

**TOWN OF GRANTHAM,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

TOWN OF GRANTHAM, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
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PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Grantham as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Grantham, as of June 30, 2018, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

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

- Management's Discussion and Analysis,
- Schedule of the Town's Proportionate Share of Net Pension Liability,

*Town of Grantham
Independent Auditor's Report*

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

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

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

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

*Blodnik & Sanderson
Professional Association*

January 24, 2019

Management's Discussion and Analysis

As management of the Town of Grantham (the "Town"), we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2018.

Financial Highlights

- The Town implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The beginning net position for governmental activities was restated by \$65,256 for the OPEB provided by NHRS and \$34,827 for the Town's local OPEB plan to retroactively report the increase in the net OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources of the most recent year-end by \$8,384,413 (*net position*). Of this amount, \$2,592,512 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$392,052.
- As of the close of the current year, the Town's governmental funds reported a combined ending fund balance of \$4,296,064. Approximately 57% (\$2,432,857) of this total amount is available for spending at the Town's discretion (*unassigned fund balance*).
- At the end of the current year, budgetary unassigned fund balance for the General Fund was \$2,387,122.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. In addition to the basic financial statements, this report contains other supplementary information.

Government-wide financial statements

The government-wide financial statements provide a broad view of the Town's finances. These statements (*Statement of Net Position* and the *Statement of Activities*) provide both short-term and long-term information about the Town's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the current year even if cash has not been received or paid.

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

The *Statement of Activities* presents information showing how the Town's net position changed, during the most recent year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and licenses, and earned, but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the town.

The Town participates in governmental activities and does not currently participate in business type activities. The governmental activities in this section represent most of the Town's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the town include general government, public safety, highway and streets, sanitation, health, welfare, culture and recreation, and conservation.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the Town government and report the Town's operations in more detail than the government-wide statements. The Town's funds are divided into two categories: 1) governmental and 2) fiduciary.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on hand balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term 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 here with similar information presented 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

reconciliation to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five individual governmental funds. Information is presented separately in the *Governmental Fund Combining Balance Sheet* and in the *Combining Statement of Revenues, Expenditures and Changes in Fund Balances* for the non-major funds. The General Fund is considered to be a major fund. The General Fund accounts for governmental services provided to the Town's residents. Data from the governmental funds are combined into a single, aggregated presentation termed Other Governmental Funds.

The Town's governmental funds financial statements can be found on pages 14 through 18.

Fiduciary Funds: These funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The basis of accounting used for fiduciary funds is the accrual basis of accounting.

- **Private-Purpose Trust Funds** account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town uses these types to account for scholarship donations.
- **Agency Funds** accounts for the resources held in a pure custodial capacity. This account reports information on trust funds held by the trustees that belong to other governments.

The Town's fiduciary funds statements can be found on pages 19 and 20 of this report.

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 the fund financial statements and are required by accounting principles generally accepted in the United States.

The notes to the financial statements begin on page 21.

Required supplementary information: The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a schedule of the Town's proportionate share of net pension liability, schedule of town contributions – pensions, schedule of the town's proportionate share of net other postemployment benefits liability, schedule of town contributions – other postemployment benefits, and schedule of changes in the Town's total other postemployment benefits liability and related ratios.

Other supplementary information: Other supplementary information includes combining financial statements for non-major governmental funds, and the individual fund schedules of the general fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$8,384,413 as of June 30, 2018.

Following is a summary of the Town's net position as found on page 12 of this report.

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
		<u>(as restated)</u>
Current and other assets	\$ 10,368,475	\$ 8,951,788
Capital assets, not being depreciated	783,489	758,203
Capital assets, net of depreciation	5,881,662	5,972,710
Total assets	<u>17,033,626</u>	<u>15,682,701</u>
Deferred outflows of resources	<u>384,562</u>	<u>426,855</u>
Long-term liabilities outstanding	<u>2,829,328</u>	<u>2,994,845</u>
Other liabilities	<u>4,847,163</u>	<u>3,941,225</u>
Total liabilities	<u>7,676,491</u>	<u>6,936,070</u>
Deferred inflows of resources	<u>1,357,284</u>	<u>1,181,125</u>
Net position:		
Net investment in capital assets	5,665,733	5,638,497
Restricted	126,168	118,996
Unrestricted	<u>2,592,512</u>	<u>2,234,868</u>
Total net position	<u>\$ 8,384,413</u>	<u>\$ 7,992,361</u>

Net position

Net Investment in Capital Assets: A large portion of the Town's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Restricted Net Position: Approximately 1.5% of the Town's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted Net Position: The Town's unrestricted net position, totaling \$2,592,512 may be used to meet the Town's ongoing obligations. Internally imposed designations of resources are not presented as restricted net position. At the end of the year, the Town was able to report positive balances in all three categories of net position.

The following is a summary of the information presented in the Statement of Activities found on page 13.

	Governmental Activities			
	2018	2017	Change	%
Revenues:				
Program revenues:				
Charges for services	\$ 81,959	\$ 71,077	\$ 10,882	15.3%
Operating grants and contributions	127,665	66,539	61,126	91.9%
Capital grants and contributions	-	23,453	(23,453)	-100.0%
General revenues:				
Taxes	2,110,909	2,196,378	(85,469)	-3.9%
Licenses and permits	847,356	797,545	49,811	6.2%
Unrestricted grants and contributions	157,146	155,093	2,053	1.3%
Miscellaneous	114,524	138,955	(24,431)	-17.6%
Total revenues	3,439,559	3,449,040	(9,481)	-0.3%
Expenses:				
General government	1,228,531	1,142,275	86,256	7.6%
Public safety	742,148	701,477	40,671	5.8%
Highways and streets	343,589	367,932	(24,343)	-6.6%
Sanitation	307,301	248,489	58,812	23.7%
Health	18,135	17,457	678	3.9%
Welfare	-	4,645	(4,645)	-100.0%
Culture and recreation	366,087	338,301	27,786	8.2%
Conservation	10,350	4,650	5,700	122.6%
Interest on long-term debt	31,366	40,290	(8,924)	-22.1%
Total expenses	3,047,507	2,865,516	181,991	6.4%
Change in net position	392,052	583,524	(191,472)	-32.8%
Beginning net position, as restated	7,992,361	7,408,837	583,524	7.9%
Ending net position	\$ 8,384,413	\$ 7,992,361	\$ 392,052	4.9%

Financial Analysis of the Town's Funds

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

Governmental Funds

The fund financial statements for the Town are provided on pages 14 through 18. 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 year.

