

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Financial Statements**  
**December 31, 2017**  
**and**  
**Independent Auditor's Report**

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

**TABLE OF CONTENTS**

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

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

**TABLE OF CONTENTS (CONTINUED)**

**SUPPLEMENTAL SCHEDULES**

**SCHEDULES:**

A	Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	35
B	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	36
C	Combining Statement of Fiduciary Net Position – Fiduciary Funds – All Agency Funds	37

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Moultonborough, New Hampshire

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

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

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

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

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

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other post-employment benefits, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town contributions, on pages i-viii and 29-34 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.

#### *Supplementary Information*

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

The combining nonmajor governmental and fiduciary 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 governmental and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Vachon Clutay & Company PC*

Manchester, New Hampshire

May 23, 2018

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Our discussion and analysis of the financial performance of the Town of Moultonborough, NH is prepared to provide an overview of the Town's financial activities for the year ended December 31, 2017. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Board of Selectmen also strive to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town of Moultonborough exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,981,949 (net position). Of this amount, \$3,431,560 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,446,512.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$10,852,132, an increase of \$814,273 in comparison with the prior year. Of this total amount, \$4,573,624 is available for spending at the Town's discretion (unrestricted fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,573,624 or 48% of total general fund expenditures in fiscal year 2017.
- The Town has long-term obligations payable at year end consisting of one capital lease totaling \$92,354 and compensated absences of \$181,388.
- The Town has an other post-employment benefits liability at year-end of \$1,941,703.
- At year end the Town had a net pension liability of \$5,348,191 under GASB Statement 68.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the Town of Moultonborough using the integrated approach prescribed by GASB Statement 34.

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The basic financial statements are comprised of the following three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Government-wide financial statements.** The *government-wide financial statements* 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 assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 fiscal year. We take all of the current year's revenues and expenses into account regardless of when cash is received or paid.

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

**Governmental funds.** We use *governmental funds* to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be the Town's only major fund. We combine data from all other governmental funds into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining supplemental schedules accompanying this report as Supplementary Information.

The Town adopts an annual appropriation budget for its General Fund. A budgetary comparison schedule is provided for the General Fund as Required Supplementary Information to demonstrate compliance with this budget.

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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**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 general fund, the Town's only major governmental fund with an adopted budget, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, there's a schedule of funding progress for other post-employment benefits, schedule of changes in the Town's proportionate share of the net pension liability, and a schedule of Town contributions.

**Other supplementary information.** The combining statements referred to previously in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information.

**Government-Wide Financial Analysis**

Town of Moultonborough, NH  
 Net Position

	2017	2016
Capital assets, net	\$ 14,123,031	\$ 13,444,113
Other assets	<u>18,900,445</u>	<u>16,768,697</u>
<b>Total Assets</b>	<b><u>33,023,476</u></b>	<b><u>30,212,810</u></b>
Deferred outflows of resources related to pensions	739,811	1,349,003
<b>Total Deferred Outflows of Resources</b>	<b><u>739,811</u></b>	<b><u>1,349,003</u></b>
Long-term liabilities	7,563,636	8,305,578
Other liabilities	<u>6,245,962</u>	<u>6,326,368</u>
<b>Total Liabilities</b>	<b><u>13,809,598</u></b>	<b><u>14,631,946</u></b>
Property taxes collected in advance	1,433,439	
Deferred inflows of resources related to pensions	<u>538,301</u>	<u>394,430</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>1,971,740</u></b>	<b><u>394,430</u></b>
Net position:		
Net investment in capital assets	14,030,677	13,307,551
Restricted	519,712	331,522
Unrestricted	<u>3,431,560</u>	<u>2,896,364</u>
<b>Total Net Position</b>	<b><u>\$ 17,981,949</u></b>	<b><u>\$ 16,535,437</u></b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the 2017 fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,981,949. There was a \$1,446,512 increase in net position during 2017. This increase includes an increase in net investment in capital assets of \$723,126 and increases to the total restricted and unrestricted net position of \$188,190 and \$535,196, respectively.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The largest portion of the Town's net position \$14,030,677 (78%) reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town's capital lease payable at year-end of (\$92,354) is our only capital assets related debt. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$519,712 (3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,431,560 (19%) may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Moultonborough, NH  
 Changes in Net position

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 249,513	\$ 233,462
Operating grants and contributions	457,416	289,330
General revenues:		
Property and other taxes	7,168,599	7,837,683
Licenses and permits	1,684,132	1,550,307
Grants and contributions	210,571	210,871
Interest and investment earnings	279,545	11,049
Miscellaneous	343,155	65,161
Total revenues	<u>10,392,931</u>	<u>10,197,863</u>
<b>Expenses</b>		
General government	2,096,461	2,029,413
Public safety	2,636,011	2,807,257
Highways and streets	2,266,023	1,917,926
Sanitation	490,398	516,052
Health and welfare	133,589	191,525
Culture and recreation	1,289,081	1,287,417
Conservation	34,856	40,877
Total expenses	<u>8,946,419</u>	<u>8,790,467</u>
Increase in net position before contributions to permanent fund principal	1,446,512	1,407,396
Contributions to permanent fund principal	-	625
Increase in net position	1,446,512	1,408,021
Net position, beginning of year	16,535,437	15,127,416
Net position, end of year	<u>\$ 17,981,949</u>	<u>\$ 16,535,437</u>

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Governmental activities.** The Town has no business-type activities therefore governmental activities were 100% responsible for the Town's total growth in net position of \$1,446,512. A key element of this growth is the increase in Investments by \$1,048,738 largely due to higher returns, in part, because the Trustees of Trust Funds moved funds into mixed investment portfolios during 2016. There was an increase in Cash & Equivalents of \$1,065,428 due in part to an abnormal inflow of prepaid property taxes as a result of anticipated changes from passage of the 2017 Tax Cuts and Jobs Act in December. Another key element is the increase in Capital Assets (net) of \$678,918 and reduction in the Capital Lease Payable of \$44,208.

**Financial Analysis of the Government'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 spendable 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 fiscal year.

As of the end of 2017 the Town's governmental funds reported combined ending fund balances of \$10,852,132 an increase of \$814,273 in comparison with the prior year. Of this total amount, \$4,573,624 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified as either non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been restricted. The 2017 non-spendable fund balance includes permanent fund principal used to generate income for purposes that support the Town's programs at the cemeteries (\$10,152) and the municipal library (\$95,553). The restricted fund balance includes unspent funding from the State of New Hampshire SB 38 of (\$125,626) donated funds to the library of (\$190,004), donated funds for recreation facilities improvements of (\$24,559), donated funds for the heritage commission of (\$720), donated funds for sidewalk and crosswalk maintenance of (\$5,192) and donated funds for the acquisition of land around Lee Pond in the amount of (\$49,169). The remaining restricted amount (\$18,737) represents library and cemetery income in the permanent funds.

