> </tr> </table> 		Capital outlay	3,231,112	Depreciation	(2,062,203)	Issuance of debt	(28,560)	SRF loan drawdown	(1,827,021)	Repayments of debt	237,380		(54,063)		<u>(193,507)</u>
Capital outlay	3,231,112														
Depreciation	(2,062,203)														
Issuance of debt	(28,560)														
SRF loan drawdown	(1,827,021)														
Repayments of debt	237,380														
	(54,063)														
	<u>(193,507)</u>														
Change in net position of governmental activities	\$ <u><u>(282,880)</u></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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues and Other Sources:				
Property taxes	\$ 5,415,856	\$ 5,415,856	\$ 5,415,856	\$ -
Penalties, interest, and other taxes	218,000	218,000	219,315	1,315
Charges for services	141,730	141,730	174,394	32,664
Intergovernmental	774,536	774,536	530,009	(244,527)
Licenses and permits	1,594,070	1,594,070	2,052,011	457,941
Investment income	9,000	9,000	76,852	67,852
Miscellaneous	15,000	15,000	22,705	7,705
Transfer in	-	-	9,257	9,257
Use of fund balance	<u>9,231</u>	<u>9,231</u>	<u>9,231</u>	<u>-</u>
Total Revenues and Other Sources	8,177,423	8,177,423	8,509,630	332,207
Expenditures and Other Uses:				
General government	2,374,072	2,374,072	2,438,402	(64,330)
Public safety	2,854,340	2,854,340	2,780,759	73,581
Highways and streets	1,145,714	1,145,714	1,157,219	(11,505)
Health and welfare	174,398	174,398	159,995	14,403
Sanitation	222,492	222,492	165,167	57,325
Culture and recreation	691,176	691,176	682,946	8,230
Capital outlay	2,000	2,000	2,000	-
Transfers out	<u>713,231</u>	<u>713,231</u>	<u>664,165</u>	<u>49,066</u>
Total Expenditures and Other Uses	<u>8,177,423</u>	<u>8,177,423</u>	<u>8,050,653</u>	<u>126,770</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>458,977</u>	\$ <u>458,977</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, 2017

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 76,406	\$ 580,774
Investments	-	719,806
Due from other funds	<u>1,948</u>	<u>-</u>
Total Assets	78,354	1,300,580
 <u>LIABILITIES AND NET POSITION</u>		
Accounts payable	-	2,730
Due to other governments	48	143,510
Other liabilities	<u>76</u>	<u>1,154,340</u>
Total Liabilities	<u>124</u>	<u>1,300,580</u>
 <u>NET POSITION</u>		
Total net position held in trust for other purposes	<u>\$ 78,230</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, 2017

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment income	\$ <u>3,455</u>
Total additions	3,455
Deductions:	
Scholarships	<u>1,000</u>
Total deductions	<u>1,000</u>
Net change	2,455
Net position:	
Beginning of year	<u>75,775</u>
End of year	\$ <u><u>78,230</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 2017, 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *water well fund* accounts for all activities associated with the Town's water well project operations and is primarily funded through state revolving fund reimbursements.

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 Government 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 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 position invested in capital assets, net of related debt, 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)	\$ 8,395,817	\$ 7,377,084
Other financing sources/uses (GAAP Basis)	<u>58,560</u>	<u>369,934</u>
Subtotal (GAAP Basis)	8,454,377	7,747,018
Adjust tax revenue to accrual basis	118,265	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(145,465)
Add end of year appropriation carryforwards to expenditures	-	315,095
Recognize use of fund balance as funding source	9,231	-
To eliminate capital reserve activity	(43,683)	162,565
Other GAAP timing differences	<u>(28,560)</u>	<u>(28,560)</u>
Budgetary Basis	<u>\$ 8,509,630</u>	<u>\$ 8,050,653</u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of December 31, 2017.

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, 2017, none of the Town’s bank balance of \$13,793,489 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>2,874,186</u>	\$ <u>2,874,186</u>
Total investments	\$ <u>2,874,186</u>	\$ <u>2,874,186</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, 2017:

<u>Description</u>	<u>Fair Value Measurements Using:</u> Quoted prices in active markets for identical assets (Level 1)
Investments by fair value level:	
Mutual funds	\$ 2,874,186
	\$ 2,874,186

5. 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.

Taxes receivable at December 31, 2017 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 741,203	\$ -	\$ 741,203
Tax liens	<u>724,304</u>	<u>(58,433)</u>	<u>665,871</u>
Grand total	<u>\$ 1,465,507</u>	<u>\$ (58,433)</u>	<u>\$ 1,407,074</u>

6. User Fee Receivables

Receivables for user charges at December 31, 2017 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 2017.

