

TOWN OF DEERFIELD, NEW HAMPSHIRE

Annual Financial Statements

For the Year Ended December 31, 2017

Town of Deerfield, New Hampshire

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Deerfield, New Hampshire

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Deerfield, New Hampshire, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Pension schedules appearing on pages 40 to 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Deerfield, New Hampshire's basic financial statements. The schedules of Nonmajor Governmental Funds appearing on pages 42 - 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Melanson Heath

July 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Deerfield, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2017.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

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

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$11,558,292 (i.e., net position), a change of \$508,254 in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$2,796,505, a change of \$488,674 in comparison to the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$972,852, a change of \$165,696 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 9,805,747	\$ 8,811,325
Capital assets	<u>10,210,395</u>	<u>10,092,652</u>
Total assets	20,016,142	18,903,977
Deferred outflows of resources	439,402	636,850
Current liabilities	6,268,614	5,812,620
Noncurrent liabilities	<u>2,375,007</u>	<u>2,512,581</u>
Total liabilities	8,643,621	8,325,201
Deferred inflows of resources	253,631	165,588
Net position:		
Net investment in capital assets	10,210,395	10,092,652
Restricted	1,434,127	1,284,139
Unrestricted	<u>(86,230)</u>	<u>(326,753)</u>
Total net position	<u>\$ 11,558,292</u>	<u>\$ 11,050,038</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was \$11,558,292 a change of \$508,254 from the prior year.

The largest portion of net position is \$10,210,395, which reflects our investment in capital assets (e.g., land, construction in progress, buildings, machinery, equipment and vehicles, and infrastructure); less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of net position, \$1,434,127, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit balance of \$(86,230). This deficit is primarily due to the Town's portion of the New Hampshire Retirement System's net pension liability.

CHANGES IN NET POSITION

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 510,601	\$ 473,357
Operating grants and contributions	86,972	120,576
Capital grants and contributions	315,272	202,967
General revenues:		
Property taxes	2,318,771	1,854,104
Interest, penalties, and other taxes	138,197	176,831
Motor vehicle registration fees	1,036,385	953,734
Grants and contributions not restricted to specific programs	234,467	231,793
Investment income	6,904	3,357
Miscellaneous	84,761	16,342
Total revenues	<u>4,732,330</u>	<u>4,033,061</u>
Expenses:		
General government	1,345,440	1,262,664
Public safety	1,074,988	1,048,893
Highways and streets	882,619	730,572
Sanitation	386,265	303,379
Health	36,887	35,179
Welfare	34,506	41,133
Culture and recreation	455,245	456,231
Conservation	8,126	2,431
Debt service	-	5,249
Total expenses	<u>4,224,076</u>	<u>3,885,731</u>
Change in net position	508,254	147,330
Net position - beginning of year	<u>11,050,038</u>	<u>10,902,708</u>
Net position - end of year	<u>\$ 11,558,292</u>	<u>\$ 11,050,038</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$508,254. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 338,686
Nonmajor funds change in fund balance	149,988
Capital assets funded with operating monies	484,312
Depreciation expense	(366,569)
Changes in long-term liabilities	123,852
Other	<u>(222,015)</u>
Total	<u>\$ 508,254</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$2,796,505, a change of \$488,674 in comparison with the prior year. Key elements of this change are as follows:

General fund operations, as discussed further below	\$ 338,686
Nonmajor funds change in fund balance	<u>149,988</u>
Total	<u><u>\$ 488,674</u></u>

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$972,852, while total fund balance was \$1,362,378. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>Change</u>	% of Total General Fund Expenditures
Unassigned fund balance	\$ 972,852	\$ 807,156	\$ 165,696	25.6%
Total fund balance	\$ 1,362,378	\$ 1,023,692	\$ 338,686	35.8%

Total fund balance of the general fund changed by \$338,686 during the current year. Key factors in this change are as follows:

Use of fund balance as a funding source	\$ (560,000)
Revenues in excess of budget	407,804
Expenditures less than budget	166,673
Change in capital reserves	45,587
Expenditures of prior year encumbrances	(39,222)
Other	<u>317,844</u>
Total	<u><u>\$ 338,686</u></u>

