

TOWN OF TAMWORTH, NEW HAMPSHIRE

Financial Statements

December 31, 2018

and

Independent Auditor's Report

**TOWN OF TAMWORTH, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Tamworth, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Tamworth, New Hampshire (the Town), as of and for the year ended December 31, 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.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the Town's single employer other post-employment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the deferred outflows, liabilities, and deferred inflows, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the deferred outflows, liabilities, deferred inflows, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Tamworth, New Hampshire, as of December 31, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability and the schedule of Town pension contributions on pages i-vii and 32-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

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

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

Vachon Clukay & Company PC

Manchester, New Hampshire
August 13, 2019

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

The following is a discussion and analysis of the financial activities of the Town of Tamworth, New Hampshire for the year ending December 31, 2018. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

The **Statement of Activities** presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and interest on long-term obligations).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D). The Town's only major governmental fund for 2018 with an adopted budget is the General Fund.

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

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

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The table below provides a summary of the Town's net position for the year ended December 31, 2018 compared with 2017. Please note that the 2017 figures have been restated. See Note 16 in the Notes to the Basic Financial Statements for additional information.

Net position of the Town of Tamworth as of December 31, 2018 and 2017 is as follows:

	<u>2018</u>	(Restated) <u>2017</u>
Current assets	\$ 5,850,895	\$ 6,290,073
Other assets	41,788	52,235
Capital assets	<u>5,710,245</u>	<u>5,729,993</u>
Total assets	<u>11,602,928</u>	<u>12,072,301</u>
Deferred outflows of resources	<u>229,756</u>	<u>187,810</u>
Long-term liabilities	1,477,067	1,401,713
Other liabilities	<u>3,294,861</u>	<u>3,316,001</u>
Total liabilities	<u>4,771,928</u>	<u>4,717,714</u>
Deferred inflows of resources	<u>157,335</u>	<u>360,076</u>
Net position:		
Net investment in capital assets	5,710,245	5,729,993
Restricted	294,785	316,327
Unrestricted	<u>898,391</u>	<u>1,136,001</u>
Total net position	<u>\$ 6,903,421</u>	<u>\$ 7,182,321</u>

The largest portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Although

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

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

Statement of Activities

Changes in net position for the years ending December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues:		
Charges for services	\$ 99,520	\$ 99,624
Operating grants and contributions	197,817	523,680
Capital grants and contributions	63,500	-
General revenues:		
Property and other taxes	1,791,742	1,835,518
Licenses and permits	621,231	576,701
Grants and contributions	149,841	150,463
Interest and investment earnings	25,133	37,926
Miscellaneous	48,403	14,694
Loss on disposal of capital assets	(35,315)	
Contributions to permanent fund principal		2,400
Total revenues	<u>2,961,872</u>	<u>3,241,006</u>
Expenses		
General government	650,113	743,042
Public safety	813,532	619,645
Highways and streets	1,031,821	957,882
Sanitation	255,368	219,574
Health and welfare	176,683	183,495
Culture and recreation	296,739	298,939
Conservation	5,731	6,466
Interest and fiscal charges	10,785	10,881
Total expenses	<u>3,240,772</u>	<u>3,039,924</u>
Change in net position	(278,900)	201,082
Net position, beginning of year	7,182,321	5,746,504
Restatements		1,234,735
Net position, end of year	<u>\$ 6,903,421</u>	<u>\$ 7,182,321</u>

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

During the year ended December 31, 2018, the Town adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its cost-sharing multiple-employer defined OPEB plan. This new pronouncement resulted in a restatement of the beginning net position. See Note 16 in the Notes to the Basic Financial Statements for additional information.

The Town's net position decreased by \$278,900 during the current year. Total expenses of \$3,240,772 exceeded revenues of \$2,961,872.

Property and other taxes brought in \$1,791,742 in revenues. Licenses and permits generated \$621,231 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings, and miscellaneous revenues. Total revenues recognized during the year ended December 31, 2018 decreased from the previous year by \$279,134 or 8.61%. This drop in revenue is primarily the result of additional highway block grant funds of \$109,293 received in 2017 along with \$275,849 in community development block grant funds applicable to the Tamworth Village Association.

The Town's expenses cover a range of services. The largest expenses were for highways and streets (31.84%), public safety (25.10%), and general government (20.06%) which accounted for 77.0% of total expenses. Total expenses recognized during the year ended December 31, 2018 increased from the previous year by \$200,848 or 6.61%. This increase in expenses is applicable to the public safety function. The police department experienced significant turnover in the prior year resulting in a several new officers hired in the current year, including a new police chief. These additional positions were included in the approved budget.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$829,638. A detail of the fund balance components at year end are detailed on page 29 of the Notes to the Basic Financial Statements.