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, 2017 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	\$ 492,881	\$ 1,237,115	\$ 141,171	\$ -
CPF Water Well Fund	-	269,580	-	-
Special Revenue Funds:				
Cable Fund	222,199	-	-	-
Conservation Fund	32,769	70,078	-	-
Fire Fund	37,093	-	-	-
Misc Grants Fund	14,498	15,608	-	-
OHRV Fund	13,383	12,425	-	-
Recreation Fund	133,303	180	-	-
Roadways Fund	163,332	-	-	-
Special Duty Fund	54,065	-	-	-
Water	456,724	131,383	-	-
WWTP Fund	-	-	-	141,171
Other special revenue funds	9,554	19,453	-	-
Capital Project Funds:				
Water Bond	124,073	-	-	-
Trust and Agency Funds:				
Private Purpose Trust Fund	<u>1,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,755,822</u>	\$ <u>1,755,822</u>	\$ <u>141,171</u>	\$ <u>141,171</u>

Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2017.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 30,000	\$ 369,934
Nonmajor Funds:		
Special Revenue Funds:		
Recycling Fund	69,934	-
Roadways Fund	300,000	-
Water	-	30,000
Subtotal Nonmajor Funds	369,934	30,000
Grand Total	\$ <u>399,934</u>	\$ <u>399,934</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, 2017 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	\$ -	\$ -	\$ 4,597,709
Machinery, equipment, and furnishings	4,851,754	124,575	-	4,976,329
Infrastructure	<u>52,801,853</u>	<u>1,297,934</u>	<u>-</u>	<u>54,099,787</u>
Total capital assets, being depreciated	62,251,316	1,422,509	-	63,673,825
Less accumulated depreciation for:				
Buildings and improvements	(2,739,241)	(141,431)	-	(2,880,672)
Machinery, equipment, and furnishings	(3,547,763)	(207,698)	-	(3,755,461)
Infrastructure	<u>(41,710,331)</u>	<u>(1,713,074)</u>	<u>-</u>	<u>(43,423,405)</u>
Total accumulated depreciation	<u>(47,997,335)</u>	<u>(2,062,203)</u>	<u>-</u>	<u>(50,059,538)</u>
Total capital assets, being depreciated, net	14,253,981	(639,694)	-	13,614,287
Capital assets, not being depreciated:				
Land	1,611,181	57,783	-	1,668,964
Construction in progress	<u>359,448</u>	<u>1,750,820</u>	<u>-</u>	<u>2,110,268</u>
Total capital assets, not being depreciated	<u>1,970,629</u>	<u>1,808,603</u>	<u>-</u>	<u>3,779,232</u>
Governmental activities capital assets, net	<u>\$ 16,224,610</u>	<u>\$ 1,168,909</u>	<u>\$ -</u>	<u>\$ 17,393,519</u>

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

Governmental Activities:	
General government	\$ 5,715
Public safety	138,207
Highway and streets	1,790,919
Water distribution and treatment	106,759
Culture and recreation	<u>20,603</u>
Total depreciation expense - governmental activities	<u>\$ 2,062,203</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, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 18.

11. Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses represent 2017 expenditures paid in 2018.

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, 2017:

	<u>Fiscal Year</u>	<u>Capital Lease</u>
	2018	\$ 5,712
	2019	5,712
	2020	5,712
	2021	5,712
	2022	<u>3,332</u>
Total payments		\$ <u><u>26,180</u></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 12/31/17</u>
State revolving loan	06/01/24	3.69%	\$ <u>875,000</u>
Total Governmental Activities:			\$ <u><u>875,000</u></u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2017 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 125,000	\$ 32,270	\$ 157,270
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 - 2026	<u>250,000</u>	<u>13,830</u>	<u>263,830</u>
Total	\$ <u>875,000</u>	\$ <u>129,080</u>	\$ <u>1,004,080</u>

The water fund has been designated as the source to repay the general obligation long-term debt outstanding as of December 31, 2017.