As required by GASB Statement No. 54, the Town's capital reserve funds are now included in the total general fund balance as follows:

	<u>12/31/17</u>	<u>12/31/16</u>	<u>Change</u>
Capital reserve funds	\$ <u>219,131</u>	\$ <u>173,545</u>	\$ <u>45,586</u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the Town's original and final budgets in 2017.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$10,210,395 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment and vehicles, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- \$225,174 for infrastructure improvements to various Town roads.
- \$40,921 for various building improvements.
- \$206,491 for various machinery, equipment, and vehicle purchases.
- \$26,779 for construction in progress for the Hartford Brook Field project.
- \$(366,569) for current year depreciation expense.
- \$(15,053) for loss on disposal of various vehicles.

Long-term debt. At the end of the current fiscal year, the Town did not have any long-term debt outstanding.

Additional information on capital assets and long-term debt can be found in the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Deerfield, New Hampshire's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Town Administrator
Town of Deerfield
8 Raymond Road
Deerfield, New Hampshire 03037-0159

TOWN OF DEERFIELD, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 8,602,902
Investments	341,194
Receivables, net of allowance for uncollectibles:	
Property taxes	616,249
Departmental	9,361
Due from other funds	19,448
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	171,720
Tax deeded properties held for resale	44,873
Land and construction in progress	5,095,201
Other capital assets, net of accumulated depreciation	5,115,194
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>439,402</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	20,455,544
LIABILITIES	
Current:	
Accounts payable	56,093
Accrued liabilities	72,786
Due to school district	6,122,773
Other	962
Current portion of long-term liabilities:	
Landfill post-closure	16,000
Noncurrent:	
Net pension liability	2,229,199
Landfill post-closure, net of current portion	128,000
Compensated absences, net of current portion	17,808
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	96,564
Other	<u>157,067</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,897,252
NET POSITION	
Net investment in capital assets	10,210,395
Restricted for:	
Grants and other statutory restrictions	1,070,599
Permanent funds:	
Nonexpendable	270,928
Expendable	92,600
Unrestricted	<u>(86,230)</u>
TOTAL NET POSITION	\$ <u><u>11,558,292</u></u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 1,345,440	\$ 68,315	\$ 28,180	\$ 185	\$ (1,248,760)
Public safety	1,074,988	86,447	1,677	1,791	(985,073)
Highways and streets	882,619	-	-	303,641	(578,978)
Sanitation	386,265	45,998	-	9,655	(330,612)
Health	36,887	-	-	-	(36,887)
Welfare	34,506	-	2,169	-	(32,337)
Culture and recreation	455,245	309,841	13,129	-	(132,275)
Conservation	8,126	-	41,817	-	33,691
Total	<u>\$ 4,224,076</u>	<u>\$ 510,601</u>	<u>\$ 86,972</u>	<u>\$ 315,272</u>	(3,311,231)
		General Revenues:			
					2,318,771
					138,197
					1,036,385
					234,467
					6,904
					<u>84,761</u>
					<u>3,819,485</u>
					508,254
		Net Position:			
					<u>11,050,038</u>
					<u>\$ 11,558,292</u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	\$ 7,609,017	\$ 993,886	\$ 8,602,903
Investments	-	341,194	341,194
Receivables:			
Property taxes	816,547	-	816,547
Departmental	3,362	6,000	9,362
Due from other funds	95,462	104,004	199,466
Tax deeded property held for resale	<u>44,873</u>	<u>-</u>	<u>44,873</u>
TOTAL ASSETS	<u>\$ 8,569,261</u>	<u>\$ 1,445,084</u>	<u>\$ 10,014,345</u>
LIABILITIES			
Accounts payable	\$ 56,093	\$ -	\$ 56,093
Accrued liabilities	66,186	6,600	72,786
Due to school district	6,122,773	-	6,122,773
Due to other funds	180,019	-	180,019
Other liabilities	<u>962</u>	<u>-</u>	<u>962</u>
TOTAL LIABILITIES	6,426,033	6,600	6,432,633
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	780,850	4,357	785,207
FUND BALANCES			
Nonspendable	-	270,928	270,928
Restricted	-	1,163,199	1,163,199
Committed	321,111	-	321,111
Assigned	68,415	-	68,415
Unassigned	<u>972,852</u>	<u>-</u>	<u>972,852</u>
TOTAL FUND BALANCES	<u>1,362,378</u>	<u>1,434,127</u>	<u>2,796,505</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,569,261</u>	<u>\$ 1,445,084</u>	<u>\$ 10,014,345</u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND
 BALANCES TO NET POSITION OF GOVERNMENTAL
 ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2017