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

The total General Fund balance decreased \$360,259 from December 31, 2017. A decrease in fund balance was anticipated as the Town applied \$700,000 of its unassigned fund balance to reduce taxes. An additional \$150,000 was also approved at the 2018 annual Town meeting to offset current year appropriations.

Nonmajor Governmental Funds

The total fund balance of \$374,380 in the nonmajor governmental funds is designated for the purposes of the individually established fund. The largest portion of this total represents the balance in the Permanent Funds (\$277,694 or 74.17%) and the Conservation Commission Fund (\$85,290 or 22.78%).

The total fund balance in the nonmajor governmental funds decreased \$8,165 from December 31, 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

During 2018, the estimated revenues increased by \$65,742 as a result of unanticipated revenue being accepted under RSA31:95b. Actual revenues and other financing sources on the budgetary basis exceeded the budgeted amount by \$110,940 or (0.04%). This increase in revenue is primarily attributable to additional tax revenue as the amount set aside for overlay was not fully used and an increase in the motor vehicle permit fees.

During the year, the original budgeted appropriations increased by \$56,979 representing unanticipated grants of \$65,742 reduced by approved appropriations of \$8,763 carried forward to 2019. The Town under expended its budget by \$509,598 or 13.14%. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget. The key areas of savings resulted within general government, public safety, and capital outlay.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

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

The Town's investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$9,511,005. Accumulated depreciation amounts to \$3,800,760, leaving a net book value of \$5,710,245. This investment in capital assets includes equipment and real property.

**TOWN OF TAMWORTH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2018**

During the year ended December 31, 2018, the Town sold a highway truck and several properties that had been previously deeded. The truck was initially anticipated to have an estimated useful life of 15 years; however, it was traded in after 11 years with a net book value of \$32,271. The trade-in value received of \$20,000 reduced by the net book value of \$32,271 resulted in a net loss of \$12,271. In addition, the Town received \$11,956 from the sale of previously acquired tax deeded properties that had been capitalized for a total of \$35,000 resulting in a net loss of \$23,044. Please note that this total net loss of \$35,315 does not have any effect on the General Fund. In order to remove the capital assets from the financial statements, a loss needed to be recorded.

See Note 4 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

At December 31, 2018, the Town of Tamworth had total outstanding notes payable of \$262,975. During the year, debt service payments were made in accordance with the scheduled payments.

Additional long-term obligations at year end include estimated landfill postclosure care costs and the Town's proportionate share of the OPEB liability and the net pension liability. See Notes 6, 7, 8 and 9 in the Basic Financial Statements for additional information.

ECONOMIC CONDITIONS

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

The Fire Department has ordered the fire truck which should arrive in the fall of 2019. The Tamworth Town House has been beautifully renovated and with the receipt of grants and donations at a cost savings of \$17,679. The Board of Selectmen accepted funds from FEMA in the amount of \$65,742 for the storm damage in late October 2017.