The general fund is the chief operating fund of the Town. At the end of the 2017 fiscal year, unassigned fund balance of the general fund was \$4,573,624 while total fund balance was \$10,265,674. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (48%) and total fund balance (109%) to total general fund expenditures of \$9,459,890. As defined by the Town's Fund Balance Policy, based upon our best estimates of the fiscal 2018 budgets for other entities, the unassigned fund balance will be approximately 18.95% of total appropriations (including School and County taxes) in comparison to the target of 12.5%. The 2018 budget was passed using \$1,407,597 of this unassigned fund balance with the intention of bringing us closer to our target percentage.

Total fund balance of the general fund increased \$567,714 during fiscal year 2017. Final revenues exceeded 2017 budgeted estimates by \$396,117, and the Town under expended its final budget by \$959,799.

There are nine non-major governmental funds with a total fund balance of \$586,458, which experienced an increase of \$246,559 from the prior year.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**General Fund Budgetary Highlights**

During the year, the original budget for appropriations decreased by \$123,269. This decrease is the result of approved appropriations of \$76,395 being carried forward to 2018 plus a reduction in appropriations supported by revenues and transfers-in totaling \$46,874 that are not susceptible to accrual.

The Town under expended its 2017 budget by \$959,799. In part, this under expenditure resulted from a number of full-time positions being open, or filled with temporary part-time personnel, in the Police, Fire, Development Services and Assessing Departments. This resulted in substantial savings in both the salaries, insurances and retirement line items. The Town Officers had a 38% savings due mainly to unspent contingency and legal services funds. Human Services had a 28% savings due to fewer than anticipated requests for rent and electricity assistance. Capital Outlay was under expended by \$566,014 mainly from incomplete capital road projects which will be completed in 2018.

**Capital Assets and Debt Administration**

**Capital Assets.** The Town of Moultonborough considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their useful life beginning in the year of acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$14,123,031 (net of accumulated depreciation), an increase of \$678,918 from the previous year. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the purchase of a 2016 HME/International Tanker Truck, and a 2017 command vehicle, for the Fire Department. A Dodge 1 ton pickup w/plow & sander for DPW-Hwy, and a 2017 cruiser for the Police Department. Phase two of the reconstruction of the Public Safety Building parking lot was completed. The Town completed five road projects including drainage/paving of Paradise Road, reclaiming/paving Shaker Jerry Road along with the full depth reconstruction of one section, peel/paving of Old Redding & Estella Roads and top paving of Marvin Road.

<b>Capital Assets (net of depreciation) Governmental Activities</b>		
	<b>2017</b>	<b>2016</b>
Land and improvements	\$ 2,723,652	\$ 2,479,832
Buildings and improvements	4,597,791	4,635,248
Vehicles and equipment	2,540,160	2,296,710
Infrastructure	4,196,252	3,810,970
Construction in progress	65,176	221,353
Total	<u><u>\$ 14,123,031</u></u>	<u><u>\$ 13,444,113</u></u>

Additional information on capital assets can be found in Note 3 to the basic financial statements.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Long-Term Obligations.** At the end of the current fiscal year, total bonded debt outstanding remained at zero. Capital lease payable was \$92,354 which is a \$44,208 decrease from the prior year due to scheduled payments on the existing obligation.

<b>Outstanding Debt Governmental Activities</b>			
<b>General Obligation Bonds and Capital Lease Payable</b>		<b>2017</b>	<b>2016</b>
General obligation bonds		\$ -	\$ -
Capital leases		<u>92,354</u>	<u>136,562</u>
<b>Total</b>		<b><u>92,354</u></b>	<b><u>136,562</u></b>

The balance of compensated absences payable of \$181,388 had a net decrease of \$1,392 in potential future payments.

The net Other Post-Employment Benefits (OPEB) obligation at the end of 2017 was \$1,941,703 which is a \$9,549 increase from the previous year. This represents the value provided to retirees through an implicit rate subsidy gained through lower insurance premiums than what a retiree might otherwise pay if they were on a different plan from other employees. The Town employs a *pay-as-you-go* basis to fund the plan and has not advance funded its obligation; therefore, the liability will continue to increase.

The Net Pension Liability at the end of 2017 was \$5,348,191 which is a \$705,891 decrease from the previous year. This represents the Town's proportionate share of the New Hampshire Retirement System's total net pension liability, which is required to be reported due to the Town's participation in the cost-sharing multiple-employer defined benefit pension plan.

See Note 5, 6 and 7, to the basic financial statements, for additional information for all long-term liabilities.

**Economic Factors, Rates and 2017 Budget**

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Moultonborough based on the Annual Budget approved at Town Meeting and adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #45. The property tax also pays the levy placed on the Town by Carroll County and the State of New Hampshire in the Statewide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year's tax rate applied to the current year's assessments. The second billing utilizes the actual tax rate for the year as established by the New Hampshire DRA applied to the current year's assessment.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The following is a comparison of the 2017 to the 2016 tax rates:

	<u>2017</u>	<u>2016</u>
Town rate	\$ 2.46	\$ 2.77
Local school rate	2.12	2.26
State school rate	2.29	2.28
County rate	1.35	1.43
<b>Total rate</b>	<b>\$ 8.22</b>	<b>\$ 8.74</b>
Assessed value (in thousands)	\$ 2,944,716	\$ 2,842,984

The Town completed their contact obligation for the measure and list project. The goal was to update the physical data of properties with Vision Government Solutions. Vision Government Solutions completed a town wide update in 2017 bringing assessed values close to 100% of the market. The results of the statistical update show the average, overall assessed values increased 3%. Residential homes increased by 4%, vacant land increased by 4%, commercial values increased by 1% and waterfront properties increased by 4%. Sales in town continue to rise. There were 186 qualified sales in 2016 (from October 1, 2015 through September 30, 2016) and 203 qualified sales in 2017 (from October 1, 2016 through September 30, 2017). There were 141 qualified residential property sales in 2017, of which 62 were waterfront.

**Requests for Information**

This financial report provides our citizens and creditors with a general overview of the Town of Moultonborough's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administration Department, or the Board of Selectmen, at P.O. Box 139, Moultonborough, NH 03254. You may also call them at (603) 476-2347, stop by Town Hall at 6 Holland Street, or visit our website at [www.moultonboroughnh.gov](http://www.moultonboroughnh.gov) and click on *Departments and Boards* for our various email addresses.