Total governmental fund balances	\$ 2,796,505
<ul style="list-style-type: none"> • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 	10,210,395
<ul style="list-style-type: none"> • Revenues are reported on the accrual basis of accounting and are not deferred until collection. 	599,561
<ul style="list-style-type: none"> • Long-term liabilities, including compensated absences, net pension liability and landfill post-closure, are not due and payable in the current period and, therefore, are not reported in the governmental funds. 	(2,391,007)
<ul style="list-style-type: none"> • Other 	<u>342,838</u>
Net position of governmental activities	<u><u>\$ 11,558,292</u></u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 2,354,775	\$ -	\$ 2,354,775
Interest, penalties, and other taxes	138,197	40,181	178,378
Licenses, permits and fees	1,123,353	-	1,123,353
Intergovernmental	507,897	-	507,897
Charges for services	70,077	353,662	423,739
Investment income	8,275	44,814	53,089
Miscellaneous	<u>87,351</u>	<u>92,038</u>	<u>179,389</u>
Total Revenues	4,289,925	530,695	4,820,620
Expenditures:			
Current:			
General government	1,231,521	42,316	1,273,837
Public safety	1,027,657	51,318	1,078,975
Highways and streets	906,267	32,480	938,747
Sanitation	367,556	26,440	393,996
Health	36,887	-	36,887
Welfare	34,506	-	34,506
Culture and recreation	81,164	369,236	450,400
Conservation	2,076	6,050	8,126
Capital outlay	<u>116,472</u>	<u>-</u>	<u>116,472</u>
Total Expenditures	<u>3,804,106</u>	<u>527,840</u>	<u>4,331,946</u>
Excess (deficiency) of revenues over expenditures	485,819	2,855	488,674
Other Financing Sources (Uses):			
Transfers in	8,474	155,607	164,081
Transfers out	<u>(155,607)</u>	<u>(8,474)</u>	<u>(164,081)</u>
Total Other Financing Sources (Uses)	<u>(147,133)</u>	<u>147,133</u>	<u>-</u>
Change in fund balance	338,686	149,988	488,674
Fund Equity, at Beginning of Year	<u>1,023,692</u>	<u>1,284,139</u>	<u>2,307,831</u>
Fund Equity, at End of Year	<u>\$ 1,362,378</u>	<u>\$ 1,434,127</u>	<u>\$ 2,796,505</u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Net changes in fund balances - total governmental funds	\$ 488,674
• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	499,365
Loss on disposal of assets	(15,053)
Depreciation	(366,569)
• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and land use change taxes) differ between the two statements.	(37,142)
• Other differences	<u>(61,021)</u>
Change in net position of governmental activities	<u><u>\$ 508,254</u></u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues and Other Sources:				
Property taxes	\$ 2,091,229	\$ 2,091,229	\$ 2,091,229	\$ -
Interest, penalties, and other taxes	119,208	119,208	139,619	20,411
Licenses, permits and fees	871,000	871,000	1,123,352	252,352
Intergovernmental	381,480	381,480	507,897	126,417
Charges for services	60,000	60,000	73,278	13,278
Investment income	1,000	1,000	6,904	5,904
Miscellaneous	107,000	107,000	87,968	(19,032)
Transfers in	-	-	8,474	8,474
Use of fund balance	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>-</u>
Total Revenues and Other Sources	4,190,917	4,190,917	4,598,721	407,804
Expenditures and Other Uses:				
General government	1,563,485	1,563,485	1,338,236	225,249
Public safety	1,033,841	1,033,841	1,014,036	19,805
Highways and streets	751,753	751,753	906,267	(154,514)
Sanitation	374,656	374,656	367,556	7,100
Health	40,518	40,518	36,888	3,630
Welfare	69,777	69,777	34,506	35,271
Culture and recreation	223,609	223,609	194,179	29,430
Conservation	13,277	13,277	12,576	701
Debt service	1	1	-	1
Transfers out	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Total Expenditures and Other Uses	<u>4,190,917</u>	<u>4,190,917</u>	<u>4,024,244</u>	<u>166,673</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>574,477</u>	\$ <u>574,477</u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2017