REQUESTS FOR INFORMATION

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

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

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,019,125
Investments	933,544
Taxes receivable, net	2,846,517
Accounts receivable	31,339
Due from other governments	13,447
Prepaid expenses	<u>6,923</u>
Total Current Assets	<u>5,850,895</u>
Noncurrent Assets:	
Due from other governments	41,788
Capital assets:	
Non-depreciable capital assets	3,364,317
Depreciable capital assets, net	<u>2,345,928</u>
Total Noncurrent Assets	<u>5,752,033</u>
Total Assets	<u>11,602,928</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB liability	15,540
Deferred outflows of resources related to net pension liability	<u>214,216</u>
Total Deferred Outflows of Resources	<u>229,756</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	161,052
Accrued expenses	70,584
Due to other governments	2,972,915
Current portion of notes payable	52,595
Current portion of compensated absences payable	30,215
Current portion of estimated liability for landfill postclosure costs	<u>7,500</u>
Total Current Liabilities	<u>3,294,861</u>
Noncurrent Liabilities:	
Notes payable	210,380
Compensated absences payable	28,426
Estimated liability for landfill postclosure care costs	97,500
OPEB liability	94,947
Net pension liability	<u>1,045,814</u>
Total Noncurrent Liabilities	<u>1,477,067</u>
Total Liabilities	<u>4,771,928</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB liability	302
Deferred inflows of resources related to net pension liability	<u>157,033</u>
Total Deferred Inflows of Resources	<u>157,335</u>
NET POSITION	
Net investment in capital assets	5,710,245
Restricted	294,785
Unrestricted	<u>898,391</u>
Total Net Position	<u>\$ 6,903,421</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 650,113	\$ 5,296			\$ (644,817)
Public safety	813,532	10,886	\$ 478		(802,168)
Highways and streets	1,031,821	940	195,629		(835,252)
Sanitation	255,368	53,533			(201,835)
Health and welfare	176,683				(176,683)
Culture and recreation	296,739	28,865			(267,874)
Conservation	5,731			\$ 63,500	57,769
Interest and fiscal charges	10,785		1,710		(9,075)
Total governmental activities	<u>\$ 3,240,772</u>	<u>\$ 99,520</u>	<u>\$ 197,817</u>	<u>\$ 63,500</u>	<u>(2,879,935)</u>
General revenues:					
Property and other taxes					1,791,742
Licenses and permits					621,231
Grants and contributions:					
Rooms and meals tax distribution					148,187
State & federal forest land reimbursement					1,654
Interest and investment earnings					25,133
Miscellaneous					48,403
Loss on disposal of capital assets					(35,315)
Total general revenues					<u>2,601,035</u>
Change in net position					(278,900)
Net Position at beginning of year, as restated					<u>7,182,321</u>
Net Position at end of year					<u>\$ 6,903,421</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF TAMWORTH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,933,835	\$ 85,290	\$ 2,019,125
Investments	644,454	289,090	933,544
Taxes receivable, net	2,846,517		2,846,517
Accounts receivable	31,339		31,339
Due from other governments	3,000		3,000
Prepaid expenses	6,923		6,923
Total Assets	<u>5,466,068</u>	<u>374,380</u>	<u>5,840,448</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>		<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,466,068</u>	<u>\$ 374,380</u>	<u>\$ 5,840,448</u>
LIABILITIES			
Accounts payable	\$ 161,052		\$ 161,052
Accrued expenses	65,682		65,682
Due to other governments	2,972,915		2,972,915
Total Liabilities	<u>3,199,649</u>	<u>\$ -</u>	<u>3,199,649</u>
DEFERRED INFLOWS OF RESOURCES			
Uncollected property taxes	615,280		615,280
Total Deferred Inflows of Resources	<u>615,280</u>	<u>-</u>	<u>615,280</u>
FUND BALANCES			
Nonspendable	6,923	245,788	252,711
Restricted	17,091	31,906	48,997
Committed	402,077	96,686	498,763
Assigned	395,410		395,410
Unassigned	829,638		829,638
Total Fund Balances	<u>1,651,139</u>	<u>374,380</u>	<u>2,025,519</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,466,068</u>	<u>\$ 374,380</u>	<u>\$ 5,840,448</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF TAMWORTH, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2018

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 2,025,519
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,710,245
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	615,280
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds. Long-term assets at year end consist of:	
Notes receivable	52,235
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds:	
Deferred outflows of resources related to OPEB liability	15,540
Deferred outflows of resources related to net pension liability	214,216
Deferred inflows of resources related to OPEB liability	(302)
Deferred inflows of resources related to net pension liability	(157,033)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Notes payable	(262,975)
Accrued interest on long-term obligations	(4,902)
Compensated absences payable	(58,641)
Estimated liability for landfill postclosure care costs	(105,000)
OPEB liability	(94,947)
Net pension liability	<u>(1,045,814)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 6,903,421</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF TAMWORTH, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 1,714,960	\$ 7,500	\$ 1,722,460
Licenses and permits	621,231		621,231
Intergovernmental	358,105		358,105
Charges for services	86,723		86,723
Interest and investment income (loss)	33,535	(8,402)	25,133
Miscellaneous	91,956	1,200	93,156
Total Revenues	<u>2,906,510</u>	<u>298</u>	<u>2,906,808</u>
Expenditures:			
Current operations:			
General government	646,742		646,742
Public safety	745,609		745,609
Highways and streets	1,062,352		1,062,352
Sanitation	256,009		256,009
Health and welfare	176,683		176,683
Culture and recreation	281,879		281,879
Conservation	5,446	285	5,731
Capital outlay	35,867		35,867
Debt service:			
Principal retirement	52,595		52,595
Interest and fiscal charges	11,765		11,765
Total Expenditures	<u>3,274,947</u>	<u>285</u>	<u>3,275,232</u>
Excess revenues over (under) expenditures	<u>(368,437)</u>	<u>13</u>	<u>(368,424)</u>
Other financing sources (uses):			
Transfers in	8,178		8,178
Transfers out	<u>(8,178)</u>	<u>(8,178)</u>	<u>(8,178)</u>
Total other financing sources (uses)	<u>8,178</u>	<u>(8,178)</u>	<u>-</u>
Net change in fund balances	(360,259)	(8,165)	(368,424)
Fund balances at beginning of year	<u>2,011,398</u>	<u>382,545</u>	<u>2,393,943</u>
Fund balances at end of year	<u>\$ 1,651,139</u>	<u>\$ 374,380</u>	<u>\$ 2,025,519</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF TAMWORTH, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended December 31, 2018

