

**TOWN OF NORTHWOOD,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2018**

**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2018**

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# PLODZIK & SANDERSON

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the Board of Selectmen  
Town of Northwood  
Northwood, New Hampshire

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Northwood 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***

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Northwood, 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.

### ***Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in fiscal year 2018 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

**Management's Discussion and Analysis** – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental

***Town of Northwood  
Independent Auditor's Report***

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. Our opinion on the basic financial statements is not affected by the missing information.

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

**Other Information** – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Northwood's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

December 23, 2019

*Plodzik & Sanderson  
Professional Association*

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Statement of Net Position*  
**December 31, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,702,605
Investments	835,300
Taxes receivables (net)	1,046,807
Account receivables (net)	95,223
Intergovernmental receivable	11,323
Tax deeded property, subject to resale	223,938
Capital assets:	
Land and construction in progress	2,097,048
Other capital assets, net of depreciation	2,770,670
Total assets	13,782,914
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	321,777
Amounts related to other postemployment benefits	23,525
Total deferred outflows of resources	345,302
<b>LIABILITIES</b>	
Accounts payable	25,710
Accrued salaries and benefits	113,868
Accrued interest payable	2,947
Intergovernmental payable	4,253,249
Long-term liabilities:	
Due within one year	72,883
Due in more than one year	2,936,016
Total liabilities	7,404,673
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - tax agreements	34,956
Unavailable revenue - property taxes	20,133
Amounts related to pensions	354,932
Amounts related to other postemployment benefits	20,187
Total deferred inflows of resources	430,208
<b>NET POSITION</b>	
Net investment in capital assets	4,737,696
Restricted	523,810
Unrestricted	1,031,829
Total net position	\$ 6,293,335

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT B**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Statement of Activities*  
For the Fiscal Year Ended December 31, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 881,166	\$ 16,830	\$ -	\$ (864,336)
Public safety	1,559,089	196,368	-	(1,362,721)
Highways and streets	727,124	-	104,221	(622,903)
Sanitation	233,941	44,775	-	(189,166)
Health	38,923	-	-	(38,923)
Welfare	24,202	1,360	-	(22,842)
Culture and recreation	336,489	9,915	-	(326,574)
Conservation	21,223	14,625	-	(6,598)
Interest on long-term debt	463	-	-	(463)
Total governmental activities	<u>\$ 3,822,620</u>	<u>\$ 283,873</u>	<u>\$ 104,221</u>	<u>(3,434,526)</u>

General revenues:

Taxes:	
Property	2,542,123
Other	150,374
Motor vehicle permit fees	914,425
Licenses and other fees	102,930
Grants and contributions not restricted to specific programs	231,051
Unrestricted investment earnings	32,796
Miscellaneous	87,038
Total general revenues	<u>4,060,737</u>
Change in net position	626,211
Net position, beginning, as restated (see Note 19)	5,667,124
Net position, ending	<u>\$ 6,293,335</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-1**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,597,526	\$ 1,105,079	\$ 6,702,605
Investments	713,032	122,268	835,300
Taxes receivable	1,071,807	-	1,071,807
Accounts receivable (net)	19,880	75,343	95,223
Intergovernmental receivable	11,323	-	11,323
Interfund receivable	4,078	6,950	11,028
Tax dedeed property, subject to resale	223,938	-	223,938
Total assets	<u>\$ 7,641,584</u>	<u>\$ 1,309,640</u>	<u>\$ 8,951,224</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 25,710	\$ -	\$ 25,710
Accrued salaries and benefits	113,868	-	113,868
Intergovernmental payable	4,253,249	-	4,253,249
Interfund payable	6,950	4,078	11,028
Total liabilities	<u>4,399,777</u>	<u>4,078</u>	<u>4,403,855</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	216,591	-	216,591
Unavailable revenue - tax agreements	34,956	-	34,956
Total deferred inflows of resources	<u>251,547</u>	<u>-</u>	<u>251,547</u>
<b>FUND BALANCES</b>			
Nonspendable	223,938	379,022	602,960
Restricted	8,318	136,470	144,788
Committed	1,380,376	790,070	2,170,446
Assigned	90,659	-	90,659
Unassigned	1,286,969	-	1,286,969
Total fund balances	<u>2,990,260</u>	<u>1,305,562</u>	<u>4,295,822</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,641,584</u>	<u>\$ 1,309,640</u>	<u>\$ 8,951,224</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-2*  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position*  
*December 31, 2018*