	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and short-term investments	\$ 1,235	\$ 847,897
Investments	<u>6,582</u>	<u>521,670</u>
Total Assets	7,817	1,369,567
 LIABILITIES AND NET POSITION		
Trustees of Trust Funds:		
School funds	-	517,651
Historical society funds	-	568,000
Other funds	-	20,435
Escrow deposits	-	39,161
School impact fees	-	189,259
Due to other funds	-	19,448
Other liabilities	<u>-</u>	<u>15,613</u>
Total Liabilities	<u>-</u>	<u>1,369,567</u>
 NET POSITION		
Restricted for:		
Endowment	6,091	-
Unrestricted	<u>1,726</u>	<u>-</u>
Total net position held in trust	<u>\$ 7,817</u>	<u>\$ -</u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment income	\$ 113
Change in value of investments	<u>735</u>
Total contributions	<u>848</u>
Net increase	848
Net position:	
Beginning of year	<u>6,969</u>
End of year	<u><u>\$ 7,817</u></u>

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

TOWN OF DEERFIELD, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Deerfield, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In 2017, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and motor vehicle registration fees.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, permanent and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, savings accounts, and money market mutual funds. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Trust fund investments managed by the Trustees of Trust Funds consist of certificates of deposit, bond mutual funds, bond exchange traded funds (ETFs), individual equities, equity mutual funds, and equity ETFs. Investments are carried at fair value except certificates of deposit which are reported at cost.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds" (i.e., the current portion of interfund loans).

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. 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 five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Building improvements	15 - 40
Infrastructure	15 - 60
Vehicles	6 - 20
Machinery and equipment	5 - 15
Furniture and fixtures	7 - 20

H. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits. All vested vacation and compensatory time pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Town's budget is originally prepared by the Selectmen's Office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town Meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

B. Budgetary Basis

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations (if any).

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 4,289,925	\$ 3,804,106
Other financing sources/uses (GAAP basis)	<u>8,474</u>	<u>155,607</u>
Subtotal (GAAP Basis)	4,298,399	3,959,713
Adjust tax revenue to accrual basis	(263,546)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(39,224)
Add end-of-year appropriation carryforwards to expenditures	-	59,540
Recognize use of fund balance as a funding source	560,000	-
Reverse effects of nonbudgeted audit adjustments	5,239	-
Reverse effect of combining capital reserve funds with general fund	<u>(1,371)</u>	<u>44,215</u>
Budgetary basis	<u>\$ 4,598,721</u>	<u>\$ 4,024,244</u>

3. Cash and Investments

A. Custodial Credit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. RSA 48:16

limits “deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank.” The Town does not have a deposit policy for custodial credit risk.

As of December 31, 2017, \$62,536 of the Town’s bank balances totaling \$8,446,173 was exposed to custodial credit risk as uninsured, uncollateralized, or collateral held by pledging bank’s trust department not in the Town’s name.

As of December 31, 2017, \$1,066,641 of capital reserve and trust fund assets in the custody of the Trustees of Trust Funds (Trustees) were held in shares of a money market mutual fund registered with the Securities and Exchange Commission in accordance with RSA 31:25. These funds are not collateralized, FDIC-insured, or guaranteed by any other government agency.

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trustees’ investment policies follow the guidelines of RSA 31:25.

The Trustees’ investments are exposed to custodial credit risk because the related securities are uninsured, unregistered, and/or held by the Trustees’ investment management company, which is also the counterparty to these securities. The Trustees manage this custodial credit risk with SIPC and excess SIPC insurance.

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The Trustees investment policy mirrors this rule.