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (368,424)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(15,977)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposed capital assets reduced by the actual proceeds received from the disposal.	(67,271)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	63,500
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	69,282
Revenues in the governmental fund financial statements that reduce long-term assets recorded on the statement of net position are not reported as revenues in the statement of activities.	(10,447)
Repayment of principal on notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	52,595
In the statement of activities, interest is accrued on outstanding notes payable, whereas in governmental funds, an interest expenditure is reported when due.	980
Some expenses reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. These expenses are from the following sources:	
Compensated absences	(16,543)
Landfill postclosure care costs	7,500
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB pension contributions in the current period.	
Net changes in OPEB	(22,321)
Net changes in pension	<u>28,226</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (278,900)</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF TAMWORTH, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 71,628
Investments	\$ 6,437	<u>327,031</u>
Total Assets	<u>6,437</u>	<u>\$ 398,659</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Due to other governments		\$ 327,031
Due to others		<u>71,628</u>
Total Liabilities	<u>-</u>	<u>\$ 398,659</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>6,437</u>	
Total Net Position	<u>\$ 6,437</u>	

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF TAMWORTH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2018

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Investment earnings:	
Interest income	\$ 213
Realized loss on investments	(128)
Net decrease in the fair value of investments	<u>(294)</u>
Total Investment Earnings	<u>(209)</u>
Total Additions	<u>(209)</u>
DEDUCTIONS:	
Benefits	<u>199</u>
Total Deductions	<u>199</u>
Change in net position	(408)
Net Position at beginning of year	<u>6,845</u>
Net Position at end of year	<u>\$ 6,437</u>

See accompanying notes to the basic financial statements

**TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Basis of Presentation

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

1. Government-Wide Financial Statements:

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

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

2. Fund Financial Statements:

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

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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

Fund Accounting

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

1. Governmental Funds:

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

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

2. Fiduciary Funds:

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

Measurement Focus

1. Government-Wide Financial Statements:

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

2. Fund Financial Statements:

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

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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

Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

2. Expenses/Expenditures:

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

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2018, the Town applied \$700,000 of its unassigned fund balance to reduce taxes. An additional \$150,000 was approved at the 2018 annual Town meeting to offset current year appropriations.

Investments

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

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2018 are recorded as receivables net of reserves for estimated uncollectibles of \$11,740.

Capital Assets

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

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

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

All reported capital assets except for land, easements with an indefinite life, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the Town's historical records of necessary

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

Except for the obligation for certain other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, general obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

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

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

Fund Balance Policy

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

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

Spending Prioritizations

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

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Minimum Level of Unassigned Fund Balance

Per the Town’s fund balance policy, the Town will maintain a minimum unassigned fund balance in its General Fund ranging from 8% to 15% of the subsequent year’s budgeted expenditures and outgoing transfers. Minimum fund balance deficiencies shall be replenished at the discretion of the Selectmen. If the unassigned fund balance of the General Fund exceeds the maximum 15% range, the Town will consider such fund balance surplus for one-time expenditures that are nonrecurring in nature, such as a reduction in taxes.

Interfund Activity

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

Estimates

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

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Town did not implement the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. Statement 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has implemented the provisions of GASB Statement No. 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 8).

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 2,019,125
Investments	933,544
Statement of Fiduciary Net Position:	
Cash and cash equivalents	71,628
Investments	333,468
Total deposits and investments	<u>\$ 3,357,765</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Deposits and investments as of December 31, 2018 consist of the following:

Cash on hand	\$ 3,741
Deposits with financial institutions	2,337,869
Investments	<u>1,016,155</u>
Total deposits and investments	<u>\$ 3,357,765</u>

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

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

Credit Risk

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

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

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

The following are the actual ratings as of December 31, 2018, for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>	
		<u>Aaa</u>	<u>Not Rated</u>
State investment pool	\$ 720,804	\$ 720,804	
Equity mutual funds	105,427		\$ 105,427
Fixed income funds	185,555		185,555
Money market mutual funds	4,369		4,369
	<u>\$ 1,016,155</u>	<u>\$ 720,804</u>	<u>\$ 295,351</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. For governmental funds, the Town’s policy states that an objective of its investments is to maintain sufficient liquidity to meet the Town’s cash requirements. The Library Trustees’ policy states that no investment shall have a maturity date of more than six years from its date of purchase. The investment policy of the Trustees of Trust Funds states that the practice of asset allocation is used to apportion investments among various asset classes on a long-term basis.

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
Fixed income funds	\$ 185,555	\$ -	\$ 24,656	\$ 160,899

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Town addresses custodial credit risk for its governmental funds by requiring any institution holding deposits of Town assets to collateralize the total of these deposits with pledged securities that shall be equal to or in excess of the amount of public funds deposited, less any portion thereof covered by federal deposit insurance. The investment policy of the Library Trustees states that all deposits are to be collateralized pursuant to RSA 386:57.