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 4,295,822
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 9,480,817	
Less accumulated depreciation	<u>(4,613,099)</u>	4,867,718
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 321,777	
Deferred inflows of resources related to pensions	(354,932)	
Deferred outflows of resources related to OPEB	23,525	
Deferred inflows of resources related to OPEB	<u>(20,187)</u>	(29,817)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (11,028)	
Payables	<u>11,028</u>	-
Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.		196,458
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(25,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,947)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Capital leases	\$ 130,022	
Compensated absences	81,004	
Net pension liability	2,200,518	
Other postemployment benefits	<u>597,355</u>	(3,008,899)
Net position of governmental activities (Exhibit A)		<u>\$ 6,293,335</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-3**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,654,009	\$ 6,950	\$ 2,660,959
Licenses and permits	1,017,355	-	1,017,355
Intergovernmental	335,272	-	335,272
Charges for services	67,329	216,544	283,873
Miscellaneous	97,498	22,336	119,834
Total revenues	<u>4,171,463</u>	<u>245,830</u>	<u>4,417,293</u>
<b>EXPENDITURES</b>			
Current:			
General government	798,183	35,981	834,164
Public safety	1,425,360	96,714	1,522,074
Highways and streets	650,530	-	650,530
Sanitation	230,292	-	230,292
Health	38,923	-	38,923
Welfare	24,202	-	24,202
Culture and recreation	294,019	15,592	309,611
Conservation	21,223	-	21,223
Capital outlay	296,877	-	296,877
Total expenditures	<u>3,779,609</u>	<u>148,287</u>	<u>3,927,896</u>
Excess of revenues over expenditures	<u>391,854</u>	<u>97,543</u>	<u>489,397</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	71,612	-	71,612
Transfers out	-	(71,612)	(71,612)
Inception of capital leases	75,000	-	75,000
Total other financing sources (uses)	<u>146,612</u>	<u>(71,612)</u>	<u>75,000</u>
Net change in fund balances	538,466	25,931	564,397
Fund balances, beginning	2,451,794	1,279,631	3,731,425
Fund balances, ending	<u>\$ 2,990,260</u>	<u>\$ 1,305,562</u>	<u>\$ 4,295,822</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT C-4**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2018*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 564,397
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Capitalized capital outlay	\$ 465,883	
Depreciation expense	<u>(358,182)</u>	107,701
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (71,612)	
Transfers out	<u>71,612</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Increase in deferred tax revenue		31,538
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital leases	\$ (75,000)	
Repayment of capital leases	<u>66,578</u>	(8,422)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (463)	
Increase in compensated absences	(5,265)	
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	7,956	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>(71,231)</u>	(69,003)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 626,211</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT D**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Fiscal Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,960,865	\$ 2,685,547	\$ (275,318)
Licenses and permits	810,549	1,017,355	206,806
Intergovernmental	879,904	335,272	(544,632)
Charges for services	40,676	67,329	26,653
Miscellaneous	8,930	59,897	50,967
Total revenues	<u>4,700,924</u>	<u>4,165,400</u>	<u>(535,524)</u>
<b>EXPENDITURES</b>			
Current:			
General government	839,515	799,558	39,957
Public safety	1,585,762	1,446,497	139,265
Highways and streets	672,175	574,552	97,623
Sanitation	167,671	213,940	(46,269)
Health	52,599	38,904	13,695
Welfare	25,760	24,202	1,558
Culture and recreation	299,785	265,705	34,080
Conservation	3,552	20,667	(17,115)
Economic development	604	-	604
Debt service:			
Interest	1	-	1
Capital outlay	1,101,796	247,799	853,997
Total expenditures	<u>4,749,220</u>	<u>3,631,824</u>	<u>1,117,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,296)</u>	<u>533,576</u>	<u>581,872</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	211,612	188,638	(22,974)
Transfers out	(232,354)	(232,354)	-
Total other financing sources (uses)	<u>(20,742)</u>	<u>(43,716)</u>	<u>(22,974)</u>
Net change in fund balances	<u>\$ (69,038)</u>	489,860	<u>\$ 558,898</u>
Decrease in nonspendable fund balance		34,611	
Decrease in restricted fund balance		10,329	
Increase in committed fund balance		(665,044)	
Unassigned fund balance, beginning		1,588,671	
Unassigned fund balance, ending		<u>\$ 1,458,427</u>	

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT E-1**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Net Position**  
**December 31, 2018**

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 10,772
Investments	40,897	597,371
Total assets	<u>40,897</u>	<u>608,143</u>
<b>LIABILITIES</b>		
Intergovernmental payable	-	597,371
Due to others	-	10,772
Total liabilities	<u>-</u>	<u>608,143</u>
<b>NET POSITION</b>		
Held in trust for specific purposes	<u>\$ 40,897</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT E-2**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended December 31, 2018**

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	Private Purpose Trust
<b>ADDITION</b>	
Interest	\$ 747
<b>DEDUCTIONS</b>	
Scholarships	150
Change in net position	597
Net position, beginning	40,300
Net position, ending	\$ 40,897

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2018**

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**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2018**

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

The financial statements of the Town of Northwood, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2018 the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which changed the way other postemployment benefit (OPEB) liabilities and related expenses are recorded. See Note 1-N for further information on this pronouncement.

The more significant of the Town’s accounting policies are described below.

***1-A Reporting Entity***

The Town of Northwood is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

***1-B Basis of Accounting, and Measurement Focus***

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***Government-wide Financial Statements*** – The Town’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

***Governmental Fund Financial Statements*** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to

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be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. 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, are recorded only when payment is due.