Presented below is the actual rating as of year-end for each investment of the Trustees (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>
Certificates of deposits	\$ 40	N/A	\$ 40
Bond mutual funds and ETFs	238	N/A	238
Corporate equities and ETFs	<u>591</u>	N/A	<u>591</u>
Total investments	<u>\$ 869</u>		<u>\$ 869</u>

C. Concentration of Credit Risk

The Trustees' investment policy includes asset allocation guidelines for investments held in cash equivalents, fixed income, equities, and other securities, but it does not specifically limit the amount of funds that may be invested in any one issuer. As of December 31, 2017, the Trustees did not hold investments in any one issuer (other than corporate bonds and an FDIC-insured certificate of deposit) exceeding 5% of total trust fund investments.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trustees' investment policy does not specifically address interest rate risk. As of December 31, 2017, the interest rate risk associated with the Trustees' investments in various bond mutual funds and ETFs cannot reasonably be determined.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Trustees' investment policy does not specifically address foreign currency risk. As of December 31, 2017, the foreign currency risk associated with the Trustees' investments in various bond and equity mutual funds and ETFs cannot reasonably be determined.

F. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following fair value measurements as of December 31, 2017 (in thousands):

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:			
Debt securities			
Bond mutual funds and ETFs	\$ 238	\$ 238	\$ -
Equity securities	<u>591</u>	591	-
Total	<u>\$ 829</u>		

4. Taxes Receivable

The Town bills property taxes on a quarterly basis and they are due in July, October, January, and March. Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable, within the current fiscal year and collected within the current period or within 60 days of year-end.

Property taxes collected before the due date, and in advance of the year for which they are levied, are recorded as a prepaid tax liability as they are intended to finance the subsequent year's budget.

At the time of the tax lien, which the Town usually places within 60 to 90 days after the due date, a lien is recorded on the property at the Registry of Deeds. If the property taxes (redemptions) are not paid within two years and one day of the tax lien date, the property could be conveyed to the Town by deed and subsequently sold at public sale held in November of each year.

The Town annually raises through tax levy an amount (overlay for abatements) for property tax abatements and interest refunds. All abatements and interest refunds are charged to overlay.

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

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

<u>Receivables</u>	<u>Gross Amounts</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Property taxes			
2017 levy	\$ 450,507	\$ (15,768)	\$ 434,739
Unredeemed tax liens			
2016 levy	98,230	(3,438)	94,792
2015 levy	85,256	(2,984)	82,272
Prior levies	175,886	(6,156)	169,730
Yield taxes	27	-	27
Elderly deferrals	<u>6,641</u>	<u>(232)</u>	<u>6,409</u>
Total taxes receivable	\$ <u>816,547</u>	\$ <u>(28,578)</u>	\$ <u>787,969</u>

Taxes Collected for Others

The Town collects property taxes for the Deerfield School District (SAU 53) and Rockingham County. Payments to the School District are normally made throughout the year and payment to the County is normally made in December. However, ultimate responsibility for the collection of these taxes rests with the Town.

5. Interfund Fund Receivables/Payables

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2017 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 95,462	\$ 180,019
Special revenue funds:		
Conservation	4,863	-
Recreation	163,536	-
250th Anniversary	11,470	-
Special Detail	-	4,148
Impact Fees	-	58,920
Other Special Funds	-	12,947
Trust funds:		
Town Hall Restoration	150	-
Agency funds:		
Planning Board Escrow Deposits	-	8,820
School Impact Fees	-	195
Deerfield Rescue	-	10,000
Timber Tax Bond	-	432
Total	<u>\$ 275,481</u>	<u>\$ 275,481</u>

Transfers

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

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 8,474	\$ 155,607
Special revenue funds:		
Library	95,607	-
Trust funds:		
Cemetery Funds	-	8,474
Winter Road Maintenance	25,000	-
Municipal Government Buildings	25,000	-
Fire Department Vehicle and Equipment	10,000	-
Total	<u>\$ 164,081</u>	<u>\$ 164,081</u>

6. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,068	\$ 61	\$ -	\$ 1,129
Machinery, equipment, and furnishings	817	171	-	988
Vehicles	1,570	35	(30)	1,575
Infrastructure	4,625	225	-	4,850
Total capital assets, being depreciated	<u>8,080</u>	<u>492</u>	<u>(30)</u>	<u>8,542</u>
Less accumulated depreciation for:				
Buildings and improvements	(240)	(49)	-	(289)
Machinery, equipment, and furnishings	(435)	(76)	-	(511)
Vehicles	(901)	(91)	15	(977)
Infrastructure	(1,500)	(150)	-	(1,650)
Total accumulated depreciation	<u>(3,076)</u>	<u>(366)</u>	<u>15</u>	<u>(3,427)</u>
Total capital assets, being depreciated, net	5,004	126	(15)	5,115
Capital assets, not being depreciated:				
Land	5,033	-	-	5,033
Construction in progress	56	26	(20)	62
Total capital assets, not being depreciated	<u>5,089</u>	<u>26</u>	<u>(20)</u>	<u>5,095</u>
Governmental activities capital assets, net	<u>\$ 10,093</u>	<u>\$ 152</u>	<u>\$ (35)</u>	<u>\$ 10,210</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:	
General government	\$ 39
Public safety	117
Highways and streets*	189
Sanitation	8
Culture and recreation	<u>13</u>
Total depreciation expense - governmental activities	<u>\$ 366</u>

*Note: Highways and streets includes depreciation costs for infrastructure.

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 14.

8. Accounts Payable and Accrued Liabilities

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

9. Long-Term Debt

Changes in General Long-Term Liabilities

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

	Total Balance 1/1/17	Additions	Reductions	Total Balance 12/31/17	Less Current Portion	Equals Long-Term Portion 12/31/17
<u>Governmental Activities</u>						
Net pension liability	\$ 2,353	\$ -	\$ (124)	\$ 2,229	\$ -	\$ 2,229
Other:						
Landfill liability	160	-	(16)	144	(16)	128
Compensated absences	<u>16</u>	<u>3</u>	<u>(1)</u>	<u>18</u>	<u>-</u>	<u>18</u>
Subtotal - other	<u>176</u>	<u>3</u>	<u>(17)</u>	<u>162</u>	<u>(16)</u>	<u>146</u>
Totals	<u>\$ 2,529</u>	<u>\$ 3</u>	<u>\$ (141)</u>	<u>\$ 2,391</u>	<u>\$ (16)</u>	<u>\$ 2,375</u>

10. Landfill Post-Closure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$144,000 reported as landfill postclosure care liability at December 31, 2017 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2017. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

11. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports two items as deferred inflows of resources: one which is attributable to changes in the net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 14. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

12. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which seeks to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2017:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various

special revenue and expendable trust funds and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54).

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, and surplus set aside to be used in the subsequent year's budget.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at December 31, 2017:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 270,928	\$ 270,928
Total Nonspendable	-	270,928	270,928
Restricted			
Special revenue funds:			
Conservation	-	354,742	354,742
Highway/Solid waste impact fees	-	144,201	144,201
Recreation funds	-	159,097	159,097
Library funds	-	90,199	90,199
Expendable trusts	-	243,660	243,660
Other	-	78,700	78,700
Expendable permanent funds	-	92,600	92,600
Total Restricted	-	1,163,199	1,163,199
Committed			
Non-lapsing appropriation	101,980	-	101,980
Capital reserve funds:			
Fire apparatus and equipment	169,759	-	169,759
Other	49,372	-	49,372
Total Committed	321,111	-	321,111
Assigned			
Encumbrances	59,540	-	59,540
Reserved for flood insurance	8,875	-	8,875
Total Assigned	68,415	-	68,415
Unassigned			
Total Unassigned	972,852	-	972,852
Total Fund Balances	\$ 1,362,378	\$ 1,434,127	\$ 2,796,505

13. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how undesignated fund balance is reported in accordance with the budgetary basis for reporting to the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between the GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$	972,852
Unavailable revenue		<u>780,850</u>
Tax Rate Setting Balance	\$	<u><u>1,753,702</u></u>

14. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

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

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

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

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.86% to 25.32% of covered compensation. The Town's contribution to NHRS for the year ended December 31, 2017 was \$182,153, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

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

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

At December 31, 2017, the Town reported a liability of \$2,229,199 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Town's proportion was 0.04425028%.

At the most recent measurement date of June 30, 2017, the Town's proportion was 0.04532742%, which was an increase of 0.00107714% from its previous year proportion.