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

Of the Town’s deposits with financial institutions at year end, \$1,423,874 was collateralized by securities held by the bank in the bank’s name.

As of December 31, 2018, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 105,427
Fixed income funds	185,555
Money market mutual funds	4,369
	<u>\$ 295,351</u>

Investment in NHPDIP

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

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

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- ***Level 1 Inputs*** - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- ***Level 2 Inputs*** - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- ***Level 3 Inputs*** - Significant unobservable inputs.

As of December 31, 2018, the Town's investments measured at fair value, by type, were as follows:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Equity mutual funds	\$ 105,427	\$ 105,427		
Fixed income funds	185,555	185,555		
	<u>\$ 290,982</u>	<u>\$ 290,982</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Equity mutual funds and fixed income funds are classified as Level 1 and are valued using unadjusted quoted prices in active markets for those securities.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 4—CAPITAL ASSETS

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

	(Restated) Balance <u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/18</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,905,700		\$ (35,000)	\$ 1,870,700
Easements	<u>1,430,117</u>	\$ 63,500		<u>1,493,617</u>
Total capital assets not being depreciated	<u>3,335,817</u>	<u>63,500</u>	<u>(35,000)</u>	<u>3,364,317</u>
Other capital assets:				
Infrastructure	1,253,552			1,253,552
Buildings and improvements	1,817,989			1,817,989
Vehicles and equipment	<u>3,034,030</u>	<u>162,135</u>	<u>(121,018)</u>	<u>3,075,147</u>
Total other capital assets at historical cost	<u>6,105,571</u>	<u>162,135</u>	<u>(121,018)</u>	<u>6,146,688</u>
Less accumulated depreciation for:				
Infrastructure	(57,580)	(29,948)		(87,528)
Buildings and improvements	(1,390,509)	(16,582)		(1,407,091)
Vehicles and equipment	<u>(2,263,306)</u>	<u>(131,582)</u>	<u>88,747</u>	<u>(2,306,141)</u>
Total accumulated depreciation	<u>(3,711,395)</u>	<u>(178,112)</u>	<u>88,747</u>	<u>(3,800,760)</u>
Total other capital assets, net	<u>2,394,176</u>	<u>(15,977)</u>	<u>(32,271)</u>	<u>2,345,928</u>
Total capital assets, net	<u>\$ 5,729,993</u>	<u>\$ 47,523</u>	<u>\$ (67,271)</u>	<u>\$ 5,710,245</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,397
Public safety	64,625
Highways and streets	98,513
Sanitation	5,923
Culture and recreation	<u>6,654</u>
Total governmental activities depreciation expense	<u>\$ 178,112</u>

NOTE 5—INTERFUND BALANCES AND TRANSFERS

The Town maintains self-balancing funds; however, some cash transactions flow through the General Fund. In order to obtain accountability for each fund, the Town utilizes interfund receivable and payable accounts. At December 31, 2018, there were no outstanding interfund receivables or payables.

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

During the year, several interfund transactions occurred between funds. The transfer of \$8,178 into the General Fund from the Permanent Funds (a nonmajor governmental fund) was made to distribute the earned income during the year to support the Town's programs.

NOTE 6—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2018 are as follows:

	Balance <u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/18</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes payable	\$ 315,570		\$ (52,595)	\$ 262,975	\$ 52,595
Compensated absences payable	42,098	\$ 22,039	(5,496)	58,641	30,215
Total governmental activities	<u>\$ 357,668</u>	<u>\$ 22,039</u>	<u>\$ (58,091)</u>	<u>\$ 321,616</u>	<u>\$ 82,810</u>

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

Notes Payable

Notes payable at December 31, 2018 is comprised of the following individual issue:

\$1,051,905 Landfill closure note, due in annual installments of \$52,595 through July 2023; interest at 3.728%	<u>\$ 262,975</u>
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Debt service requirements to retire notes payable outstanding at December 31, 2018 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 52,595	\$ 9,804	\$ 62,399
2020	52,595	7,843	60,438
2021	52,595	5,882	58,477
2022	52,595	3,922	56,517
2023	52,595	1,961	54,556
	<u>\$ 262,975</u>	<u>\$ 29,412</u>	<u>\$ 292,387</u>

The State of New Hampshire annually reimburses the Town for its share of landfill closure related debt service payments. For the year ended December 31, 2018, the landfill closure reimbursement was \$12,157.

NOTE 7—LANDFILL POSTCLOSURE CARE COSTS

The Town closed its landfill on October 1, 2003. State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. An estimated liability has been recorded based

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$105,000 as of December 31, 2018. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or change in landfill laws and regulations. The Town will finance the postclosure costs through annual appropriations.