C. Changes in General Long-Term Liabilities

During the year ended December 31, 2017, the following changes occurred in long-term liabilities:

	Total Balance <u>1/1/17</u>	Additions	Reductions	Total Balance <u>12/31/17</u>	Less Current Portion	Equals Long-Term Portion <u>12/31/17</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 1,110,000	\$ -	\$ (235,000)	\$ 875,000	\$ (125,000)	\$ 750,000
SRF loan proceeds ¹	299,902	1,827,021	-	2,126,923	(2,126,923)	-
Subtotal	<u>1,409,902</u>	<u>1,827,021</u>	<u>(235,000)</u>	<u>3,001,923</u>	<u>(2,251,923)</u>	<u>750,000</u>
Net pension liability	7,256,677	-	(703,700)	6,552,977	-	6,552,977
Net OPEB obligation	380,646	79,564	-	460,210	-	460,210
Other:						
Compensated absences	388,177	-	(58,695)	329,482	(32,948)	296,534
Capital leases	-	28,560	(2,380)	26,180	(5,712)	20,468
Subtotal - other	<u>388,177</u>	<u>28,560</u>	<u>(61,075)</u>	<u>355,662</u>	<u>(38,660)</u>	<u>317,002</u>
Totals	\$ <u>9,435,402</u>	\$ <u>1,935,145</u>	\$ <u>(999,775)</u>	\$ <u>10,370,772</u>	\$ <u>(2,290,583)</u>	\$ <u>8,080,189</u>

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. The Town reports two items as deferred inflows of resources: one which is attributable to changes in the net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual

basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 18. *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, 2017:

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, 2017:

	General Fund	CPF Water Well Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Advance to other funds	\$ 141,171	\$ -	\$ -	\$ 141,171
Nonexpendable permanent funds	-	-	94,161	94,161
Prepaid items	160	-	-	160
Total Nonexpendable	141,331	-	94,161	235,492
Restricted				
Special revenue funds	-	-	2,113,155	2,113,155
Expendable permanent funds	-	-	216,706	216,706
Total Restricted	-	-	2,329,861	2,329,861
Committed				
Capital reserve funds	1,933,989	-	-	1,933,989
Capital project fund	-	-	124,073	124,073
Total Committed	1,933,989	-	124,073	2,058,062
Assigned				
Encumbrances	315,095	-	-	315,095
Total Assigned	315,095	-	-	315,095
Unassigned				
CPF Water Well fund deficit	-	(33,689)	-	(33,689)
Grants fund deficit	-	-	(6,969)	(6,969)
Homeland Security fund	-	-	(816)	(816)
Police Grants	-	-	(4,603)	(4,603)
Unassigned	2,617,460	-	(379,646)	2,237,814
WWTP fund deficit	-	-	(141,171)	(141,171)
Total Unassigned	2,617,460	(33,689)	(533,205)	2,050,566
Total Fund Balance	\$ 5,007,875	\$ (33,689)	\$ 2,014,890	\$ 6,989,076

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	\$ 2,617,460
Unavailable revenue	1,160,535
Allowance for doubtful accounts	(58,433)
Tax deeded property	<u>141,489</u>
Tax Rate Setting Balance	\$ <u>3,861,051</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 members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

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

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 10.86% to 25.32% of covered compensation. The Town's contributions to NHRS for the year ended December 31, 2017 were \$503,025, 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, 2017, the Town reported a liability of \$6,552,977, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the Town's proportion was .13324495%.

For the year ended December 31, 2017, the Town recognized pension expense of \$681,185. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resource s
Differences between expected and actual experience	\$ 14,858	\$ 83,401
Changes of assumptions	658,005	-
Net difference between projected and actual earnings on pension plan investments	-	83,455
Changes in proportion and differences between contributions and proportionate share of contributions	202,806	214,892
Contributions subsequent to the measurement date	<u>256,354</u>	<u>-</u>
Total	<u>\$ 1,132,023</u>	<u>\$ 381,748</u>

The \$256,354 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 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 106,692
2019	291,586
2020	229,047
2021	<u>(133,404)</u>
Total	<u>\$ 493,921</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 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 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	4.50%
Emerging Int'l Equities	7.00	6.25%
Total international equities	20.00	
Core Bonds	5.00	0.75%
Short Duration	2.00	-0.25%
Global Multi-Sector Fixed Income	11.00	2.11%
Absoolute Return Fixed Income	7.00	1.26%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Opportunistic	5.00	2.84%
Real estate	10.00	3.25%
Total alternative investments	25.00	
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 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 one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
June 30, 2017	\$ 8,633,218	\$ 6,552,977	\$ 4,848,302

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 – OPEB (GASB 68)