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

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 14,158,763
Investments	3,883,919
Taxes receivable, net	825,523
Accounts receivable	32,240
Total Current Assets	<u>18,900,445</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,366,009
Depreciable capital assets, net	<u>12,757,022</u>
Total Noncurrent Assets	<u>14,123,031</u>
Total Assets	<u>33,023,476</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	<u>739,811</u>
Total Deferred Outflows of Resources	<u>739,811</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	134,343
Accrued expenses	188,478
Deposits	10,000
Due to other governments	5,913,141
Current portion of capital lease payable	45,508
Current portion of compensated absences payable	<u>49,862</u>
Total Current Liabilities	<u>6,341,332</u>
Noncurrent Liabilities:	
Capital lease payable	46,846
Compensated absences payable	131,526
Other post-employment benefits obligation	1,941,703
Net pension liability	<u>5,348,191</u>
Total Noncurrent Liabilities	<u>7,468,266</u>
Total Liabilities	<u>13,809,598</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes collected in advance	1,433,439
Deferred inflows of resources related to pensions	<u>538,301</u>
Total Deferred Inflows of Resources	<u>1,971,740</u>
<b>NET POSITION</b>	
Net investment in capital assets	14,030,677
Restricted	519,712
Unrestricted	3,431,560
Total Net Position	<u>\$ 17,981,949</u>

*See accompanying notes to the basic financial statements*

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	Charges for Services	Operating Grants and Contributions	
		<u>Governmental Activities</u>		
Governmental Activities:				
General government	\$ 2,096,461			\$ (2,096,461)
Public safety	2,636,011	\$ 3,448	\$ 24,510	(2,608,053)
Highways and streets	2,266,023	12,525	277,738	(1,975,760)
Sanitation	490,398	159,521		(330,877)
Health and welfare	133,589			(133,589)
Culture and recreation	1,289,081	74,019	80,999	(1,134,063)
Conservation	34,856		74,169	39,313
Total governmental activities	<u>\$ 8,946,419</u>	<u>\$ 249,513</u>	<u>\$ 457,416</u>	<u>(8,239,490)</u>
General revenues:				
Property and other taxes				7,168,599
Licenses and permits				1,684,132
Grants and contributions:				
Rooms and meals tax distribution				210,571
Interest and investment earnings				279,545
Miscellaneous				343,155
Total general revenues				<u>9,686,002</u>
Change in net position				1,446,512
Net Position - beginning of year				<u>16,535,437</u>
Net Position - end of year				<u>\$ 17,981,949</u>

*See accompanying notes to the basic financial statements*

## EXHIBIT C

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Balance Sheet

## Governmental Funds

December 31, 2017

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,075,910	\$ 82,853	\$ 14,158,763
Investments	3,410,996	472,923	3,883,919
Taxes receivable, net	825,523		825,523
Accounts receivable	32,000	240	32,240
Due from other funds		31,070	31,070
<b>Total Assets</b>	<b><u>18,344,429</u></b>	<b><u>587,086</u></b>	<b><u>18,931,515</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 18,344,429</u></b>	<b><u>\$ 587,086</u></b>	<b><u>\$ 18,931,515</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 133,715	\$ 628	\$ 134,343
Accrued expenses	188,478		188,478
Deposits	10,000		10,000
Due to other governments	5,913,141		5,913,141
Due to other funds	31,070		31,070
<b>Total Liabilities</b>	<b><u>6,276,404</u></b>	<b><u>628</u></b>	<b><u>6,277,032</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes collected in advance	1,433,439		1,433,439
Uncollected property tax revenue	<u>368,912</u>		<u>368,912</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>1,802,351</u></b>	<b><u>-</u></b>	<b><u>1,802,351</u></b>
<b>FUND BALANCES</b>			
Nonspendable		105,705	105,705
Restricted	315,630	98,377	414,007
Committed	3,968,823	382,376	4,351,199
Assigned	1,407,597		1,407,597
Unassigned	4,573,624		4,573,624
<b>Total Fund Balances</b>	<b><u>10,265,674</u></b>	<b><u>586,458</u></b>	<b><u>10,852,132</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 18,344,429</u></b>	<b><u>\$ 587,086</u></b>	<b><u>\$ 18,931,515</u></b>

*See accompanying notes to the basic financial statements*

EXHIBIT C-1

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
December 31, 2017

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 10,852,132
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.	14,123,031
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	368,912
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to net pension liability	739,811
Deferred inflows of resources related to net pension liability	(538,301)
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:	
Capital lease payable	(92,354)
Compensated absences payable	(181,388)
Other post-employment benefits obligation	(1,941,703)
Net pension liability	<u>(5,348,191)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 17,981,949</u>

*See accompanying notes to the basic financial statements*

## EXHIBIT D

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE****Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds**

For the Year Ended December 31, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 7,184,157	\$ 20,000	\$ 7,204,157
Licenses and permits	1,684,132		1,684,132
Intergovernmental	559,763		559,763
Charges for services	172,046	77,467	249,513
Interest and investment income	252,146	27,399	279,545
Miscellaneous	174,455	260,924	435,379
<b>Total Revenues</b>	<b>10,026,699</b>	<b>385,790</b>	<b>10,412,489</b>
<b>Expenditures:</b>			
Current operations:			
General government	1,960,311		1,960,311
Public safety	2,424,549	2,477	2,427,026
Highways and streets	1,718,349		1,718,349
Sanitation	495,214		495,214
Health and welfare	130,789		130,789
Culture and recreation	910,031	100,993	1,011,024
Conservation		34,856	34,856
<b>Capital outlay</b>	<b>1,820,647</b>		<b>1,820,647</b>
<b>Total Expenditures</b>	<b>9,459,890</b>	<b>138,326</b>	<b>9,598,216</b>
<b>Excess revenues over expenditures</b>	<b>566,809</b>	<b>247,464</b>	<b>814,273</b>
Other financing sources (uses):			
Transfers in	905		905
Transfers out		(905)	(905)
<b>Total other financing sources (uses)</b>	<b>905</b>	<b>(905)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>567,714</b>	<b>246,559</b>	<b>814,273</b>
<b>Fund balances - beginning of year</b>	<b>9,697,960</b>	<b>339,899</b>	<b>10,037,859</b>
<b>Fund balances - end of year</b>	<b>\$ 10,265,674</b>	<b>\$ 586,458</b>	<b>\$ 10,852,132</b>