The Town reports the following major governmental fund:

**General Fund** – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the library and expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Permanent Fund** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports seven nonmajor governmental funds.

**Fiduciary Fund Financial Statements** – Include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s fiduciary funds are private purpose trust and agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town also reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Agency Fund** – are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets held on behalf of outside parties, including other governments.

### ***1-C Cash and Cash Equivalents***

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

### ***1-D Investments***

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**Fair Value Measurements of Investments** – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

**Level 1** – Inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Directly held marketable equity securities would be examples of Level 1 investments.

**Level 2** – Inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

**Level 3** – Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

**Investments in Certain External Investment Pools** – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

### ***1-E Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

### ***1-F Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and intangible assets (i.e. easements) which are reported in the governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

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Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Land improvements	20
Buildings and building improvements	5-50
Infrastructure	5-7
Machinery, equipment, and vehicles	5-20

***1-G Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

***1-H Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 22 and November 13, and due on July 3 and December 1. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Northwood School District, Northwood Cove Village District, and Rockingham County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2018 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 475,845.080
For all other taxes	\$ 469,147,780

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The tax rates and amounts assessed for the year ended December 31, 2018 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$ 5.56	\$ 2,646,308
School portion:		
State of New Hampshire	2.27	1,063,070
Local	16.79	7,988,969
County portion	1.06	506,152
Precinct portions:		
Northwood Cove	1.36	12,965
Total	\$ 27.04	\$ 12,217,464

***1-I Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2018.

***1-J Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town’s reporting period.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

***1-K 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.

***1-L Compensated Absences***

***Vacation*** - The Town’s policy allows certain employees to earn varying amounts of vacation based on the employee’s length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***Sick Leave*** - The Town’s policy allows certain employees to earn varying amounts of sick time as set forth by the Town’s personnel policy. A liability for those amounts is recorded in the government-wide fund financial statements.

***1-M Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No.73* requires participating

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employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

***1-N Postemployment Benefits Other Than Pensions***

The Town maintains two separate other postemployment benefit plans (OPEB), as follows:

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the Town's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

***1-O Net Position/Fund Balances***

***Government-wide Statements*** – Equity is classified as net position and displayed in three components:

**Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

**Restricted net position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

***Fund Balance Classifications*** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**Restricted** – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

the general fund, the Town strives to maintain an unassigned fund balance of 6% of the general fund’s annual budget including Town, School, and County appropriations.

***1-P Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of tangible and intangible capital assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

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

***2-A Budgetary Information***

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2018, none of the beginning general fund unassigned fund balance was applied for this purpose and \$69,038 was voted from unassigned fund balance as a transfer to the capital reserve funds and to fund capital lease payments.

***2-B Budgetary Reconciliation to GAAP Basis***

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget.

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The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 4,354,038
Adjustment:	
Basis difference:	
Inception of capital leases	75,000
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	37,601
To eliminate transfers between blended funds	(117,026)
Change in deferred tax revenue relating to 60-day revenue recognition recognized as revenue on the GAAP basis, but not on the budgetary basis	(31,538)
Per Exhibit C-3 (GAAP basis)	<u>\$ 4,318,075</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,864,178
Adjustment:	
Basis differences:	
Inception of capital leases	75,000
Encumbrances, beginning	136,680
Encumbrances, ending	(90,659)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	26,764
To eliminate transfers between general and blended funds	(232,354)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,779,609</u>

**2-C Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, deferred inflows and outflows of resources, as follows:

	Local OPEB	State OPEB	Total OPEB
Change in total OPEB liability under current standards, January 1	\$ (297,392)	\$ (208,567)	\$ (505,959)
Initial balance of deferred outflows of resources	-	14,484	14,484
Initial balance of deferred inflows of resources	-	(3,164)	(3,164)
Cumulative restatement related to GASB No. 75 implementation (see Note 19)	<u>\$ (297,392)</u>	<u>\$ (197,247)</u>	<u>\$ (494,639)</u>

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**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Town’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town’s agent in the Town’s name. The FDIC currently insures the first \$250,000 of the Town’s deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town’s deposits was \$6,713,377 and the bank balances totaled \$6,804,543. Petty cash totaled \$130.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 6,702,605
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	10,772
Total cash and cash equivalents	<u>\$ 6,713,377</u>

**NOTE 4 – INVESTMENTS**

Note 1-D describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2018:

	Valuation Measurement Method	Fair Value
Investments type:		
Equity mutual funds	Level 1	\$ 169,899
New Hampshire Public Deposit Investment Pool	Level 2	1,303,669
Total fair value		<u>\$ 1,473,568</u>

**Interest Rate Risk** – This 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’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty (e.g. broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have custodial credit risk policies for investments.