The Town implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The Town has elected to use the alternative measurement method instead of obtaining an actuarial valuation. Statement 45 allows employers with less than one hundred total plan members to apply a simplified alternative measurement method instead of obtaining actuarial valuations. The alternative method includes the same broad measurement steps as an actuarial valuation; however, it permits simplification of certain assumptions to make the method usable by non-specialists. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of a required contribution as an expense on the Statement of Revenues, Expenses, and Changes in Net Position when future retirees earn their post-employment benefits, rather than when they use their post-employment benefits. To the extent that an entity does not fund its required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

The Town provides its eligible retirees, including in some cases their beneficiaries (as governed by RSA 100-A:50), the ability to purchase health, dental, and prescription insurance at the Town’s group rates. Although the Town does not supplement the cost of these plans, GASB Statement 45 requires the Town to recognize the liability for the inclusion of any implicit

rate subsidies afforded its retirees. This subsidy is generated as a result of the basic nature of insurance - one risk group subsidizes another to arrive at a blended premium; therefore, current employees who are young and healthy subsidize the older retirees. As of December 31, 2017, there were 4 retiree subscribers, including eligible spouses and dependents, and 50 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria may elect to receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending December 31, 2017, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an alternative measurement method valuation as of December 31, 2017.

Annual Required Contribution (ARC)	\$ 90,385
Interest on net OPEB obligation	3,615
Adjustment to ARC	<u>-</u>
Annual OPEB cost	94,000
Contributions made	<u>(14,436)</u>
Increase in net OPEB obligation	79,564
Net OPEB obligation - beginning of year	<u>380,646</u>
Net OPEB obligation - end of year	<u>\$ 460,210</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$94,000	15.4%	\$460,210
2016	\$75,264	19.8%	\$380,646
2015	\$78,106	24.5%	\$318,939
2014	\$78,106	30.8%	\$253,429
2013	\$70,166	37.3%	\$187,919
2012	\$78,596	31.0%	\$142,333
2011	\$74,641	53.0%	\$ 88,075
2010	\$44,539	54.4%	\$ 48,490
2009	\$44,539	45.6%	\$ 24,245

E. Funded Status and Funding Progress

The funded status of the plan as of December 31, 2017, the date of the most recent valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 572,617
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 572,617</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$ 3,032,281</u>
UAAL as a percentage of covered payroll	<u>18.9%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of OPEB Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial valuation the projected unit credit cost method was used. The value of assets was not determined, as the Town has not advance funded its obligation. The assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 10% which decreases to a 5% long-term rate for all healthcare benefits after ten years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4%.

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 Reclassification

The Town’s major governmental funds for fiscal year 2017, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 1/1/17 (as previously report)	Reclassification	Fund Equity 1/1/17 (as restated)
Water Fund	\$ 827,218	\$ (827,218)	\$ -
CPF Water Well Fund	-	(47,319)	(47,319)
Nonmajor Funds	1,447,360	874,537	2,321,897
Total	<u>\$ 2,274,578</u>	<u>\$ -</u>	<u>\$ 2,274,578</u>

22. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension, replacing requirements of Statements No. 45 and 57, effective for the Town beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

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

DECEMBER 31, 2017
(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>
June 30, 2017	June 30, 2017	0.13324495%	\$ 6,552,977	\$3,024,562	216.66%	62.66%
June 30, 2016	June 30, 2016	0.13646539%	\$ 7,256,677	\$2,994,610	242.32%	58.30%
June 30, 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, 2017
(Unaudited)**

New Hampshire Retirement System					
<u>Fiscal Year</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, 2017	\$ 503,025	\$ (503,025)	\$ -	\$ 3,032,281	16.59%
December 31, 2016	\$ 482,739	\$ (482,739)	\$ -	\$ 2,967,656	16.27%
December 31, 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 OPEB FUNDING PROGRESS (GASB 45)

December 31, 2017
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
12/31/2017	\$ -	\$ 572,617	\$ 572,617	0.0%	\$ 3,032,281	18.9%
12/31/2016	\$ -	\$ 448,131	\$ 448,131	0.0%	\$ 2,967,656	15.1%
12/31/2015	\$ -	\$ 461,025	\$ 461,025	0.0%	\$ 3,372,351	13.7%
12/31/2014	\$ -	\$ 572,617	\$ 572,617	0.0%	\$ 3,032,281	18.9%
1/1/2012	\$ -	\$ 433,640	\$ 433,640	0.0%	\$ 3,274,127	13.2%
1/1/2011	\$ -	\$ 595,747	\$ 595,747	0.0%	\$ 3,178,164	18.7%
1/1/2009	\$ -	\$ 313,518	\$ 313,518	0.0%	\$ 2,998,268	10.5%

See Independent Auditors' Report.