*See accompanying notes to the basic financial statements*

EXHIBIT D-1

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**

For the Year Ended December 31, 2017

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 814,273
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	662,918
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(19,558)
Repayment of principal on the capital lease payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	44,208
Some expenses reported in the statement of activities, such as compensated absences and other post-employment benefits, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	(8,157)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense reflects the change in the net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which pension expense exceeded pension contributions in the current period.	<u>(47,172)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 1,446,512</u>

*See accompanying notes to the basic financial statements*

## EXHIBIT E

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2017

	Private- Purpose <u>Trust Funds</u>	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents		\$ 12,505
Investments	<u>\$ 117,171</u>	<u>1,007,128</u>
Total Assets	<u>117,171</u>	<u>\$ 1,019,633</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Due to other governments		\$ 1,007,128
Deposits		12,505
Total Liabilities	<u>-</u>	<u>\$ 1,019,633</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust	<u>117,171</u>	
Total Net Position	<u>\$ 117,171</u>	

*See accompanying notes to the basic financial statements*

## EXHIBIT F

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE****Statement of Changes in Fiduciary Net Position****Fiduciary Funds**

For the Year Ended December 31, 2017

	<u>Private- Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Private donations	\$ 10,820
Total Contributions	<u>10,820</u>
Investment Earnings:	
Interest income	2,053
Realized gains on investments	359
Net increase in the fair value of investments	<u>9,271</u>
Total Investment Earnings	<u>11,683</u>
Total Additions	<u>22,503</u>
<b>DEDUCTIONS:</b>	
Benefits	<u>6,087</u>
Total Deductions	<u>6,087</u>
Change in net position	16,416
Net Position - beginning of year	<u>100,755</u>
Net Position - end of year	<u>\$ 117,171</u>

*See accompanying notes to the basic financial statements*

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2017

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

The accounting policies of the Town of Moultonborough, 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 Moultonborough, New Hampshire (the “Town”) was incorporated in 1777. 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 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 which 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 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.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

***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 sole 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 private-purpose trust funds which account 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 consist of capital reserve funds of the Moultonborough School District, which are held by the Town as required by State law. Other agency funds consist of developer's performance deposits.

***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 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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust funds are reported using the economic resources measurement focus.

***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 11). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

**2. Expenses/Expenditures:**

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

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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

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.

***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, 2017 are recorded as receivables net of reserves for estimated uncollectibles of \$50,000.

***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 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, bridges, sidewalks, and similar items. The Town is not required to retroactively report its general infrastructure. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. 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.

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

<u>Description</u>	<u>Years</u>
Infrastructure	10-30
Land improvements	25-30
Buildings and improvements	15-50
Vehicles and equipment	3-25

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

***Compensated Absences***

Dependent on length of service, employees earn leave time at 3 to 6 hours per week. Upon voluntary separation of employment from the Town, employees shall be compensated for unused leave time at current rates of pay up to a maximum of 240 hours for full-time employees and 120 hours for part-time employees.

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

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

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Pensions***

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

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and 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.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

***Fund Balance Policy***

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The 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 that can only be spent for the specific purpose stipulated by external resource providers or limitations imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or enabling legislation.
- **Committed Fund Balance**: Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- **Assigned Fund Balance**: Amounts the Town intends to use, as established by the highest level of decision making authority (Town Meeting) or the body of official designated by that level, for a specific purpose. All appropriations shall lapse at the end of the fiscal year unless authorized with the provisions of RSA 32:7. For all governmental funds, other than the General Fund, any remaining positive fund balance amounts are to be classified as "Assigned".
- **Unassigned Fund Balance**: Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

**Spending Prioritizations**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are 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 can be used, committed amounts shall be reduced first, followed by assigned amounts then unassigned amounts.

**Minimum Level of Unassigned Fund Balance**

It is the Town's intent to maintain a target level of 12.5% of its total gross annual appropriations in the unassigned fund balance in the General Fund. The target shall be calculated by dividing the unassigned fund balance at year end of a given fiscal year by the total of the annual gross appropriations or levies upon the community to include the Town, County, School District, and State-Wide Education Property for the current fiscal year. Amounts above that may be considered excess.

If the unassigned fund balance drops below the target level, the Town Administrator shall so notify the Board making recommendations as to advisable actions for its consideration, including but not limited to, a spending or hiring freeze until the unassigned fund balance has recovered to the target level. If this cannot be accomplished in a prudent manner over a period of three years, the Board shall consider recommended revenue increases in the next budget year.

Excess unassigned fund balance may be expended for the following: emergency situations which may cause an over-expenditure of total appropriations in accordance with the provisions of RSA 32:11, to

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

reduce the property tax rate, to fund underfunded trust funds or capital reserves, or to increase capital outlay beyond that normally anticipated.

***Interfund Activity***

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

***Estimates***

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

**NOTE 2—DEPOSITS AND INVESTMENTS**

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

Statement of Net Position:	
Cash and cash equivalents	\$ 14,158,763
Investments	3,883,919
Statement of Fiduciary Net Position:	
Cash and cash equivalents	12,505
Investments	1,124,299
	<u>\$ 19,179,486</u>

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

Deposits with financial institutions	\$ 14,269,229
Investments	4,910,257
	<u>\$ 19,179,486</u>

The Town's investment policy for governmental fund types requires that deposits be made with either the New Hampshire Public Deposit Investment Pool (NHPDIP), federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank or the Federal Reserve Bank. The Town limits its investments for governmental fund types to the NHPDIP, an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library Trustees.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy for managing interest rate risk is to maintain a diversified portfolio, with investments selected based on the prudent person principal, and to avoid an over-concentration of assets in a specific maturity.

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>	Remaining Maturity (in Years)		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>&gt; 5 Years</u>
Fixed Income Mutual Funds	\$ 135,893			\$ 135,893
U.S Government Agency Obligations	621,621	\$ 248,509	\$ 373,112	
Corporate Bonds	2,519,196	374,782	2,144,414	
	<u>\$ 3,276,710</u>	<u>\$ 623,291</u>	<u>\$ 2,517,526</u>	<u>\$ 135,893</u>

***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 rate risk is to maintain a diversified portfolio, with investments selected based on the prudent person principal.