At the end of the current year, the Town's governmental funds reported a combined ending fund balance of \$4,296,064, which increased \$351,115 during the year. Of the \$4,296,064, \$77,871 is nonspendable, \$80,521 is restricted, \$1,564,491 is committed and \$140,324 is assigned. The remaining fund balance of \$2,432,857 is considered unassigned and is available for spending at the Town's discretion subject to budgetary controls.

The General Fund is the primary operating fund of the Town. At the end of the current year, budgetary unassigned fund balance of the General Fund was \$2,387,122. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund expenditures. Budgetary unassigned fund balance represents 73% of total General Fund expenditures.

Budgetary Highlights

Budget to actual schedule for the General Fund is located in the Basic Financial Statements section beginning on page 18. Actual revenues generated by the general fund in 2018 exceeded amounts budgeted by \$225,260 as shown in Exhibit D of the financial statements. The major component of this favorable variance was due to greater than anticipated motor vehicle registrations, other licenses and permit fees, as well as an increase on investment earnings.

Appropriations exceeded actual expenditures by \$443,592, as shown in Exhibit D of the basic financial statements. The major components of this favorable variance were:

- Less than anticipated general government expenditures of \$218,188 mainly due to less than expected employee benefits.
- Less than anticipated public safety expenditures of \$45,633 mainly due to less than expected police and fire department costs, including but not limited to, changes in personnel, repairs and replacement of portable radios, as well as general operating expenses.
- Less than anticipated highways and streets expenditures of \$47,006 mainly due to the milder winter, therefore, less maintenance costs were incurred.
- Less than anticipated sanitation expenditures of \$79,087 due to the unpredictable market of disposing of recycling and the costs for disposing of solid waste.
- Less than anticipated health and welfare expenditures of \$25,000 due to no requests being received for welfare assistance.
- Less than anticipated culture and recreation expenditures of \$26,872 mainly due to the vacancy of our Activities Director.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$6,665,151 (net of accumulated depreciation). Additional information on the capital assets can be found in Note 5 in the Notes to the Basic Financial Statements.

The Selectmen created a Capital Improvement Plan Committee to review the Town's long-range planning of capital assets.

	2018	2017 (as restated)	Change
At cost:			
Not being depreciated:			
Land	\$ 758,203	\$ 758,203	\$ -
Construction in progress	25,286	-	25,286
Total capital assets not being depreciated	<u>783,489</u>	<u>758,203</u>	<u>25,286</u>
Being depreciated:			
Land improvements	410,857	410,857	-
Buildings and building improvements	3,460,186	3,460,186	-
Equipment and vehicles	1,917,586	2,145,273	(227,687)
Infrastructure	1,494,378	1,338,877	155,501
Total capital assets being depreciated	<u>7,283,007</u>	<u>7,355,193</u>	<u>(72,186)</u>
Total all capital assets	<u>8,066,496</u>	<u>8,113,396</u>	<u>(46,900)</u>
Less accumulated depreciation			
Land improvements	(102,714)	(82,171)	(20,543)
Buildings and building improvements	(283,039)	(256,762)	(26,277)
Equipment and vehicles	(843,717)	(904,813)	61,096
Infrastructure	(171,875)	(138,737)	(33,138)
Total accumulated depreciation	<u>(1,401,345)</u>	<u>(1,382,483)</u>	<u>(18,862)</u>
Net book value, capital assets being depreciated	<u>5,881,662</u>	<u>5,972,710</u>	<u>(91,048)</u>
Net book value, all capital assets	<u>\$ 6,665,151</u>	<u>\$ 6,730,913</u>	<u>\$ (65,762)</u>

Debt Administration

The Town's long-term debt obligations are comprised of two general obligation bonds, four capital leases, compensated absences, which are employee related benefits, and postemployment benefits, accrued landfill post closure care costs, and net position liability. Additional information on the capital leases, debt, pension plan and other postemployment benefits can be found in Notes 9 through 12 in the Notes to the Basic Financial Statements.

	2018	2017 (as restated)	Change
Bonds payable:			
General obligation bonds	\$ 799,600	\$ 909,600	\$ (110,000)
Premium	30,170	34,260	(4,090)
Total bonds payable	<u>829,770</u>	<u>943,860</u>	<u>(114,090)</u>
Capital leases	169,648	278,012	(108,364)
Compensated absences	18,899	9,450	9,449
Accrued landfill postclosure costs	176,000	150,000	26,000
Net other postemployment benefits	186,449	173,589	12,860
Net pension liability	1,448,562	1,439,934	8,628
Total long-term liabilities	<u>\$ 2,829,328</u>	<u>\$ 2,994,845</u>	<u>\$ (165,517)</u>

Economic Factors and the 2018 Budget

At the 2017 Annual Town Meeting, the Town voted \$3,539,396 for the 2018 operating budget and transfers totaling \$357,875. These appropriations were funded as follows:
\$2,092,485 from taxes; \$1,074,786 from other general revenue, and transfers in; and
\$730,000 from fund balance.