**Concentration of Credit Risk** – The Town places no limit on the amount it may invest in any one issuer. More than 5% of the Town’s investments are in equity mutual funds. These investments are 11% of the Town’s total investments. Investments in New Hampshire Public Deposit Investment Pool and excluded from the risk.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 835,300
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	638,268
Total investments	<u>\$ 1,473,568</u>

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**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2018. The amount has been reduced by an allowance for an estimated uncollectible amount of \$25,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2018	\$ 670,551	\$ 670,551
Unredeemed (under tax lien):		
Levy of 2017	357,303	357,303
Levy of 2016	17,148	17,148
Levies of 2015 and prior	26,805	26,805
Less: allowance for estimated uncollectible taxes	(25,000) *	-
Net taxes receivable	<u>\$ 1,046,807</u>	<u>\$ 1,071,807</u>

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2018, consisted of accounts (billings for police details, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2018 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Total
Receivables:			
Accounts	\$ 19,880	\$ 149,759	\$ 169,639
Intergovernmental	11,323	-	11,323
Gross receivables	<u>31,203</u>	149,759	180,962
Less: allowance for uncollectibles	-	(74,416)	(74,416)
Net total receivables	<u>\$ 31,203</u>	<u>\$ 75,343</u>	<u>\$ 106,546</u>

**NOTE 7 – CAPITAL ASSETS**

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

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 2,097,048	\$ -	\$ 2,097,048
Being depreciated:			
Land improvements	590,448	-	590,448
Buildings and building improvements	891,155	-	891,155
Infrastructure	2,775,491	282,334	3,057,825
Machinery, equipment, and vehicles	2,660,792	183,549	2,844,341
Total capital assets being depreciated	<u>6,917,886</u>	<u>465,883</u>	<u>7,383,769</u>
Total all capital assets	<u>9,014,934</u>	<u>465,883</u>	<u>9,480,817</u>

*(Continued)*

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*Capital assets continued:*

	Balance, beginning	Additions	Balance, ending
Less accumulated depreciation:			
Land improvements	(221,944)	(27,859)	(249,803)
Buildings and building improvements	(434,182)	(21,206)	(455,388)
Infrastructure	(1,818,320)	(189,444)	(2,007,764)
Machinery, equipment, and vehicles	(1,780,471)	(119,673)	(1,900,144)
Total accumulated depreciation	(4,254,917)	(358,182)	(4,613,099)
Net book value, capital assets being depreciated	2,662,969	107,701	2,770,670
Net book value, all capital assets	\$ 4,760,017	\$ 107,701	\$ 4,867,718

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 22,556
Public safety	73,410
Highways and streets	245,741
Sanitation	2,946
Culture and recreation	13,529
Total depreciation expense	\$ 358,182

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 4,078
Nonmajor	General	6,950
		\$ 11,028

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2018 is as follows:

	Transfers In:
	General
	Fund
Transfers out:	
Nonmajor funds	\$ 71,612

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

**NOTE 9 – ACCRUED LIABILITIES**

Accrued liabilities reported by the governmental funds in the amount of \$113,868 at December 31, 2018, were for salary and employee benefits.

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**NOTE 10 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$4,850,620 at December 31, 2018 consist of the following:

General fund:	
Balance of the 2018-19 school district assessment due to the Northwood School District	\$ 4,252,039
Miscellaneous fees due to the State of New Hampshire	1,210
Total general fund	<u>4,253,249</u>
Agency fund:	
Balance of trust funds belonging to the Northwood School District	445,758
Balance of trust funds belonging to the Northwood Cove Village District	9,566
Balance of trust funds belonging to the Northwood Ridge Water District	142,047
Total agency funds	<u>597,371</u>
Total intergovernmental payables due	<u>\$ 4,850,620</u>

**NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2018 consist of amounts related to pensions totaling \$321,777 and amounts related to OPEB totaling \$23,525. For further discussion on these amounts, see Note 14 and 15 respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Prepaid property taxes	\$ 20,133	\$ 20,133
Tax agreements	34,956	34,956
Deferred property taxes not collected within 60 days of fiscal year-end	-	196,458
Amounts related to pensions (see Note 14)	354,932	-
Amounts related to other postemployment benefits (see Note 15)	20,187	-
Total deferred inflows of resources	<u>\$ 430,208</u>	<u>\$ 251,547</u>

**NOTE 12 – CAPITAL LEASE OBLIGATIONS**

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2018
Capital lease obligations:		
Backhoe	3.25%	\$ 75,000
Fire truck	3.42%	55,022
Total capital lease obligations		<u>\$ 130,022</u>

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Vehicles:	
Backhoe	\$ 110,900
Fire truck	269,976
Total equipment	380,876
Less: accumulated depreciation	(50,019)
Total capital lease equipment	<u>\$ 330,857</u>

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The annual requirements to amortize the capital leases payable as of December 31, 2018, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2019	\$ 77,210
2020	20,298
2021	20,298
2022	20,298
Total requirements	138,104
Less: interest	(8,082)
Present value of remaining payments	\$ 130,022

Amortization of lease equipment under capital assets is included with depreciation expense.