The following is a summary of changes in the estimated liability for postclosure care cost for the year ended December 31, 2018:

Balance - January 1, 2018	\$ 112,500
Expenditures recognized in the General Fund	(7,349)
Net change in estimated liability	<u>(151)</u>
Balance - December 31, 2018	<u>\$ 105,000</u>

NOTE 8—OTHER POST EMPLOYMENT BENEFITS

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. The OPEB plan is closed to new entrants.

Benefits Provided

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 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. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of general employees and public safety employees were 0.30% and 4.10%, respectively, for the year ended December 31, 2018. Contributions to the OPEB plan for the Town were \$11,985 for the year ended December 31, 2018. Employees are not required to contribute to the OPEB plan.

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

At December 31, 2018, the Town reported a liability of \$94,947 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 a roll forward of the actuarial valuation from June 30, 2017. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2018, the Town's proportion was approximately 0.0207 percent, which was an increase of 0.0087 percentage points from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized OPEB expense of \$34,480. 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 558	
Net difference between projected and actual earnings on OPEB plan investments		\$ 302
Changes in proportion and differences between Town contributions and proportionate share of contributions	8,462	
Town contributions subsequent to the measurement date	<u>6,520</u>	
Totals	<u>\$ 15,540</u>	<u>\$ 302</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$15,238. The Town reported \$6,520 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2019	\$ 8,925
2020	(94)
2021	(94)
2022	(19)
	<u>\$ 8,718</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	5.60 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

The discount rate used to measure the collective 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 Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net OPEB Liability	\$ 98,822	\$ 94,947	\$ 84,095

NOTE 9—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

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

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

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

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

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

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

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's pension contribution rates for the covered payroll of police officers, fire employees, and general employees were 25.33%, 27.79%, and 11.08%, respectively for the year ended December 31, 2018. The Town contributes 100% of the employer cost for police officers, fire employees, and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's pension contributions to the NHRS for the year ending December 31, 2018 was \$109,603.

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

At December 31, 2018, the Town reported a liability of \$1,045,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2017. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2018, the Town's proportion was approximately 0.0217 percent, which was an increase of 0.0013 percentage points from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$81,378. 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 8,348	\$ 8,468
Changes in assumptions	72,375	
Net difference between projected and actual earnings on pension plan investments		24,201
Changes in proportion and differences between Town contributions and proportionate share of contributions	75,831	124,364
Town contributions subsequent to the measurement date	<u>57,662</u>	
Totals	<u>\$ 214,216</u>	<u>\$ 157,033</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as a decrease to unrestricted net position in the amount of \$57,183. The Town reported \$57,662 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the measurement periods as follows:

<u>June 30,</u>	
2019	\$ 22,310
2020	10,705
2021	(39,250)
2022	<u>5,756</u>
	<u>\$ (479)</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Inflation	2.50 percent
Wage inflation	3.25 percent
Salary increases	5.60 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

Discount Rate

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

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 1,391,464	\$ 1,045,814	\$ 756,149

NOTE 10—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$349,020,385 as of April 1, 2018) and are due in two installments on July 5, 2018 and January 15, 2019. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

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

In accordance with State law, the Town collects taxes for the Tamworth School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$5,962,382 and \$450,204 for the Tamworth School District and Carroll County, respectively. These taxes are not recognized as revenues in these financial statements. As of December 31, 2018, the balance of the property tax appropriation due to the Tamworth School District is \$2,972,382. The Town bears responsibility for uncollected taxes.

NOTE 11—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2018 as follows:

Permanent Funds - Principal	\$ 245,788
Permanent Funds - Income	31,906
Library	16,935
State of NH SB38 - Highway Block Grant funding	156
	<u>\$ 294,785</u>

**TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018**

NOTE 12—COMPONENTS OF FUND BALANCE

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Permanent Funds - Principal		\$ 245,788	\$ 245,788
Prepaid expenses	\$ 6,923		6,923
Restricted for:			
Permanent Funds - Income		31,906	31,906
Library	16,935		16,935
State of NH SB38 - Highway Block Grant funding	156		156
Committed for:			
Expendable Trusts	393,470		393,470
Carryforward appropriations	8,607		8,607
Conservation		85,290	85,290
Rescue Squad		3,446	3,446
Cemetery		7,950	7,950
Assigned for:			
Subsequent year's expenditures	376,000		376,000
Encumbrances	19,410		19,410
Unassigned	<u>829,638</u>		<u>829,638</u>
	<u>\$ 1,651,139</u>	<u>\$ 374,380</u>	<u>\$ 2,025,519</u>

NOTE 13—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2018, the Town participated in public entity risk pools (Trusts) for property and liability insurance and worker’s compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts foresee no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2018.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

NOTE 14—COMMITMENTS

During the year ended December 31, 2015, the Town entered into a long-term contract with an independent company to provide emergency medical and ambulance services through March 31, 2021. There is an option to extend the contract for an additional five-year period. Terms of the contract provide for monthly payments. For the year ended December 31, 2018, the Town expended \$141,489 under the terms of the agreement.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 142,186
2020	142,186
2021	35,546
	<u>\$ 319,918</u>

NOTE 15—CONTINGENCIES

Litigation

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

NOTE 16—RESTATEMENT OF EQUITY

During the year ended December 31, 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as it pertains to the cost-sharing multiple employer defined benefit OPEB plan. In addition, it was determined that the Town's investment in capital assets was understated at December 31, 2017 by numerous easements that had been donated to the Town.