For the year ended December 31, 2017, the Town recognized pension expense of \$252,156. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ 121,594	\$ 39,803
Differences between expected and actual experience	5,055	28,371
Changes of assumptions	223,841	-
Net difference between projected and actual earnings on pension plan investments	-	28,390
Contributions subsequent to the measurement date	<u>88,912</u>	<u>-</u>
Total	<u>\$ 439,402</u>	<u>\$ 96,564</u>

The \$88,912 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 56,725
2019	120,868
2020	102,416
2021	<u>(26,083)</u>
Total	<u>\$ 253,926</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% per year
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 the last experience study.

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

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

Asset Class	Target Allocation Percentage	Weighted Average Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	7.00	6.25%
Total international equities	20.00	
Core Bonds	5.00	0.64%
Short Duration	2.00	-0.25%
Global Multi-Sector Fixed Income	11.00	1.71%
Absolute Return Fixed Income	7.00	1.08%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.75%
Opportunistic	5.00	3.68%
Total alternative investments	15.00	
Real estate	10.00	3.25%
Total	100.00 %	

G. Discount Rate

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

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 2,936,858	\$ 2,229,199	\$ 1,649,301

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

15. Other Post-Employment Benefits – OPEB (GASB 45)

The Town has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which requires governmental employers to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns post-employment benefits, rather than when they use them. To the extent that an

entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

The Town participates in a community-rated insurance plan in which the premium rates reflect the health claim experience of all participating employers. As a result, it is appropriate for the Town to use the unadjusted premium as a basis for projecting retiree benefit costs. Since the Town does not currently provide direct other post-employment benefits to its retirees, and it is reasonable for the Town to project benefits using unadjusted premiums, the Town does not have an OPEB liability at December 31, 2017.

16. Commitments and Contingencies

Property Tax Abatement/Refund Claims – On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town’s management is of the opinion that any potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

17. Leases

The Town is the lessor of a building that contains two spaces that are currently leased to Yannis Pizzeria and Country Cuts.

The lease agreement with Yannis Pizzeria is for a term of five years beginning October 1, 2017. Under the terms of the lease agreement, the Town receives \$700 per month.

The lease agreement with Country Cuts is for a term of five years beginning December 1, 2017. Under the terms of the lease agreement, the Town receives \$350 per month.

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

DECEMBER 31, 2017
(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2017	June 30, 2017	0.04532742%	\$2,229,199	\$ 1,209,159	184.36%	62.66%
December 31, 2016	June 30, 2016	0.04425028%	\$2,353,051	\$ 1,151,128	204.41%	58.30%
December 31, 2015	June 30, 2015	0.04250530%	\$1,683,859	\$ 1,094,525	153.84%	65.50%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**TOWN OF DEERFIELD, NEW HAMPSHIRE
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)**

**DECEMBER 31, 2017
(Unaudited)**

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2017	\$ 182,153	\$ 182,153	\$ -	\$ 1,209,159	15.06%
December 31, 2016	\$ 163,350	\$ 163,350	\$ -	\$ 1,151,128	14.19%
December 31, 2015	\$ 229,204	\$ 229,204	\$ -	\$ 1,094,525	20.94%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF DEERFIELD, NEW HAMPSHIRE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	Special Revenue Funds						
	FEMA Fund	Recreation Funds	Conservation Fund	Impact Fees	Library Operating	Library Building	Other Special Funds
ASSETS							
Cash and short-term investments	\$ -	\$ -	\$ 354,236	\$ 203,121	\$ 40,166	\$ 50,033	\$ 80,485
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	163,537	4,863	-	-	-	-
Total Assets	\$ -	\$ 163,537	\$ 359,099	\$ 203,121	\$ 40,166	\$ 50,033	\$ 80,485
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 4,440	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	58,920	-	-	12,948
Total Liabilities	-	4,440	-	58,920	-	-	12,948
DEFERRED INFLOWS OF RESOURCES							
	-	-	4,357	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	159,097	354,742	144,201	40,166	50,033	67,537
Total Fund Balance	-	159,097	354,742	144,201	40,166	50,033	67,537
Total Liabilities, Deferred Inflows, and Fund Balances	\$ -	\$ 163,537	\$ 359,099	\$ 203,121	\$ 40,166	\$ 50,033	\$ 80,485