**NOTE 13 – LONG-TERM LIABILITIES**

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2018:

	Balance January 1, 2018 (as restated)	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Capital leases	\$ 121,600	\$ 75,000	\$ (66,578)	\$ 130,022	\$ 72,883
Compensated absences	75,739	5,265	-	81,004	-
Net pension liability	2,560,745	-	(360,227)	2,200,518	-
Net other postemployment benefits	534,106	63,249	-	597,355	-
Total long-term liabilities	\$ 3,292,190	\$ 143,514	\$ (426,805)	\$ 3,008,899	\$ 72,883

**NOTE 14 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension 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 are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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 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.

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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 member attains 52.5 years of age by ¼ 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 earnable compensation and/or service.

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Member contribution rates are set by statute. Group I (Employee and Teacher) members contribute 7 percent of their salary to the retirement system. Group II (Police and Fire) members contribute 11.55 percent and 11.80 percent, respectively. For fiscal year 2018, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees. The contribution requirement for the fiscal year 2018 was \$193,152, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2018 the Town reported a liability of \$2,200,518 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 that date. 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 towns and school districts, actuarially determined. At June 30, 2018, the Town’s proportion was 0.04569939% which was a decrease of 0.00636952% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$173,812. At December 31, 2018 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 Resources
Changes in proportion	\$ 57,033	\$ 286,192
Changes in assumptions	152,287	-
Net difference between projected and actual investment earnings on pension plan investments	-	50,922
Differences between expected and actual experience	17,564	17,818
Contributions subsequent to the measurement date	94,893	-
Total	\$ 321,777	\$ 354,932

The \$94,893 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

Fiscal Year Ending December 31,	
2019	\$ 39,870
2020	9,329
2021	(122,278)
2022	(54,969)
Totals	\$ (128,048)

**Actuarial Assumptions** – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions which, accordingly apply to 2018 measurements:

Inflation:	2.5%	
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	

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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 last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on pension plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2018:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan’s actuarial funding policy 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 investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

**Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table 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 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$ 2,927,807	\$ 2,200,518	\$ 1,591,027

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**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

**NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**15-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2018 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

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

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2018 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2018, the Town contributed 4.10% for police and fire, and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$26,218, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At December 31, 2018, the Town reported a liability of \$271,377 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2018, the Town’s proportion was 0.05927252% which was an increase of 0.0136576% from its proportion measured as of June 30, 2017.

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For the year ended December 31, 2018, the Town recognized OPEB expense of \$71,842. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 13,291	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	862
Differences between expected and actual experience	1,593	-
Contributions subsequent to the measurement date	8,641	-
Total	\$ 23,525	\$ 862

The \$8,641 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2019	\$ 14,615
2020	(269)
2021	(269)
2022	(55)
Totals	\$ 14,022

**Actuarial Assumptions** – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2018 and a measurement date of June 30, 2017. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.5 % per year
Wage inflation:	3.25 % per year
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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 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, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Following is a table presenting target allocations and long-term rates of return for 2018:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute Return Fixed Income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the Town’s proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2018	\$ 282,450	\$ 271,377	\$ 240,358

**Sensitivity of the Town’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

**OPEB Plan Fiduciary Net Position** – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

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**15-B Town of Northwood Retiree Health Benefit Program**

**Plan Description** – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time.

**Benefits Provided** – The Town provides postemployment healthcare benefits for certain eligible retirees. The Town provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire Inter-Local Trust.

**Employees Covered by Benefit Terms** – At July 1, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>16</u>
Total participants covered by OPEB plan	<u><u>17</u></u>

**Total OPEB Liability** – The Town’s total OPEB liability of \$325,978 was measured as of January 1, 2017, and was determined by an actuarial valuation of that date.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability of \$325,978 in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	4.10%
Healthcare Cost Trend Rates:	
Current Year Trend	8.00%
Second Year Trend	7.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2023
Salary Increases:	2.60%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of July 1, 2016.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

**Changes in the Total OPEB Liability**

	December 31,
	<u>2018</u>
OPEB liability beginning of year	\$ 325,539
Changes for the year:	
Service cost	16,409
Interest	11,681
Assumption changes and difference between actual and expected experience	(22,904)
Benefit payments	(4,747)
OPEB liability end of year	<u><u>\$ 325,978</u></u>

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**Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate** – The July 1, 2017 actuarial valuation was prepared using a discount rate of 4.10%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$295,019 or by 9.50%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$361,526 or by 10.91%.

	Discount Rate		
	1% Decrease	Baseline 4.10%	1% Increase
Total OPEB Liability	\$ 361,526	\$ 325,978	\$ 295,019

**Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The July 1, 2017 actuarial valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$371,549 or by 13.98%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$287,773 or by 11.72%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	\$ 287,773	\$ 325,978	\$ 371,549

**OPEB Expense and Deferred Inflows of Resources Related to OPEB** – For the year ended December 31, 2018, the Town recognized OPEB expense of \$24,511. At December 31, 2018, the Town reported deferred inflows of resources related to OPEB from the following sources:

Differences between expected and actual experience	\$ 19,325
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Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2019	\$ (3,579)
2020	(3,579)
2021	(3,579)
2022	(3,579)
2023	(3,579)
Thereafter	(1,430)
Totals	\$ (19,325)