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

The impact on net position of the Governmental Activities as of January 1, 2018 is as follows:

Net Position, January 1, 2018 (as previously reported)	\$ 5,947,586
Amount of restatement due to :	
Understatement of capital assets	1,292,123
Deferred outflows of resources related to OPEB liability	3,707
OPEB liability	(6,030)
Deferred inflows of resources related to OPEB liability	<u>(55,065)</u>
Net Position, January 1, 2018 - as restated	<u>\$ 7,182,321</u>

SCHEDULE 1
TOWN OF TAMWORTH, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,727,858	\$ 1,727,858	\$ 1,784,242	\$ 56,384
Licenses and permits	565,142	565,142	621,231	56,089
Intergovernmental	291,306	357,048	358,105	1,057
Charges for services	74,772	74,772	86,723	11,951
Interest income	29,950	29,950	26,716	(3,234)
Miscellaneous	<u>92,503</u>	<u>92,503</u>	<u>80,359</u>	<u>(12,144)</u>
Total Revenues	<u>2,781,531</u>	<u>2,847,273</u>	<u>2,957,376</u>	<u>110,103</u>
Expenditures:				
Current operations:				
General government	709,150	709,150	653,840	55,310
Public safety	821,073	812,466	748,882	63,584
Highways and streets	1,050,370	1,050,214	1,062,352	(12,138)
Sanitation	254,972	254,972	256,009	(1,037)
Health and welfare	186,381	186,381	176,683	9,698
Culture and recreation	123,030	123,030	116,720	6,310
Conservation	7,890	7,890	5,446	2,444
Capital outlay	349,000	414,742	35,867	378,875
Debt service:				
Principal retirement	52,595	52,595	52,595	-
Interest and fiscal charges	<u>11,766</u>	<u>11,766</u>	<u>11,765</u>	<u>1</u>
Total Expenditures	<u>3,566,227</u>	<u>3,623,206</u>	<u>3,120,159</u>	<u>503,047</u>
Excess revenues over (under) expenditures	<u>(784,696)</u>	<u>(775,933)</u>	<u>(162,783)</u>	<u>613,150</u>
Other financing sources (uses):				
Transfers in	5,956	5,956	6,793	837
Transfers out	<u>(254,923)</u>	<u>(254,923)</u>	<u>(248,372)</u>	<u>6,551</u>
Total other financing sources (uses)	<u>(248,967)</u>	<u>(248,967)</u>	<u>(241,579)</u>	<u>7,388</u>
Net change in fund balance	(1,033,663)	(1,024,900)	(404,362)	620,538
Fund balance at beginning of year				
- Budgetary Basis	<u>2,240,966</u>	<u>2,240,966</u>	<u>2,240,966</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 1,207,303</u>	<u>\$ 1,216,066</u>	<u>\$ 1,836,604</u>	<u>\$ 620,538</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF TAMWORTH, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended December 31, 2018

<u>Measurement Period Ended</u>	<u>Cost-Sharing Multiple Employer Plan Information Only</u>				
	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2018	0.02073792%	\$ 94,947	\$ 560,094	16.95%	7.53%
June 30, 2017	0.01204317%	\$ 55,065	\$ 500,604	11.00%	7.91%
June 30, 2016	0.01595013%	\$ 77,215	\$ 540,132	14.30%	5.21%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF TAMWORTH, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2018

Cost-Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2018	\$ 11,985	\$ (11,985)	\$ -	\$ 632,749	1.89%
December 31, 2017	\$ 7,444	\$ (7,444)	\$ -	\$ 524,768	1.42%
December 31, 2016	\$ 7,732	\$ (7,732)	\$ -	\$ 489,146	1.58%

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF TAMWORTH, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2018

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2018	0.02171900%	\$ 1,045,814	\$ 560,094	186.72%	64.73%
June 30, 2017	0.02038442%	\$ 1,002,504	\$ 500,604	200.26%	62.66%
June 30, 2016	0.02390087%	\$ 1,270,952	\$ 540,132	235.30%	58.30%
June 30, 2015	0.02451107%	\$ 971,013	\$ 533,555	181.99%	65.47%
June 30, 2014	0.02356025%	\$ 884,354	\$ 498,510	177.40%	66.32%
June 30, 2013	0.02444456%	\$ 1,052,041	\$ 515,767	203.98%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 5
TOWN OF TAMWORTH, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2018