The following table shows the distribution of investments by credit rating as of year-end for each investment type:

<u>Rating</u>	<u>Total</u>	<u>Money</u>	<u>Fixed</u>	<u>U.S. Govt.</u>	<u>Corporate</u>
		<u>Equity</u>	<u>Market</u>	<u>Income</u>	<u>Agency</u>
AAA	\$ 661,328			\$ 39,707	\$ 621,621
AA	246,055				\$ 246,055
A+	501,192				501,192
A	1,025,010				1,025,010
A-	496,598				496,598
BBB+	250,341				250,341
Not Rated	<u>\$ 220,673</u>	<u>\$ 85,497</u>	<u>\$ 38,990</u>	<u>96,186</u>	
	<u>\$ 3,401,197</u>	<u>\$ 85,497</u>	<u>\$ 38,990</u>	<u>\$ 135,893</u>	<u>\$ 621,621</u>
					<u>\$ 2,519,196</u>

***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. 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. For assurance against custodial credit risk, the Town's investment policy requires that all deposits with financial institutions be collateralized with

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal deposit insurance. Collateralization must remain in effect so long as Town assets remain on deposit.

Of the Town's deposits with financial institutions at year end, \$13,504,294 was collateralized by securities held by the bank.

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

<u>Investment Type</u>	<u>Amount</u>
Equity Mutual Funds	\$ 85,497
Money Market Mutual Funds	38,990
Fixed Income Mutual Funds	135,893
US Government Agency Obligations	621,621
Corporate Bonds	2,519,196
Equity Securities	<u>1,509,060</u>
	<u><u>\$ 4,910,257</u></u>

***Fair Value***

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, 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, 2017, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	Fair Value Measurements Using:			<u>Total</u>
	Level 1	Level 2	Level 3	
	<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>	
Equity Mutual Funds	\$ 85,497			\$ 85,497
Fixed Income Mutual Funds	135,893			135,893
US Government Agency Obligations		\$ 621,621		621,621
Corporate Bonds		2,519,196		2,519,196
Equity Securities	<u>1,509,060</u>			<u>1,509,060</u>
	<u><u>\$ 1,730,450</u></u>	<u><u>\$ 3,140,817</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,871,267</u></u>

Mutual funds and equity securities classified as Level 1 are valued using unadjusted prices quoted in active markets for those securities. US Government Agency obligations and corporate bonds classified as Level 2 are valued utilizing pricing that may involve estimation using similar securities or trade dates.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

**NOTE 3—CAPITAL ASSETS**

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

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,300,833			\$ 1,300,833
Construction in progress	221,353	\$ 11,095	\$ (167,272)	65,176
Total capital assets not being depreciated	<u>1,522,186</u>	<u>11,095</u>	<u>(167,272)</u>	<u>1,366,009</u>
Other capital assets:				
Infrastructure	4,798,516	987,753		5,786,269
Land improvements	1,705,204			1,705,204
Buildings and improvements	6,402,944	103,226		6,506,170
Vehicles and equipment	5,160,060	590,404	(171,364)	5,579,100
Total other capital assets at historical cost	<u>18,066,724</u>	<u>1,681,383</u>	<u>(171,364)</u>	<u>19,576,743</u>
Less accumulated depreciation for:				
Infrastructure	(987,546)	(290,442)		(1,277,988)
Land improvements	(526,206)	(68,208)		(594,414)
Buildings and improvements	(1,767,696)	(140,683)		(1,908,379)
Vehicles and equipment	(2,863,349)	(346,955)	171,364	(3,038,940)
Total accumulated depreciation	<u>(6,144,797)</u>	<u>(846,288)</u>	<u>171,364</u>	<u>(6,819,721)</u>
Total other capital assets, net	<u>11,921,927</u>	<u>835,095</u>	<u>-</u>	<u>12,757,022</u>
Total capital assets, net	<u>\$13,444,113</u>	<u>\$ 846,190</u>	<u>\$ (167,272)</u>	<u>\$ 14,123,031</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 76,815
Public safety	242,091
Highways and streets	438,119
Sanitation	13,958
Culture and recreation	75,305
Total governmental activities depreciation expense	<u>\$ 846,288</u>

The balance of capital assets acquired through capital lease issuances as of December 31, 2017 is as follows:

Vehicles and equipment	\$ 229,255
Less: Accumulated depreciation	(57,314)
	<u>\$ 171,941</u>

**NOTE 4—DUE TO OTHER GOVERNMENTS**

In accordance with State law, the Town collects taxes for the Moultonborough School District, an independent governmental unit. At December 31, 2017, the balance of the property tax appropriation due to the Moultonborough School District is \$5,913,141 and has been reported in the General Fund as 'Due to other governments' in these financial statements.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

## NOTE 5—LONG-TERM OBLIGATIONS

### *Changes in Long-Term Obligations*

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

	Balance 01/01/17	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Governmental activities:					
Capital lease payable	\$ 136,562		\$ (44,208)	\$ 92,354	\$ 45,508
Compensated absences payable	182,780	\$ 23,313	(24,705)	181,388	49,862
	<u>\$ 319,342</u>	<u>\$ 23,313</u>	<u>\$ (68,913)</u>	<u>\$ 273,742</u>	<u>\$ 95,370</u>

Payments made on the capital lease obligation are paid out of the General Fund. Compensated absences payments will also be paid from the General Fund.

## *Capital Lease Obligations*

Capital lease obligations represent lease agreements entered into for the financing of vehicle acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable functions. The following is the individual capital lease obligation outstanding at December 31, 2017:

Initial Attack Pumper, due in annual installments of \$48,223, including interest at 2.94%, through March 2019 \$ 92,354

Debt service requirements to retire the capital lease obligation outstanding at December 31, 2017 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 45,508	\$ 2,715	\$ 48,223
2019	46,846	1,377	48,223
	<u>\$ 92,354</u>	<u>\$ 4,092</u>	<u>\$ 96,446</u>

## NOTE 6—DEFINED BENEFIT PENSION PLAN

### *Plan Description*

The Town contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The New Hampshire Retirement System is a public employee retirement system that administers a 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.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

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](http://www.nhrs.org).

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

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

***Benefits Provided***

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

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

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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

***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 contribution rates for the covered payroll of police officers, fire employees, and general employees were 22.54%, 25.32%, and 10.86%, respectively, through June 30, 2017 and 25.33%, 27.79%, and 11.08%, respectively, thereafter. The Town contributed 100% of the employer cost for public safety 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 contributions to the NHRS for the year ended December 31, 2017 were \$382,917.