**NOTE 16 – ENCUMBRANCES**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2018 and are as follows:

General fund:	
General government	\$ 31,304
Public safety	33,146
Highways and streets	19,190
Sanitation	3,104
Culture and recreation	2,715
Conservation	1,200
Total encumbrances	\$ 90,659

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**NOTE 17 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the Statement of Net Position at December 31, 2018 include the following:

Net investment in capital assets:	
Net book value, all capital assets	\$ 4,867,718
Less:	
Capital leases payable	(130,022)
Total net investment in capital assets	4,737,696
Restricted net position:	
Perpetual care - nonexpendable	379,022
Perpetual care - income balance	136,470
Library	8,318
Total restricted net position	523,810
Unrestricted	1,031,829
Total net position	\$ 6,293,335

**NOTE 18 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Tax deeded property	\$ 223,938	\$ -	\$ 223,938
Permanent fund - principal balance	-	379,022	379,022
Total nonspendable fund balance	223,938	379,022	602,960
<b>Restricted:</b>			
Library	8,318	-	8,318
Permanent - income balance	-	136,470	136,470
Total restricted fund balance	8,318	136,470	144,788
<b>Committed:</b>			
Expendable trust	715,332	-	715,332
Nonlapsing appropriations - encumbrances	665,044	-	665,044
Special revenue funds	-	790,070	790,070
Total committed fund balance	1,380,376	790,070	2,170,446
<b>Assigned:</b>			
Encumbrances	90,659	-	90,659
<b>Unassigned</b>	1,286,969	-	1,286,969
Total governmental fund balances	\$ 2,990,260	\$ 1,305,562	\$ 4,295,822

**NOTE 19 – PRIOR PERIOD ADJUSTMENT**

Net position at January 1, 2018 was restated to give retroactive effect to the following prior period adjustment:

	Government-wide Statements
To restate for the cumulative changes related to implementation of GASB No. 75, see Note 2-C	\$ (494,639)
Net position, as previously reported	6,161,763
Net position, as restated	\$ 5,667,124

**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2018**

**NOTE 20 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2018, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2018 to December 31, 2018 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 21 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through December 23, 2019, the date the December 31, 2018 financial statements were available to be issued, and noted \$40,866 was voted from December 31, 2018 unassigned fund balance to be transferred to the capital reserve funds.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of Net Pension Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2018*

	December 31,					
	2013	2014	2015	2016	2017	2018
Town's proportion of the net pension liability	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Town's proportionate share of the net pension liability	\$ 2,146,887	\$ 1,922,913	\$ 2,035,204	\$ 2,885,807	\$ 2,560,745	\$ 2,200,518
Town's covered payroll	\$ 824,686	\$ 852,611	\$ 885,212	\$ 989,590	\$ 1,587,143	\$ 912,799
Town's proportionate share of the net pension liability as a percentage of its covered payroll	260.33%	225.53%	229.91%	291.62%	161.34%	241.07%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**EXHIBIT G**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2018*

	December 31,					
	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$ 143,523	\$ 169,515	\$ 184,539	\$ 194,326	\$ 190,751	\$ 193,152
Contributions in relation to the contractually required contributions	143,523	169,515	184,539	194,326	190,751	193,152
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 824,686	\$ 852,611	\$ 885,212	\$ 989,590	\$ 1,587,143	\$ 912,799
Contributions as a percentage of covered payroll	17.40%	19.88%	20.85%	19.64%	12.02%	21.16%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**TOWN OF NORTHWOOD, NEW HAMPSHIRE**

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2018**

***Schedule of the Town's Proportionate Share of Net Pension Liability and  
Schedule of Town Contributions - Pensions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2018. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2018:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

**Other Information:**

Notes	Contribution rates for fiscal year 2018 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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**EXHIBIT H**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2018*

	December 31,		
	2016	2017	2018
Town's proportion of the net OPEB liability	0.05%	0.05%	0.06%
Town's proportionate share of the net OPEB liability	\$ 229,163	\$ 208,567	\$ 271,377
Town's covered payroll	\$ 989,590	\$ 1,587,143	\$ 912,799
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.16%	13.14%	29.73%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT I**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2018*

	December 31,		
	2016	2017	2018
Contractually required contribution	\$ 27,506	\$ 27,036	\$ 26,218
Contributions in relation to the contractually required contribution	27,506	27,036	26,218
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 989,590</u>	<u>\$ 1,587,143</u>	<u>\$ 912,799</u>
Contributions as a percentage of covered payroll	2.78%	1.70%	2.87%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

*EXHIBIT J*  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios*  
*Retiree Health Benefit Program*  
*For the Fiscal Year Ended December 31, 2018*

	December 31,
	2018
OPEB liability, beginning of year	\$ 325,539
Changes for the year:	
Service cost	16,409
Interest	11,681
Assumption changes and difference between actual and expected experience	(22,904)
Benefit payments	(4,747)
OPEB liability, end of year	\$ 325,978
Covered payroll	\$ 686,524
Total OPEB liability as a percentage of covered payroll	47.48%

The Notes to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2018**

***Schedule of the Town’s Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of Town Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2018. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.62% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.