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2018	\$ 109,603	\$ (109,603)	\$ -	\$ 632,749	17.32%
December 31, 2017	\$ 79,922	\$ (79,922)	\$ -	\$ 524,768	15.23%
December 31, 2016	\$ 75,485	\$ (75,485)	\$ -	\$ 489,146	15.43%
December 31, 2015	\$ 85,512	\$ (85,512)	\$ -	\$ 544,152	15.71%
December 31, 2014	\$ 79,418	\$ (79,418)	\$ -	\$ 514,628	15.43%
December 31, 2013	\$ 69,127	\$ (69,127)	\$ -	\$ 514,150	13.44%

See accompanying notes to the required supplementary information

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 2,914,688	\$ 3,274,947
Difference in property taxes meeting susceptible to accrual criteria	69,282	
Encumbrances, December 31, 2018		19,410
Encumbrances, December 31, 2017		(9,039)
Non-budgetary revenues and expenditures	(18,416)	(165,159)
Non-budgetary transfers in	(1,385)	
Budgetary transfers out		248,372
Per Schedule 1	<u>\$ 2,964,169</u>	<u>\$ 3,368,531</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2018 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 6,923
<i>Restricted for:</i>	
State of NH SB38 - Highway Block Grant funding	156
<i>Committed for:</i>	
Carryforward appropriations	8,607
<i>Assigned for:</i>	
Subsequent year's expenditures	376,000
<i>Unassigned:</i>	
Unassigned - General operations	1,444,918
	<u>\$ 1,836,604</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2018

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement No. 75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement No. 68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A
TOWN OF TAMWORTH, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2018

	Special Revenue Funds			Total Special Revenue Funds	Permanent Funds	Combining Totals
	Conservation Commission Fund	Rescue Squad Trust Fund	Cemetery Trust Fund			
ASSETS						
Cash and cash equivalents	\$ 85,290			\$ 85,290		\$ 85,290
Investments		\$ 3,446	\$ 7,950	11,396	\$ 277,694	289,090
Total Assets	<u>85,290</u>	<u>3,446</u>	<u>7,950</u>	<u>96,686</u>	<u>277,694</u>	<u>374,380</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 85,290</u>	<u>\$ 3,446</u>	<u>\$ 7,950</u>	<u>\$ 96,686</u>	<u>\$ 277,694</u>	<u>\$ 374,380</u>
LIABILITIES						
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable					245,788	245,788
Restricted					31,906	31,906
Committed	85,290	3,446	7,950	96,686		96,686
Total Fund Balances	<u>85,290</u>	<u>3,446</u>	<u>7,950</u>	<u>96,686</u>	<u>277,694</u>	<u>374,380</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 85,290</u>	<u>\$ 3,446</u>	<u>\$ 7,950</u>	<u>\$ 96,686</u>	<u>\$ 277,694</u>	<u>\$ 374,380</u>

SCHEDULE B
TOWN OF TAMWORTH, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2018

	Special Revenue Funds			Total Special Revenue Funds	Permanent Funds	Combining Totals
	Conservation Commission Fund	Rescue Squad Trust Fund	Cemetery Trust Fund			
Revenues:						
Taxes	\$ 7,500			\$ 7,500		\$ 7,500
Interest and investment income (loss)	573	\$ (110)	\$ 132	595	\$ (8,997)	(8,402)
Miscellaneous			1,200	1,200		1,200
Total Revenues	<u>8,073</u>	<u>(110)</u>	<u>1,332</u>	<u>9,295</u>	<u>(8,997)</u>	<u>298</u>
Expenditures:						
Current operations:						
Conservation	<u>285</u>			<u>285</u>		<u>285</u>
Total Expenditures	<u>285</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>-</u>	<u>285</u>
Excess revenues over (under) expenditures	<u>7,788</u>	<u>(110)</u>	<u>1,332</u>	<u>9,010</u>	<u>(8,997)</u>	<u>13</u>
Other financing uses:						
Transfers out				-	(8,178)	(8,178)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,178)</u>	<u>(8,178)</u>
Net change in fund balances	7,788	(110)	1,332	9,010	(17,175)	(8,165)
Fund balances at beginning of year	<u>77,502</u>	<u>3,556</u>	<u>6,618</u>	<u>87,676</u>	<u>294,869</u>	<u>382,545</u>
Fund balances at end of year	<u>\$ 85,290</u>	<u>\$ 3,446</u>	<u>\$ 7,950</u>	<u>\$ 96,686</u>	<u>\$ 277,694</u>	<u>\$ 374,380</u>