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

At December 31, 2017, the Town reported a liability of \$5,348,191 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2016. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2017, the Town's proportion was approximately 0.1087 percent, which was a decrease of approximately 0.0052 percentage points from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$430,119. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,127	\$ 68,067
Changes in assumptions	537,029	
Net difference between projected and actual investment earnings on pension plan investments		68,112
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,369	402,122
Town contributions subsequent to the measurement date	185,286	
<b>Totals</b>	<b>\$ 739,811</b>	<b>\$ 538,301</b>

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$201,510. The Town reported \$185,286 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense in the measurement periods as follows:

Year Ending <u>June 30,</u>	
2018	\$ (38,751)
2019	109,934
2020	80,508
2021	<u>(135,467)</u>
	<u><u>\$ 16,224</u></u>

***Actuarial Assumptions***

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

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

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

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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

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

***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 of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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

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

	1% Decrease <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	\$ 7,045,974	\$ 5,348,191	\$ 3,956,926

**NOTE 7—OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees and their covered dependents. Retirees over the age of 65 are covered by the Medicare supplemental plan. The following groups of retirees qualify for this benefit: Group I employees are required to reach age 60 with no minimum service requirement; Group II employees are eligible at age 55 with 20 years of service or at age 60 with no minimum service requirement. Retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of December 31, 2017, the alternative measurement method valuation date, 2 retirees and approximately 40 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

***Annual OPEB Costs***

The Town's annual OPEB expense for the year ended December 31, 2017 is calculated based on the annual required contribution of the employer (ARC), an amount determined using the alternative measurement method in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The Town's annual OPEB cost for the year ending December 31, 2017, including the amount actually contributed to the plan and the change in the Town's net OPEB obligation based on the alternative measurement method valuation is as follows:

Annual Required Contribution (ARC)	\$ 55,350
Interest on Net OPEB obligation (NOO)	33,813
Adjustment to ARC	<u>(79,166)</u>
Annual OPEB Cost	9,997
Age Adjusted Contributions made	<u>(448)</u>
Increase in Net OPEB obligation	9,549
Net OPEB obligation - beginning of year	<u>1,932,154</u>
Net OPEB obligation - end of year	<u><u>\$ 1,941,703</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2017, 2016 and 2015 are as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	\$ 9,997	4.5%	\$ 1,941,703
12/31/2016	\$ 17,768	47.5%	\$ 1,932,154
12/31/2015	\$ 195,701	3.5%	\$ 1,922,819

The Town's net OPEB obligation as of December 31, 2017 is recognized as a liability of the governmental activities in these financial statements.

***Funded Status and Funding Progress for OPEB***

The funded status of the plan as of December 31, 2017, the date of the most recent alternative measurement method valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 376,698
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 376,698</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 2,499,853
UAAL as a percentage of covered payroll	15.07%

The alternative measurement method valuation involves estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other key assumptions. Internally generated key assumptions, based on recent trends

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

within the Town, include general considerations, expected point at which benefits begin, and marital and dependency status. Mortality assumptions were derived from the RP2000 Mortality Table. Turnover assumptions were based on the Standard Turnover Assumptions from GASB No. 45, Paragraph 35b. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

***Actuarial Methods and Assumptions for OPEB***

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

For the December 31, 2017 alternative measurement method valuation, the Entry Age Cost Method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The Town employs the Pay-as-you-go basis to fund the plan. The actuarial valuation assumptions include a 1.75% investment rate of return and initial annual healthcare cost trends of 5.3%, 8.0%, 3.5%, and 3.0%, for health, pharmacy, dental, and vision, respectively. The annual healthcare cost trends are reduced to ultimate long-term rates after ten years of 5.6%, 4.7%, 3.0%, and 3.0%, for health, pharmacy, dental, and vision benefits, respectively. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years, with a twenty-three year amortization period remaining, on a closed group basis. This has been calculated with projected annual salary increases of 2.25%.

**NOTE 8—INTERFUND BALANCES AND TRANSFERS**

Charges for services collected by the General Fund on-behalf of the Recreation Fund, a Nonmajor Governmental Fund, and not reimbursed prior to year-end are payable to the Recreation Fund. Additionally, all land use change taxes collected during the year by the General Fund up to \$20,000, are to be paid over to the Conservation Fund, a Nonmajor Governmental Fund, and is recognized as an interfund payable at year end. Interfund balances at December 31, 2017 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund		\$ 31,070
Nonmajor Governmental Funds:		
Recreation Fund	\$ 11,070	
Conservation Fund	20,000	
	<u>\$ 31,070</u>	<u>\$ 31,070</u>

During the year, the Permanent Funds, a Nonmajor Governmental Fund, transferred \$905 to the General Fund to support library operations. This transfer was made in accordance with the intended purpose of the Permanent Funds.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2017**

**NOTE 9—RESTRICTED NET POSITION**

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

Permanent Funds - Principal	\$ 105,705
Permanent Funds - Income	18,737
State of NH SB38 - Highway Block Grant Funding	125,626
Library	190,004
Recreation Facility Improvements	24,559
Heritage Commission	720
Lee's Pond Preservation	49,169
Sidewalk Maintenance	5,192
	<u>\$ 519,712</u>

**NOTE 10—COMPONENTS OF FUND BALANCE**

The components of the Town's fund balance for its governmental funds at December 31, 2017 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>			
Permanent Funds - Principal		\$ 105,705	\$ 105,705
<b>Restricted for:</b>			
State of NH SB38 - Highway Block Grant Funding	\$ 125,626		125,626
Library	190,004		190,004
Permanent Funds - Income		18,737	18,737
Recreation Facility Improvements		24,559	24,559
Heritage Commission		720	720
Lee's Pond Preservation		49,169	49,169
Sidewalk Maintenance		5,192	5,192
<b>Committed for:</b>			
Continuing appropriations	148,583		148,583
Capital Reserves	3,318,035		3,318,035
Expendable Trusts	308,554		308,554
Encumbrances	193,651		193,651
Conservation		37,139	37,139
Town Property Acquisition		318,730	318,730
Police Details		6,087	6,087
Recreation		20,420	20,420
<b>Assigned for:</b>			
Designated to offset subsequent year appropriations	1,407,597		1,407,597
<b>Unassigned:</b>			
Unassigned - General operations	<u>4,573,624</u>	<u>\$ 586,458</u>	<u>4,573,624</u>
	<u><u>\$ 10,265,674</u></u>	<u><u>\$ 10,852,132</u></u>	

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

**NOTE 11—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,944,716,030 as of April 1, 2017) and are due in two installments on July 3, 2017 and December 22, 2017. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue on the modified accrual basis of accounting 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 Moultonborough 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 \$12,922,234 and \$3,983,876 for the Moultonborough School District and Carroll County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

**NOTE 12—RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2017, the Town was a member of and participated in a public entity risk pool (Trust) 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 Trust 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 Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2017.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2017**

***Worker's Compensation***

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

**NOTE 13—CONTINGENCIES**

***Litigation***

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, 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 14—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS**

The Government Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which the Town is required to implement in the fiscal year ending December 31, 2018. Management believes that this pronouncement will have a potentially significant impact on the Town's government-wide financial statements. The Town will have to report its proportional share of the New Hampshire Retirement System's unfunded OPEB liability in the financial statements for the fiscal year beginning after June 15, 2017. Additionally, Statement No. 75 modifies the allowable methods, recognition and measurement criteria related to how the Town accounts for and reports its single employer OPEB plan, currently disclosed in Note 7.