Requests for Information

This financial report is designed to provide a general overview of the Town of Grantham's finances for all the citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

Town of Grantham, Selectmen's Office
300 Route 10 South
Grantham, NH 03753
Phone: (603) 863-6021
Email: admin@granthamnh.net

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF GRANTHAM, NEW HAMPSHIRE
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,231,059
Taxes receivables (net)	2,104,862
Intergovernmental receivable	330
Tax deeded property, subject to resale	32,224
Capital assets:	
Land and construction in progress	783,489
Other capital assets, net of depreciation	5,881,662
Total assets	17,033,626
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	371,288
Deferred amounts related to OPEB	13,274
Total deferred outflows of resources	384,562
LIABILITIES	
Accounts payable	115,992
Accrued interest payable	16,422
Intergovernmental payable	4,714,749
Long-term liabilities:	
Due within one year	221,157
Due in more than one year	2,608,171
Total liabilities	7,676,491
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Property taxes	1,287,405
Deferred amounts related to pensions	67,371
Deferred amounts related to OPEB	2,508
Total deferred inflows of resources	1,357,284
NET POSITION	
Net investment in capital assets	5,665,733
Restricted	126,168
Unrestricted	2,592,512
Total net position	\$ 8,384,413

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

EXHIBIT B
TOWN OF GRANTHAM, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change In Net Position
General government	\$ 1,228,531	\$ 5,325	\$ -	\$ (1,223,206)
Public safety	742,148	685	1,506	(739,957)
Highways and streets	343,589	-	126,159	(217,430)
Sanitation	307,301	59,005	-	(248,296)
Health	18,135	-	-	(18,135)
Culture and recreation	366,087	13,057	-	(353,030)
Conservation	10,350	3,887	-	(6,463)
Interest on long-term debt	31,366	-	-	(31,366)
Total governmental activities	<u>\$ 3,047,507</u>	<u>\$ 81,959</u>	<u>\$ 127,665</u>	<u>(2,837,883)</u>
General revenues:				
Taxes:				
Property				2,060,701
Other				50,208
Motor vehicle permit fees				813,888
Licenses and other fees				33,468
Grants and contributions not restricted to specific programs				157,146
Miscellaneous				114,524
Total general revenues				<u>3,229,935</u>
Change in net position				392,052
Net position, beginning, as restated (see Note 16)				7,992,361
Net position, ending				<u>\$ 8,384,413</u>

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

EXHIBIT C-1
TOWN OF GRANTHAM, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,014,596	\$ 216,463	\$ 8,231,059
Taxes receivable (net)	2,218,316	-	2,218,316
Intergovernmental receivable	330	-	330
Interfund receivable	3,367	-	3,367
Tax deceded property, subject to resale	32,224	-	32,224
Total assets	<u>\$ 10,268,833</u>	<u>\$ 216,463</u>	<u>\$ 10,485,296</u>
LIABILITIES			
Accounts payable	\$ 115,992	-	\$ 115,992
Intergovernmental payable	4,714,749	-	4,714,749
Interfund payable	-	3,367	3,367
Total liabilities	<u>4,830,741</u>	<u>3,367</u>	<u>4,834,108</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	1,355,124	-	1,355,124
FUND BALANCES			
Nonspendable	32,224	45,647	77,871
Restricted	63,623	16,898	80,521
Committed	1,413,940	150,551	1,564,491
Assigned	140,324	-	140,324
Unassigned	2,432,857	-	2,432,857
Total fund balances	<u>4,082,968</u>	<u>213,096</u>	<u>4,296,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,268,833</u>	<u>\$ 216,463</u>	<u>\$ 10,485,296</u>

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

EXHIBIT C-2
TOWN OF GRANTHAM, NEW HAMPSHIRE
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances of governmental funds (Exhibit C-1)		\$ 4,296,064
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 8,066,496	
Less accumulated depreciation	<u>(1,401,345)</u>	
		6,665,151
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 371,288	
Deferred inflows of resources related to pensions	(67,371)	
Deferred outflows of resources related to OPEB	13,274	
Deferred inflows of resources related to OPEB	<u>(2,508)</u>	
		314,683
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (3,367)	
Payables	<u>3,367</u>	
		-
Allowance for uncollectible property taxes that is recognized on a full accrual bases, but not on the modified accrual basis.		(113,454)
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.		67,719
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(16,422)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 799,600	
Unamortized bond premium	30,170	
Capital leases	169,648	
Compensated absences	18,899	
Accrued landfill postclosure care costs	176,000	
Net pension liability	1,448,562	
Other postemployment benefits	<u>186,449</u>	
		<u>(2,829,328)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 8,384,413</u></u>

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

EXHIBIT C-3
TOWN OF GRANTHAM, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,118,868	\$ 6,191	\$ 2,125,059
Licenses and permits	847,356	-	847,356
Intergovernmental	284,811	-	284,811
Charges for services	56,041	25,918	81,959
Investment earnings	68,096	-	68,096
Miscellaneous	39,596	6,832	46,428
Total revenues	<u>3,414,768</u>	<u>38,941</u>	<u>3,453,709</u>
EXPENDITURES			
Current:			
General government	1,149,590	-	1,149,590
Public safety	644,412	-	644,412
Highways and streets	424,789	-	424,789
Sanitation	265,918	3,875	269,793
Health	18,135	-	18,135
Culture and recreation	314,328	8,284	322,612
Conservation	1,244	9,106	10,350
Debt service:			
Principal	215,966	-	215,966
Interest	41,184	-	41,184
Capital outlay	5,763	-	5,763
Total expenditures	<u>3,081,329</u>	<u>21,265</u>	<u>3,102,594</u>
Net change in fund balances	333,439	17,676	351,115
Fund balances, beginning	3,749,529	195,420	3,944,949
Fund balances, ending	<u>\$ 4,082,968</u>	<u>\$ 213,096</u>	<u>\$ 4,296,064</u>