***Schedule of Changes in Town’s Total Other Postemployment Benefits Liability and Related Ratios***

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town’s other postemployment benefits at December 31, 2018. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2018*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,817,372	\$ 2,579,075	\$ (238,297)
Land use change	8,000	6,950	(1,050)
Yield	5,500	7,449	1,949
Excavation	350	284	(66)
Payment in lieu of taxes	9,643	9,052	(591)
Interest and penalties on taxes	120,000	82,737	(37,263)
Total from taxes	<u>2,960,865</u>	<u>2,685,547</u>	<u>(275,318)</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	200	180	(20)
Motor vehicle permit fees	714,999	913,707	198,708
Building permits	24,999	38,340	13,341
Other	70,351	65,128	(5,223)
Total from licenses, permits, and fees	<u>810,549</u>	<u>1,017,355</u>	<u>206,806</u>
<b>Intergovernmental:</b>			
<b>State:</b>			
Meals and rooms distribution	217,258	217,258	-
Highway block grant	104,280	104,221	(59)
State and federal forest land reimbursement	363	363	-
Other	558,003	3,092	(554,911)
<b>Federal:</b>			
FEMA	-	10,338	10,338
Total from intergovernmental	<u>879,904</u>	<u>335,272</u>	<u>(544,632)</u>
<b>Charges for services:</b>			
Income from departments	<u>40,676</u>	<u>67,329</u>	<u>26,653</u>
<b>Miscellaneous:</b>			
Sale of municipal property	5,600	40,879	35,279
Interest on investments	2,500	12,440	9,940
Other	830	6,578	5,748
Total from miscellaneous	<u>8,930</u>	<u>59,897</u>	<u>50,967</u>
<b>Other financing sources:</b>			
Transfers in	<u>211,612</u>	<u>188,638</u>	<u>(22,974)</u>
Total revenues and other financing sources	4,912,536	<u>\$ 4,354,038</u>	<u>\$ (558,498)</u>
Amounts voted from fund balance	69,038		
Total revenues, other financing sources, and use of fund balance	<u>\$ 4,981,574</u>		

**SCHEDULE 2**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ 6,828	\$ 292,889	\$ 301,880	\$ 6,933	\$ (9,096)
Election and registration	-	10,878	13,201	-	(2,323)
Financial administration	5,468	306,825	269,292	14,836	28,165
Legal	-	15,001	15,756	1,000	(1,755)
Personnel administration	-	52,791	45,368	1,297	6,126
Planning and zoning	-	41,790	46,323	5,914	(10,447)
General government buildings	15,678	57,587	61,600	1,324	10,341
Cemeteries	1,955	3,100	641	-	4,414
Insurance, not otherwise allocated	-	56,401	43,716	-	12,685
Advertising and regional associations	-	2,253	406	-	1,847
<b>Total general government</b>	<b>29,929</b>	<b>839,515</b>	<b>798,183</b>	<b>31,304</b>	<b>39,957</b>
<b>Public safety:</b>					
Police	3,157	898,337	808,857	3,442	89,195
Fire	7,880	651,188	583,355	29,639	46,074
Building inspection	38	33,315	30,563	65	2,725
Emergency management	934	2,922	2,585	-	1,271
<b>Total public safety</b>	<b>12,009</b>	<b>1,585,762</b>	<b>1,425,360</b>	<b>33,146</b>	<b>139,265</b>
<b>Highways and streets:</b>					
Administration	-	213,860	214,613	2,723	(3,476)
Highways and streets	20,168	458,314	360,917	16,467	101,098
Street lighting	-	1	-	-	1
<b>Total highways and streets</b>	<b>20,168</b>	<b>672,175</b>	<b>575,530</b>	<b>19,190</b>	<b>97,623</b>
<b>Sanitation:</b>					
Administration	19,456	71,571	76,973	294	13,760
Solid waste disposal	-	96,100	153,319	2,810	(60,029)
<b>Total sanitation</b>	<b>19,456</b>	<b>167,671</b>	<b>230,292</b>	<b>3,104</b>	<b>(46,269)</b>
<b>Health:</b>					
Administration	19	8,269	5,049	-	3,239
Pest control	-	14,037	6,081	-	7,956
Health agencies	-	30,293	27,793	-	2,500
<b>Total health</b>	<b>19</b>	<b>52,599</b>	<b>38,923</b>	<b>-</b>	<b>13,695</b>
<b>Welfare:</b>					
Administration and direct assistance	-	16,259	12,877	-	3,382
Intergovernmental welfare payments	-	9,501	11,325	-	(1,824)
<b>Total welfare</b>	<b>-</b>	<b>25,760</b>	<b>24,202</b>	<b>-</b>	<b>1,558</b>
<b>Culture and recreation:</b>					
Parks and recreation	110	66,378	51,760	463	14,265
Library	4,155	220,360	206,366	2,252	15,897
Patriotic purposes	-	1,800	1,500	-	300
Other	-	11,247	7,629	-	3,618
<b>Total culture and recreation</b>	<b>4,265</b>	<b>299,785</b>	<b>267,255</b>	<b>2,715</b>	<b>34,080</b>
Conservation	1,756	3,552	21,223	1,200	(17,115)
Economic development	-	604	-	-	604
<b>Debt service:</b>					
Interest on tax anticipation notes	-	1	-	-	1