SCHEDULE 1

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**

**Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Taxes	\$ 7,082,382	\$ 7,082,382	\$ 7,148,599	\$ 66,217
Licenses and permits	1,388,700	1,388,700	1,684,132	295,432
Intergovernmental	378,986	504,612	559,763	55,151
Charges for services	81,000	81,000	172,046	91,046
Interest income	11,000	11,000	62,359	51,359
Miscellaneous	236,929	309,118	146,030	(163,088)
<b>Total Revenues</b>	<b>9,178,997</b>	<b>9,376,812</b>	<b>9,772,929</b>	<b>396,117</b>
<b>Expenditures:</b>				
Current operations:				
General government	2,229,992	2,229,992	2,019,378	210,614
Public safety	2,634,773	2,634,773	2,479,373	155,400
Highways and streets	1,715,828	1,788,017	1,795,949	(7,932)
Sanitation	466,412	466,412	495,214	(28,802)
Health and welfare	172,743	172,743	130,789	41,954
Culture and recreation	816,849	816,849	794,298	22,551
Capital outlay	2,574,971	2,379,513	1,813,499	566,014
<b>Total Expenditures</b>	<b>10,611,568</b>	<b>10,488,299</b>	<b>9,528,500</b>	<b>959,799</b>
<b>Excess revenues over (under) expenditures</b>	<b>(1,432,571)</b>	<b>(1,111,487)</b>	<b>244,429</b>	<b>1,355,916</b>
Other financing sources (uses):				
Transfers in	1,463,676	1,416,802	910,324	(506,478)
Transfers out	(2,011,600)	(2,011,600)	(2,011,600)	-
<b>Total other financing sources (uses)</b>	<b>(547,924)</b>	<b>(594,798)</b>	<b>(1,101,276)</b>	<b>(506,478)</b>
<b>Net change in fund balance</b>	<b>(1,980,495)</b>	<b>(1,706,285)</b>	<b>(856,847)</b>	<b>849,438</b>
Fund balance - beginning of year				
- Budgetary Basis	7,481,189	7,481,189	7,481,189	-
Fund balance - end of year				
- Budgetary Basis	\$ 5,500,694	\$ 5,774,904	\$ 6,624,342	\$ 849,438

*See accompanying notes to the required supplementary information*

SCHEDULE 2

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**

**Schedule of Funding Progress for Other Post-Employment Benefits**

For the Year Ended December 31, 2017

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2017	\$ -	\$ 376,698	\$ 376,698	0%	\$ 2,499,853	15.1%
12/31/2016	\$ -	\$ 393,936	\$ 393,936	0%	\$ 2,357,334	16.7%
12/31/2015	\$ -	\$ 1,476,648	\$ 1,476,648	0%	\$ 2,525,468	58.5%

*See accompanying notes to the required supplementary information*

SCHEDULE 3

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**

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

For the Year Ended December 31, 2017

<u>For the 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 as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2017	0.1087%	\$ 5,348,191	\$ 2,558,656	209.02%	62.66%
June 30, 2016	0.1139%	\$ 6,054,082	\$ 2,628,327	230.34%	58.30%
June 30, 2015	0.1198%	\$ 4,744,912	\$ 2,782,627	170.52%	65.47%
June 30, 2014	0.1195%	\$ 4,485,127	\$ 2,680,456	167.33%	66.32%
June 30, 2013	0.1255%	\$ 5,401,360	\$ 2,777,588	194.46%	59.81%

*See accompanying notes to the required supplementary information*

## SCHEDEULE 4

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

## Schedule of Town Contributions

For the Year Ended December 31, 2017

<u>Year Ended</u>	<u>Contractually Required Contributions</u>	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Town's Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2017	\$ 382,917	(382,917)	-	\$ 2,463,419	15.54%
December 31, 2016	\$ 408,216	(408,216)	-	\$ 2,624,321	15.56%
December 31, 2015	\$ 400,448	(400,448)	-	\$ 2,691,587	14.88%
December 31, 2014	\$ 382,302	(382,302)	-	\$ 2,609,916	14.65%
December 31, 2013	\$ 364,888	(364,888)	-	\$ 2,856,978	12.77%

*See accompanying notes to the required supplementary information*

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2017**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

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. Additionally, 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 in and out as follows:

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Per Exhibit D	\$ 10,027,604	\$ 9,459,890
Difference in property taxes meeting susceptible to accrual criteria	(35,558)	
Encumbrances - December 31, 2016		(4,188)
Encumbrances - December 31, 2017		193,651
Non-budgetary revenues and expenditures	(218,212)	(120,853)
Non-budgetary transfers in	(905)	
Budgetary transfers in and out	910,324	2,011,600
Per Schedule 1	<u>\$ 10,683,253</u>	<u>\$ 11,540,100</u>

**NOTE 2—BUDGETARY FUND BALANCE**

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

<i>Restricted for:</i>	
State of NH SB38 - Highway Block Grant Funding	\$ 125,626
<i>Committed for:</i>	
Continuing appropriations	148,583
<i>Assigned for:</i>	
Designated to offset subsequent year appropriations	1,407,597
<i>Unassigned:</i>	
Unassigned - General operations	4,942,536
	<u>\$ 6,624,342</u>

**NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS**

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the Town is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The Town implemented the provisions of

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**For the Year Ended December 31, 2017**

GASB Statement #45 during the year ended December 31, 2010. Accordingly, the funding progress has been presented for the three most recent actuarial valuation reports. The actuarial value of assets has not been determined as the Town has not advance funded its obligation as of December 31, 2017.

During the year ended December 31, 2016, Town Management revised its estimate of the average age of retirement for Other Post Employment Benefit plan members, as used in the alternative measurement method valuation of the Actuarily Accrued Liability. The impact of this change in estimate is reflected as a decrease in the Actuarily Accrued Liability for the December 31, 2016 valuation.