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

EXHIBIT C-4
TOWN OF GRANTHAM, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 351,115
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 180,787	
Depreciation expense	<u>(235,018)</u>	(54,231)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(11,531)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in 60-day property tax deferred inflow	\$ (2,696)	
Change in allowance for uncollectible property taxes	<u>(11,454)</u>	\$ (14,150)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of bond principal	\$ 110,000	
Repayment of capital lease	108,364	
Amortization of bond premium	<u>4,090</u>	222,454
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,330	
Increase in compensated absences payable	(9,449)	
Increase in accrued landfill closure/postclosure care costs	(26,000)	
Net increase in net OPEB liability, and deferred outflows and inflows of resources related to OPEB	(9,810)	
Net increase in net pension liability and deferred outflows and inflows related to pensions	<u>(59,676)</u>	(101,605)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 392,052</u></u>

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

EXHIBIT D
TOWN OF GRANTHAM, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 2,092,485	\$ 2,092,485	\$ 2,104,718	\$ 12,233
Licenses and permits	700,200	700,200	847,356	147,156
Intergovernmental	223,932	281,769	284,811	3,042
Charges for services	40,000	40,000	56,041	16,041
Investment earnings	40,000	40,000	66,241	26,241
Miscellaneous	2,000	2,000	22,547	20,547
Total revenues	<u>3,098,617</u>	<u>3,156,454</u>	<u>3,381,714</u>	<u>225,260</u>
EXPENDITURES				
Current:				
General government	1,364,678	1,364,678	1,146,490	218,188
Public safety	694,821	694,821	649,188	45,633
Highways and streets	413,958	471,795	424,789	47,006
Sanitation	345,005	345,005	265,918	79,087
Health	19,900	19,900	18,135	1,765
Welfare	25,000	25,000	-	25,000
Culture and recreation	251,999	251,999	225,127	26,872
Conservation	4,500	4,500	1,244	3,256
Debt service:				
Principal	218,413	218,413	215,966	2,447
Interest	41,285	41,285	41,184	101
Capital outlay	102,000	102,000	107,763	(5,763)
Total expenditures	<u>3,481,559</u>	<u>3,539,396</u>	<u>3,095,804</u>	<u>443,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(382,942)</u>	<u>(382,942)</u>	<u>285,910</u>	<u>668,852</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,817	10,817	24,016	13,199
Transfers out	(357,875)	(357,875)	(357,875)	-
Total other financing sources (uses)	<u>(347,058)</u>	<u>(347,058)</u>	<u>(333,859)</u>	<u>13,199</u>
Net change in fund balances	<u>\$ (730,000)</u>	<u>\$ (730,000)</u>	<u>(47,949)</u>	<u>\$ 682,051</u>
Decrease in nonspendable fund balance			11,138	
Decrease in committed fund balance (non-encumbrances)			6,000	
Decrease in assigned fund balance (non-encumbrances)			195	
Unassigned fund balance, beginning			<u>2,417,738</u>	
Unassigned fund balance, ending			<u>\$ 2,387,122</u>	

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

EXHIBIT E-1
TOWN OF GRANTHAM, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
June 30, 2018

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 9,287	\$ 1,530,450
LIABILITIES		
Intergovernmental payable	-	1,530,450
NET POSITION		
Held in trust for specific purposes	\$ 9,287	\$ -

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

EXHIBIT E-2
TOWN OF GRANTHAM, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
ADDITIONS	
Interest	\$ 100
DEDUCTIONS	
Trust income distributions	901
Change in net position	(801)
Net position, beginning	10,088
Net position, ending	\$ 9,287

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2018 the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which changed the way other postemployment benefit (OPEB) liabilities and related expenses are recorded. See Note 2-C for further information on this pronouncement.

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

1-A Reporting Entity

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

1-B Basis of Accounting, and Measurement Focus

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

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

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

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

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

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

The Town also reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

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

1-D Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

1-E Capital Assets

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

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

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

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

	<u>Years</u>
Capital Asset Classes:	
Land improvements	20
Buildings and building improvements	20-50
Equipment and vehicles	5-25
Infrastructure	15-50

1-F Interfund Receivables and Payables

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

1-G Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 20, 2017 and November 13, 2017, and due on July 5, 2017 and December 14, 2017. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

Property tax receivables are recognized on the levy or lien date, which is the date the tax warrant is issued. Current year property tax receivables represent taxes levied but not remitted to the Town at June 30, 2018 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the Town to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

The Town net assessed valuation as of April 1, 2017 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 460,749,713
For all other taxes	\$ 465,846,013

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

The tax rates and amounts assessed for the year ended June 30, 2018 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.66	\$ 2,172,861
School portion:		
State of New Hampshire	\$2.33	1,075,244
Local	\$13.69	6,375,166
County portion	\$3.04	1,414,722
Precinct portions:		
Eastman Village	\$1.61	498,509
Total	\$25.33	\$ 11,536,502

1-H Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2018.

1-I Deferred Outflows/Inflows of Resources

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

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

1-J Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium. In the fund financial statements, governmental fund types recognize bond premiums.

1-K Compensated Absences

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

1-L Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

1-M Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No.73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

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

1-N Net Position/Fund Balances

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

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

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

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

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

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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

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

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

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

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

1-O Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2018, \$730,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 3,405,730
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	18,904
To eliminate transfers between blended funds	(24,016)
Change in 60-day property tax deferred inflow	2,696
Change in deferred tax revenue relating to 60-day revenue recognition	11,454
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,414,768</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,453,679
Adjustment:	
Basis differences:	
Encumbrances, beginning	3,310
Encumbrances, ending	(109,809)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	92,024
To eliminate transfers between general and blended funds	(357,875)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,081,329</u>

2-C Accounting Change/Restatement

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

	Local OPEB	State OPEB	Total OPEB
Change in total OPEB liability under current standards	\$ (32,058)	\$ (75,741)	\$ (107,799)
Change in deferred outflows of resources under current standards	-	10,485	10,485
Change in deferred inflows of resources under current standards	(2,769)	-	(2,769)
Net OPEB liability (asset) July 1, 2017, as restated	<u>\$ (34,827)</u>	<u>\$ (65,256)</u>	<u>\$ (100,083)</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$9,770,796 and the bank balances totaled \$9,080,145. Petty cash totaled \$50. The Town held \$46,455 in certificates of deposit at various banks at year-end.