(Continued)

*SCHEDULE 2 (Continued)*  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Major General Fund*  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2018*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	49,078	1,101,796	296,877	-	853,997
Other financing uses:					
Transfers out	-	232,354	232,354	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 136,680</u>	<u>\$ 4,981,574</u>	<u>\$ 3,910,199</u>	<u>\$ 90,659</u>	<u>\$ 1,117,396</u>

**SCHEDULE 3**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended December 31, 2018**

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,588,671
Changes:		
Amounts voted from fund balance		(69,038)
2018 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (558,498)	
Unexpended balance of appropriations (Schedule 2)	<u>1,117,396</u>	
2018 Budget surplus		558,898
Decrease in nonspendable fund balance		34,611
Decrease in restricted fund balance		10,329
Increase in committed fund balance		<u>(665,044)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,458,427
<b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(196,458)
Elimination of the allowance for uncollectible taxes		<u>25,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 1,286,969</u></u>

**SCHEDULE 4**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2018**

	Special Revenue Funds							Total
	Conservation Commission	Recreation Revolving	Ambulance Replacement	Lagoon Fees	Police Special Details	Forest Maintenance	Permanent Fund	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 97,336	\$ 18,479	\$ 524,493	\$ 15,796	\$ 49,978	\$ 3,473	\$ 395,524	\$ 1,105,079
Investments	-	-	-	-	-	-	122,268	122,268
Accounts receivable, net of allowance for uncollectible	-	-	56,786	-	18,557	-	-	75,343
Interfund receivable	6,950	-	-	-	-	-	-	6,950
Total assets	<u>\$ 104,286</u>	<u>\$ 18,479</u>	<u>\$ 581,279</u>	<u>\$ 15,796</u>	<u>\$ 68,535</u>	<u>\$ 3,473</u>	<u>\$ 517,792</u>	<u>\$ 1,309,640</u>
<b>LIABILITIES</b>								
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ 1,778	\$ -	\$ 2,300	\$ 4,078
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	379,022	379,022
Restricted	-	-	-	-	-	-	136,470	136,470
Committed	104,286	18,479	581,279	15,796	66,757	3,473	-	790,070
Total fund balances	<u>104,286</u>	<u>18,479</u>	<u>581,279</u>	<u>15,796</u>	<u>66,757</u>	<u>3,473</u>	<u>515,492</u>	<u>1,305,562</u>
Total liabilities and fund balances	<u>\$ 104,286</u>	<u>\$ 18,479</u>	<u>\$ 581,279</u>	<u>\$ 15,796</u>	<u>\$ 68,535</u>	<u>\$ 3,473</u>	<u>\$ 517,792</u>	<u>\$ 1,309,640</u>

**SCHEDULE 5**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2018**

	Special Revenue Funds							Total
	Conservation Commission	Recreation Revolving	Ambulance Replacement	Lagoon Fees	Police Special Details	Forest Maintenance	Permanent Fund	
<b>REVENUES</b>								
Taxes	\$ 6,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,950
Charges for services	-	9,815	128,004	14,625	64,100	-	-	216,544
Miscellaneous	587	160	3,326	79	384	25	17,775	22,336
Total revenues	<u>7,537</u>	<u>9,975</u>	<u>131,330</u>	<u>14,704</u>	<u>64,484</u>	<u>25</u>	<u>17,775</u>	<u>245,830</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	35,981	35,981
Public safety	-	-	604	-	96,110	-	-	96,714
Culture and recreation	-	15,592	-	-	-	-	-	15,592
Total expenditures	<u>-</u>	<u>15,592</u>	<u>604</u>	<u>-</u>	<u>96,110</u>	<u>-</u>	<u>35,981</u>	<u>148,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,537</u>	<u>(5,617)</u>	<u>130,726</u>	<u>14,704</u>	<u>(31,626)</u>	<u>25</u>	<u>(18,206)</u>	<u>97,543</u>
<b>OTHER FINANCING USES</b>								
Transfers out	<u>-</u>	<u>-</u>	<u>(56,912)</u>	<u>(14,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,612)</u>
Net change in fund balances	7,537	(5,617)	73,814	4	(31,626)	25	(18,206)	25,931
Fund balances, beginning	96,749	24,096	507,465	15,792	98,383	3,448	533,698	1,279,631
Fund balances, ending	<u>\$ 104,286</u>	<u>\$ 18,479</u>	<u>\$ 581,279</u>	<u>\$ 15,796</u>	<u>\$ 66,757</u>	<u>\$ 3,473</u>	<u>\$ 515,492</u>	<u>\$ 1,305,562</u>