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

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

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 MOULTONBOROUGH, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
December 31, 2017

Special Revenue Funds												
ASSETS	Town											
	Recreation Fund	Property Acquisition Fund	Conservation Fund	Heritage Fund	Police Detail Fund	Recreation Facilities Improvements Fund	Lee's Pond Preservation Fund	Sidewalk Maintenance Fund	Total Special Revenue Funds	Permanent Funds	Combining Totals	
Cash and cash equivalents	\$ 9,978		\$ 17,139	\$ 720	\$ 5,847		\$ 49,169		\$ 82,853		\$ 82,853	
Investments		\$ 318,730				\$ 24,559		\$ 5,192	348,481	\$ 124,442	472,923	
Accounts receivable				240					240		240	
Due from other funds	11,070		20,000						31,070		31,070	
Total Assets	<u>21,048</u>	<u>318,730</u>	<u>37,139</u>	<u>720</u>	<u>6,087</u>	<u>24,559</u>	<u>49,169</u>	<u>5,192</u>	<u>462,644</u>	<u>124,442</u>	<u>587,086</u>	
DEFERRED OUTFLOWS OF RESOURCES												
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	
Total Assets and Deferred Outflows of Resources	<u>\$ 21,048</u>	<u>\$ 318,730</u>	<u>\$ 37,139</u>	<u>\$ 720</u>	<u>\$ 6,087</u>	<u>\$ 24,559</u>	<u>\$ 49,169</u>	<u>\$ 5,192</u>	<u>\$ 462,644</u>	<u>\$ 124,442</u>	<u>\$ 587,086</u>	
LIABILITIES												
Accounts payable	\$ 628								\$ 628		\$ 628	
Total Liabilities	<u>628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>628</u>	<u>\$ -</u>	<u>628</u>	
DEFERRED INFLOWS OF RESOURCES												
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-	
FUND BALANCES												
Nonspendable										105,705	105,705	
Restricted										18,737	98,377	
Committed										382,376	382,376	
Total Fund Balances	<u>20,420</u>	<u>318,730</u>	<u>37,139</u>	<u>720</u>	<u>6,087</u>	<u>24,559</u>	<u>49,169</u>	<u>5,192</u>	<u>79,640</u>	<u>18,737</u>	<u>382,376</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>20,420</u>	<u>318,730</u>	<u>37,139</u>	<u>720</u>	<u>6,087</u>	<u>24,559</u>	<u>49,169</u>	<u>5,192</u>	<u>462,016</u>	<u>124,442</u>	<u>586,458</u>	
	<u>\$ 21,048</u>	<u>\$ 318,730</u>	<u>\$ 37,139</u>	<u>\$ 720</u>	<u>\$ 6,087</u>	<u>\$ 24,559</u>	<u>\$ 49,169</u>	<u>\$ 5,192</u>	<u>\$ 462,644</u>	<u>\$ 124,442</u>	<u>\$ 587,086</u>	

## SCHEDULE B

## TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

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

## Governmental Funds - All Nonmajor Funds

For the Year Ended December 31, 2017

Special Revenue Funds												
	Recreation Fund	Town Property Acquisition Fund	Conservation Fund	Heritage Fund	Police Detail Fund	Recreation Facilities Improvements Fund	Lee's Pond Preservation Fund	Sidewalk Maintenance Fund	Total Special Revenue Funds	Permanent Funds	Combining Totals	
Revenues:												
Taxes			\$ 20,000						\$ 20,000		\$ 20,000	
Charges for services	\$ 74,019				\$ 3,448						77,467	
Interest and investment income	27	\$ 10,502	2			\$ 1,321		\$ 192	12,044	\$ 15,355	27,399	
Miscellaneous		\$ 181,125				630	\$ 74,169	\$ 5,000	260,924		260,924	
Total Revenues	<u>74,046</u>	<u>191,627</u>	<u>20,002</u>	<u>\$ -</u>	<u>3,448</u>	<u>1,951</u>	<u>74,169</u>	<u>5,192</u>	<u>370,435</u>	<u>15,355</u>	<u>385,790</u>	
Expenditures:												
Current operations:												
Public safety					2,477				2,477		2,477	
Culture and recreation	99,933					1,060			100,993		100,993	
Conservation		9,856					25,000			34,856	34,856	
Total Expenditures	<u>99,933</u>	<u>-</u>	<u>9,856</u>	<u>-</u>	<u>2,477</u>	<u>1,060</u>	<u>25,000</u>	<u>-</u>	<u>138,326</u>	<u>-</u>	<u>138,326</u>	
Excess revenues over (under) expenditures	<u>(25,887)</u>	<u>191,627</u>	<u>10,146</u>	<u>-</u>	<u>971</u>	<u>891</u>	<u>49,169</u>	<u>5,192</u>	<u>232,109</u>	<u>15,355</u>	<u>247,464</u>	
Other financing uses:												
Transfers out										(905)	(905)	
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(905)</u>	<u>(905)</u>	
Net change in fund balances	<u>(25,887)</u>	<u>191,627</u>	<u>10,146</u>	<u>-</u>	<u>971</u>	<u>891</u>	<u>49,169</u>	<u>5,192</u>	<u>232,109</u>	<u>14,450</u>	<u>246,559</u>	
Fund balances - beginning of year	<u>46,307</u>	<u>127,103</u>	<u>26,993</u>	<u>720</u>	<u>5,116</u>	<u>23,668</u>	<u>-</u>	<u>-</u>	<u>229,907</u>	<u>109,992</u>	<u>339,899</u>	
Fund balances - end of year	<u>\$ 20,420</u>	<u>\$ 318,730</u>	<u>\$ 37,139</u>	<u>\$ 720</u>	<u>\$ 6,087</u>	<u>\$ 24,559</u>	<u>\$ 49,169</u>	<u>\$ 5,192</u>	<u>\$ 462,016</u>	<u>\$ 124,442</u>	<u>\$ 586,458</u>	

## SCHEDULE C

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE****Combining Statement of Fiduciary Net Position****Fiduciary Funds - All Agency Funds**

December 31, 2017

	School Agency Funds	Performance Bond Agency Funds	Combining Totals
<b>ASSETS</b>			
Cash and cash equivalents		\$ 12,505	\$ 12,505
Investments	\$ 1,007,128		1,007,128
Total Assets	<u>\$ 1,007,128</u>	<u>\$ 12,505</u>	<u>\$ 1,019,633</u>
<b>LIABILITIES</b>			
Due to other governments	\$ 1,007,128		\$ 1,007,128
Deposits		\$ 12,505	12,505
Total Liabilities	<u>\$ 1,007,128</u>	<u>\$ 12,505</u>	<u>\$ 1,019,633</u>