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 8,231,059
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	<u>1,539,737</u>
Total cash and cash equivalents	<u>\$ 9,770,796</u>

NOTE 4 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2018. The amount has been reduced by an allowance for an estimated uncollectible amount of \$113,454. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2018	\$ 2,043,084	\$ 2,043,084
Unredeemed (under tax lien):		
Levy of 2016	64,751	64,751
Levies of 2015 and prior	110,481	110,481
Less: allowance for estimated uncollectible taxes	(113,454) *	-
Net taxes receivable	<u>\$ 2,104,862</u>	<u>\$ 2,218,316</u>

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance, beginning (as restated)	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 758,203	\$ -	\$ -	\$ 758,203
Construction in progress	-	25,286	-	25,286
Total capital assets not being depreciated	<u>758,203</u>	<u>25,286</u>	<u>-</u>	<u>783,489</u>
Being depreciated:				
Land improvements	410,857	-	-	410,857
Buildings and building improvements	3,460,186	-	-	3,460,186
Equipment and vehicles	2,145,273	-	(227,687)	1,917,586
Infrastructure	1,338,877	155,501	-	1,494,378
Total capital assets being depreciated	<u>7,355,193</u>	<u>155,501</u>	<u>(227,687)</u>	<u>7,283,007</u>
Total all capital assets	<u>8,113,396</u>	<u>180,787</u>	<u>(227,687)</u>	<u>8,066,496</u>
Less accumulated depreciation:				
Land improvements	(82,171)	(20,543)	-	(102,714)
Buildings and building improvements	(256,762)	(26,277)	-	(283,039)
Equipment and vehicles	(904,813)	(155,060)	216,156	(843,717)
Infrastructure	(138,737)	(33,138)	-	(171,875)
Total accumulated depreciation	<u>(1,382,483)</u>	<u>(235,018)</u>	<u>216,156</u>	<u>(1,401,345)</u>
Net book value, capital assets being depreciated	<u>5,972,710</u>	<u>(79,517)</u>	<u>(11,531)</u>	<u>5,881,662</u>
Net book value, all governmental activities capital assets	<u>\$ 6,730,913</u>	<u>\$ (54,231)</u>	<u>\$ (11,531)</u>	<u>\$ 6,665,151</u>

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

General government	\$ 6,785
Public safety	106,775
Highways and streets	67,501
Sanitation	11,491
Culture and recreation	42,466
Total depreciation expense	<u>\$ 235,018</u>

NOTE 6 – INTERFUND BALANCES

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 3,367

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

NOTE 7 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$6,245,199 at June 30, 2018 consist of:

General fund:	
Balance of the 2018-2019 district assessment due to the Grantham School District	\$ 3,736,106
Balance of the 2018 county assessment due to Sullivan County	710,101
Balance of the 2018-2019 district assessment due to the Eastman Village	250,622
Other miscellaneous balances	17,920
Total general fund	<u>4,714,749</u>
Agency fund:	
Balance of the expendable trusts belonging to the Grantham School District	652,570
Balance of the expendable trusts belonging to the Eastman Village District	877,880
Total agency fund	<u>1,530,450</u>
Total intergovernmental payables due	<u>\$ 6,245,199</u>

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2018 consists of:

	Government-
	wide
Amounts related to pensions, see Note 11	\$ 371,288
Amounts related to OPEB, see Note 12	13,274
Total deferred outflows of resources	<u>\$ 384,562</u>

Deferred inflows of resources are as follows:

	Government-	General
	wide	Fund
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 67,719
Property tax warrant issued but not due until subsequent fiscal year	1,287,405	1,287,405
Amounts related to pensions, see Note 11	67,371	-
Amounts related to OPEB, see Note 12	2,508	-
Total deferred inflows of resources	<u>\$ 1,357,284</u>	<u>\$ 1,355,124</u>

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NOTE 9 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2018
Capital lease obligations:		
International plow truck	6.77%	\$ 30,724
SCBA's and other equipment	3.11%	71,032
Police cruiser	3.62%	27,953
One ton truck	3.27%	39,939
Total capital lease obligations		<u>\$ 169,648</u>

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

	Governmental Activities
Equipment:	
International plow truck	\$ 148,000
SCBA's and other equipment	175,000
Police cruiser	42,000
One ton truck	60,000
Total equipment	425,000
Less: accumulated depreciation	(114,600)
Total capital lease equipment	<u>\$ 310,400</u>

The annual requirements to amortize the capital leases payable as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2019	\$ 104,494
2020	72,892
Total requirements	177,386
Less: interest	7,738
Present value of remaining payments	<u>\$ 169,648</u>

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

NOTE 10 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2018:

	Balance July 1, 2017 (as restated)	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 909,600	\$ -	\$ (110,000)	\$ 799,600	\$ 110,000
Premium	34,260	-	(4,090)	30,170	4,090
Total bonds payable	<u>943,860</u>	<u>-</u>	<u>(114,090)</u>	<u>829,770</u>	<u>114,090</u>

(Continued)

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Long-term liabilities continued:

	Balance July 1, 2017 (as restated)	Additions	Reductions	Balance 6/30/2018	Due Within One Year
Capital leases	278,012	-	(108,364)	169,648	99,067
Compensated absences	9,450	9,449	-	18,899	-
Accrued landfill postclosure care costs	150,000	26,000	-	176,000	8,000
Pension related liability	1,439,934	8,628	-	1,448,562	-
Net other postemployment benefits	173,589	12,860	-	186,449	-
Total long-term liabilities	<u>\$ 2,994,845</u>	<u>\$ 56,937</u>	<u>\$ (222,454)</u>	<u>\$ 2,829,328</u>	<u>\$ 221,157</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2018
General obligation bonds payable:					
Town Building	\$ 1,219,000	2005	2025	3.0 - 5.0%	\$ 420,000
Dunbar Free Library	\$ 479,600	2015	2026	4.40%	379,600
					<u>\$ 799,600</u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2019	110,000	29,188	139,188
2020	110,000	24,213	134,213
2021	110,000	20,780	130,780
2022	110,000	16,055	126,055
2023	105,000	11,808	116,808
2024-2026	254,600	12,078	266,678
Totals	<u>\$ 799,600</u>	<u>\$ 114,122</u>	<u>\$ 913,722</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 1984. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$176,000 as of June 30, 2018. The estimated total current cost of the landfill postclosure care (\$8,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2018. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their

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beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers with in the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2018, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees. The contribution requirement for the fiscal year 2018 was \$114,288, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2018 the Town reported a liability of \$1,448,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2017, the Town’s proportion was 0.02945434% which was an increase of 0.00237568% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of \$175,007. At June 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 107,590	\$ 30,487
Changes in assumptions	145,455	-
Net difference between projected and actual investment earnings on pension plan investments	-	18,448
Differences between expected and actual experience	3,284	18,436
Contributions subsequent to the measurement date	114,959	-
Total	\$ 371,288	\$ 67,371

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The \$114,959 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	
June 30,	
2018	\$ 48,013
2019	79,042
2020	64,856
2021	(2,953)
Thereafter	-
Totals	<u>\$ 188,958</u>

Actuarial Assumptions – The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions which, accordingly apply to 2017 measurements:

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2017
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	\$ 1,908,408	\$ 1,448,562	\$ 1,071,737

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2017 Comprehensive Annual Financial Report, which can be found on the system’s website at www.nhrs.org.

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

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

Maximum medical subsidy rates paid during fiscal years 2017 and 2016 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For

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fiscal year 2017, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2018, the Town contributed 4.10% for police and fire, and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$10,793, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the Town reported a liability of \$79,335 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2017, the Town’s proportion was 0.01735108% which was an increase of 0.00170557% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized OPEB expense of \$11,648. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 2,481	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	250
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Contributions subsequent to the measurement date	10,793	-
Total	\$ 13,274	\$ 250

The \$10,793 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2018	\$ 2,418
2019	(63)
2020	(63)
2021	(61)
Thereafter	-
Totals	\$ 2,231

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2016 and a measurement date of June 30, 2017. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

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

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2017
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	<u>20.00%</u>	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
Total alternative investments	<u>15.00%</u>	
Real estate	10.00%	3.25%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2017 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	\$ 86,340	\$ 79,335	\$ 73,266

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

12-B Town of Grantham Retiree Health Benefit Program

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

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

Employees Covered by Benefit Terms – At July 1, 2016, 17 active employees were covered by the benefit terms.

Total OPEB Liability – The Town’s total OPEB liability of \$107,114 was measured as of July 1, 2017, and was determined by an actuarial valuation of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$107,114 in the July 1,2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.87%
Healthcare Cost Trend Rates:	
Current Year Trend	6.00%
Second Year Trend	5.00%
Decrement	2.6%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2019

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

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

Changes in the Total OPEB Liability -

	<u>June 30, 2018</u>
Total OPEB liability beginning of year, as restated	\$ 97,848
Changes for the year:	
Service cost	11,442
Interest	3,854
Changes in benefit terms	-
Assumption changes and difference between actual and expected experience	(2,769)
Change in actuarial cost method	-
Benefit payments	(3,261)
Total OPEB liability end of year	<u>\$ 107,114</u>

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Sensitivity of the Town's OPEB Liability to Changes in the Discount Rate – The July 1, 2016 actuarial valuation was prepared using a discount rate of 3.87%. If the discount rate were 1% higher than what was used the OPEB liability would increase to \$125,987 or by 17.62%. If the discount rate were 1% lower than what was used the OPEB liability would decrease to \$91,516 or by 14.56%.

	Discount Rate		
	1% Decrease	Baseline 3.87%	1% Increase
Total OPEB Liability	\$ 91,516	\$ 107,114	\$ 125,987

Sensitivity of the Town's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2016 actuarial valuation was prepared using an initial trend rate of 8.0%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$123,668 or by 15.45%. If the trend rate were 1% lower than what was used the OPEB liability would increase to \$93,260 or by 12.93%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.0%	1% Increase
Total OPEB Liability	\$ 93,260	\$ 107,114	\$ 123,668

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the Town recognized OPEB expense of \$14,785. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	-
Changes in assumptions	-	2,258
Differences between expected and actual experience	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 2,258

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

Fiscal Year Ending June 30,	
2019	\$ (511)
2020	(511)
2021	(511)
2022	(511)
2023	(214)
Thereafter	-
Totals	\$ (2,258)

NOTE 13 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at June 30, 2018 and are as follows:

General fund:	
Public safety	\$ 4,986
Culture and recreation	2,823
Capital outlay	102,000
Total general fund	\$ 109,809

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2018 include the following:

Net investment in capital assets:	
Net book value, all governmental activities capital assets	\$ 6,665,151
Less:	
General obligation bonds payable	(799,600)
Unamortized bond premiums	(30,170)
Capital leases payable	(169,648)
Total net investment in capital assets	<u>5,665,733</u>
Restricted:	
Dunbar Free Library	63,623
Nonexpendable permanent funds (principal balance)	45,647
Expendable permanent funds (income balance)	16,898
Total restricted net position	<u>126,168</u>
Unrestricted	<u>2,592,512</u>
Total net position	<u>\$ 8,384,413</u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2018 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Tax deeded property, held for resale	\$ 32,224	\$ -	\$ 32,224
Permanent fund - principal balance	-	45,647	45,647
Total nonspendable fund balance	<u>32,224</u>	<u>45,647</u>	<u>77,871</u>
Restricted:			
Library	63,623	-	63,623
Permanent - income balance	-	16,898	16,898
Total restricted fund balance	<u>63,623</u>	<u>16,898</u>	<u>80,521</u>
Committed:			
Expendable trust	1,014,940	-	1,014,940
Voted appropriations - March 2018	399,000	-	399,000
Conservation Commission	-	55,246	55,246
Reclamation Trust	-	72,619	72,619
Recreation Revolving	-	22,686	22,686
Total committed fund balance	<u>1,413,940</u>	<u>150,551</u>	<u>1,564,491</u>
Assigned:			
Encumbrances	109,809	-	109,809
Abatement contingency	30,000	-	30,000
Hastings recreation	515	-	515
Total assigned fund balance	<u>140,324</u>	<u>-</u>	<u>140,324</u>
Unassigned	<u>2,432,857</u>	<u>-</u>	<u>2,432,857</u>
Total governmental fund balances	<u>\$ 4,082,968</u>	<u>\$ 213,096</u>	<u>\$ 4,296,064</u>

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

Net position and fund balance at July 1, 2017 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements
To adjust capital assets and accumulated depreciation for previously overstated assets	\$ (129,456)
To restate for the cumulative changes related to implementation of GASB Statement No. 75, see Note 12	(100,083)
Net position, as previously reported	8,221,900
Net position, as restated	\$ 7,992,361

NOTE 17 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2018, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers’ Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2017 to June 30, 2018 by Primex³, which retained \$1,000,000 of each workers’ compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers’ compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member’s annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 18 – CONTINGENT LIABILITIES

There are various claims and suits pending against the Town which arose in the normal course of the Town’s activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through January 24, 2019, the date the June 30, 2018 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,				
	2014	2015	2016	2017	2018
Town's proportion of the net pension liability	0.03%	0.03%	0.03%	0.03%	0.03%
Town's proportionate share of the net pension liability	\$ 1,162,030	\$ 1,067,482	\$ 1,062,344	\$ 1,439,934	\$ 1,448,562
Town's covered payroll	\$ 645,806	\$ 669,787	\$ 663,033	\$ 680,101	\$ 748,227
Town's proportionate share of the net pension liability as a percentage of its covered payroll	179.93%	159.38%	160.22%	211.72%	193.60%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%

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

EXHIBIT G
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of Town Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 67,137	\$ 92,263	\$ 89,966	\$ 96,963	\$ 107,904
Contributions in relation to the contractually required contributions	67,137	92,263	89,966	96,963	107,904
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 645,806	\$ 669,787	\$ 663,033	\$ 680,101	\$ 748,227
Contributions as a percentage of covered payroll	10.40%	13.77%	13.57%	14.26%	14.42%

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

TOWN OF GRANTHAM, NEW HAMPSHIRE

*NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY*

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2018*

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at June 30, 2018. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 years beginning July 1, 2017 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.56% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study.

Other Information:

Notes Contribution rates for Fiscal Year 2017 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

EXHIBIT H
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,	
	2017	2018
Town's proportion of the net OPEB liability	0.02%	0.02%
Town's proportionate share of the net OPEB liability (asset)	\$ 75,741	\$ 79,335
Town's covered payroll	\$ 680,101	\$ 748,227
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	11.14%	10.60%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%

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

EXHIBIT I
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of Town Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2018

	June 30,	
	2017	2018
Contractually required contribution	\$ 9,091	\$ 10,284
Contributions in relation to the contractually required contribution	<u>9,091</u>	<u>10,284</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 680,101</u>	<u>\$ 748,227</u>
Contributions as a percentage of covered payroll	1.34%	1.37%

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

EXHIBIT J
TOWN OF GRANTHAM, NEW HAMPSHIRE
Schedule of Changes in the Town's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018

	June 30,
	2018
OPEB liability, beginning of year	\$ 97,848
Changes for the year:	
Service cost	11,442
Interest	3,854
Changes to benefit terms	-
Assumption changes and differences between actual and expected experience	(2,769)
Change in actuarial cost method	-
Benefit payments	(3,261)
OPEB liability, end of year	\$ 107,114
Covered payroll	\$ 837,393
Total OPEB liability as a percentage of covered payroll	12.79%

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

TOWN OF GRANTHAM, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFIT LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town’s other postemployment benefits at June 30, 2018. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.56% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the Town’s other postemployment benefits at June 30, 2018. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

*SCHEDULE 1
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,066,985	\$ 2,060,701	\$ (6,284)
Yield	500	1,891	1,391
Interest and penalties on taxes	25,000	42,126	17,126
Total from taxes	<u>2,092,485</u>	<u>2,104,718</u>	<u>12,233</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	200	546	346
Motor vehicle permit fees	675,000	813,888	138,888
Building permits	8,000	12,339	4,339
Other	17,000	20,583	3,583
Total from licenses, permits, and fees	<u>700,200</u>	<u>847,356</u>	<u>147,156</u>
Intergovernmental:			
State:			
Meals and rooms distribution	155,570	155,570	-
Highway block grant	126,199	126,159	(40)
Other	-	3,082	3,082
Total from intergovernmental	<u>281,769</u>	<u>284,811</u>	<u>3,042</u>
Charges for services:			
Income from departments	40,000	56,041	16,041
Miscellaneous:			
Sale of municipal property	1,000	9,157	8,157
Interest on investments	40,000	66,241	26,241
Rent of property	-	1,300	1,300
Other	1,000	12,090	11,090
Total from miscellaneous	<u>42,000</u>	<u>88,788</u>	<u>46,788</u>
Other financing sources:			
Transfers in	10,817	24,016	13,199
Total revenues and other financing sources	3,167,271	<u>\$ 3,405,730</u>	<u>\$ 238,459</u>
Unassigned fund balance used to reduce tax rate	730,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,897,271</u>		

*SCHEDULE 2
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 3,100	\$ 232,950	\$ 192,367	\$ -	\$ 43,683
Election and registration	-	123,698	108,277	-	15,421
Financial administration	-	40,200	35,625	-	4,575
Revaluation of property	-	43,000	23,024	-	19,976
Legal	-	30,000	23,231	-	6,769
Personnel administration	-	694,990	602,225	-	92,765
Planning and zoning	-	6,100	4,044	-	2,056
General government buildings	-	132,125	118,606	-	13,519
Cemeteries	-	19,600	5,585	-	14,015
Insurance, not otherwise allocated	-	37,000	32,591	-	4,409
Advertising and regional associations	-	4,015	4,015	-	-
Other	-	1,000	-	-	1,000
Total general government	3,100	1,364,678	1,149,590	-	218,188
Public safety:					
Police	210	457,517	439,952	-	17,775
Ambulance	-	89,949	76,689	-	13,260
Fire	-	125,855	117,389	4,986	3,480
Building inspection	-	10,000	5,598	-	4,402
Emergency management	-	11,500	4,784	-	6,716
Total public safety	210	694,821	644,412	4,986	45,633
Highways and streets:					
Public works garage	-	232,758	212,514	-	20,244
Highways and streets	-	235,037	210,073	-	24,964
Street lighting	-	4,000	2,202	-	1,798
Total highways and streets	-	471,795	424,789	-	47,006
Sanitation:					
Solid waste collection	-	139,005	114,647	-	24,358
Solid waste disposal	-	200,000	146,727	-	53,273
Solid waste clean-up	-	6,000	4,544	-	1,456
Total sanitation	-	345,005	265,918	-	79,087
Health:					
Administration	-	1,700	135	-	1,565
Pest control	-	700	500	-	200
Health agencies	-	17,500	17,500	-	-
Total health	-	19,900	18,135	-	1,765
Welfare:					
Direct assistance	-	25,000	-	-	25,000
Culture and recreation:					
Parks and recreation	-	47,700	40,915	2,823	3,962
Library	-	171,289	162,190	-	9,099
Patriotic purposes	-	31,510	17,384	-	14,126
Other	-	1,500	1,815	-	(315)
Total culture and recreation	-	251,999	222,304	2,823	26,872
Conservation	-	4,500	1,244	-	3,256

(Continued)

SCHEDULE 2 (Continued)
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	218,413	215,966	-	2,447
Interest on long-term debt	-	41,185	41,184	-	1
Interest on tax anticipation notes	-	100	-	-	100
Total debt service	-	259,698	257,150	-	2,548
Capital outlay	-	102,000	5,763	102,000	(5,763)
Other financing uses:					
Transfers out	-	357,875	357,875	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 3,310	\$ 3,897,271	\$ 3,347,180	\$ 109,809	\$ 443,592

*SCHEDULE 3
TOWN OF GRANTHAM, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2018*

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,417,738
Changes:		
Unassigned fund balance used to reduce 2018 tax rate		(730,000)
2018 Budget summary:		
Revenue surplus (Schedule 1)	\$ 238,459	
Unexpended balance of appropriations (Schedule 2)	<u>443,592</u>	
2018 Budget surplus		682,051
Decrease in nonspendable fund balance		11,138
Decrease in committed fund balance (non-encumbrances)		6,000
Decrease in assigned fund balance (non-encumbrances)		<u>195</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		2,387,122
<i>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</i>		
To record deferred property taxes not collected within 60 days of the property taxes not collected within 60 days of fiscal year-end		(67,719)
To remove allowance for uncollectible property taxes, recognized on a budgetary basis, but not on a GAAP basis		<u>113,454</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,432,857</u></u>

*SCHEDULE 4
TOWN OF GRANTHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018*

	Special Revenue Funds				Total
	Conservation Commission	Reclamation Trust	Recreation Revolving	Permanent Fund	
ASSETS					
Cash and cash equivalents	\$ 58,613	\$ 72,619	\$ 22,686	\$ 62,545	\$ 216,463
LIABILITIES					
Interfund payable	\$ 3,367	\$ -	\$ -	\$ -	\$ 3,367
FUND BALANCES					
Nonspendable	-	-	-	45,647	45,647
Restricted	-	-	-	16,898	16,898
Committed	55,246	72,619	22,686	-	150,551
Total fund balances	55,246	72,619	22,686	62,545	213,096
Total liabilities and fund balances	\$ 58,613	\$ 72,619	\$ 22,686	\$ 62,545	\$ 216,463

SCHEDULE 5
TOWN OF GRANTHAM, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds				Total
	Conservation Commission	Reclamation Trust	Recreation Revolving	Permanent Fund	
Revenues:					
Taxes	\$ 6,191	\$ -	\$ -	\$ -	\$ 6,191
Charges for services	3,887	8,974	13,057	-	25,918
Miscellaneous	506	624	3,947	1,755	6,832
Total revenues	<u>10,584</u>	<u>9,598</u>	<u>17,004</u>	<u>1,755</u>	<u>38,941</u>
Expenditures:					
Current:					
Sanitation	-	3,875	-	-	3,875
Culture and recreation	-	-	8,284	-	8,284
Conservation	9,106	-	-	-	9,106
Total expenditures	<u>9,106</u>	<u>3,875</u>	<u>8,284</u>	<u>-</u>	<u>21,265</u>
Net change in fund balances	1,478	5,723	8,720	1,755	17,676
Fund balances, beginning	53,768	66,896	13,966	60,790	195,420
Fund balances, ending	<u>\$ 55,246</u>	<u>\$ 72,619</u>	<u>\$ 22,686</u>	<u>\$ 62,545</u>	<u>\$ 213,096</u>