(continued)

TOWN OF DEERFIELD, NEW HAMPSHIRE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

(continued)

	Special Revenue Funds				Permanent Funds			Total Nonmajor Governmental Funds	
	250th Anniversary	Special Detail	Northern Pass	Expendable Trust Funds	Subtotals	Cemetery Funds	Library Funds		Subtotals
ASSETS									
Cash and short-term investments	\$ -	\$ -	\$ -	\$ 208,412	\$ 936,453	\$ 46,737	\$ 10,696	\$ 57,433	\$ 993,886
Investments	-	-	-	35,099	35,099	249,095	57,000	306,095	341,194
Accounts receivable	-	6,000	-	-	6,000	-	-	-	6,000
Due from other funds	11,470	-	-	148	180,018	-	-	-	180,018
Total Assets	<u>\$ 11,470</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 243,659</u>	<u>\$ 1,157,570</u>	<u>\$ 295,832</u>	<u>\$ 67,696</u>	<u>\$ 363,528</u>	<u>\$ 1,521,098</u>
LIABILITIES									
Accounts payable and accrued liabilities	\$ -	\$ 2,160	\$ -	\$ -	\$ 6,600	\$ -	\$ -	\$ -	\$ 6,600
Due to other funds	-	4,146	-	-	76,014	-	-	-	76,014
Total Liabilities	-	6,306	-	-	82,614	-	-	-	82,614
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	4,357	-	-	-	4,357
FUND BALANCES									
Nonspendable	-	-	-	-	-	206,533	64,395	270,928	270,928
Restricted	11,470	(306)	-	243,659	1,070,599	89,299	3,301	92,600	1,163,199
Total Fund Balance	<u>11,470</u>	<u>(306)</u>	<u>-</u>	<u>243,659</u>	<u>1,070,599</u>	<u>295,832</u>	<u>67,696</u>	<u>363,528</u>	<u>1,434,127</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 11,470</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 243,659</u>	<u>\$ 1,157,570</u>	<u>\$ 295,832</u>	<u>\$ 67,696</u>	<u>\$ 363,528</u>	<u>\$ 1,521,098</u>

See Independent Auditors' Report

TOWN OF DEERFIELD, NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds						
	FEMA Fund	Recreation Funds	Conservation Fund	Impact Fees	Library Operating	Library Building	Other Special Funds
Revenues:							
Interest, penalties, and other taxes	\$ -	\$ -	\$ 40,181	\$ -	\$ -	\$ -	\$ -
Charges for services	-	309,641	-	-	-	-	-
Investment income	-	-	797	408	-	25	157
Miscellaneous	-	1,318	751	39,458	1,270	-	16,843
Total Revenues	-	310,959	41,729	39,866	1,270	25	17,000
Expenditures:							
Current:							
General government	1	-	-	-	-	-	15,590
Public safety	-	-	-	-	-	-	5,946
Highways and streets	-	-	-	32,480	-	-	-
Sanitation	-	-	-	26,440	-	-	-
Culture and recreation	-	272,297	-	-	93,279	668	-
Conservation	-	-	6,050	-	-	-	-
Total Expenditures	1	272,297	6,050	58,920	93,279	668	21,536
Excess (deficiency) of revenues over (under) expenditures	(1)	38,662	35,679	(19,054)	(92,009)	(643)	(4,536)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	95,607	734	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	95,607	734	-
Change in fund balances	(1)	38,662	35,679	(19,054)	3,598	91	(4,536)
Fund Balances, beginning of year	1	120,435	319,063	163,255	36,568	49,942	72,073
Fund Balances, end of year	\$ -	\$ 159,097	\$ 354,742	\$ 144,201	\$ 40,166	\$ 50,033	\$ 67,537

(continued)

TOWN OF DEERFIELD, NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

(continued)

	Special Revenue Funds					Permanent Funds			Total Nonmajor Governmental Funds
	250th Anniversary	Special Detail	Northern Pass	Expendable Trust Funds	Subtotals	Cemetery Funds	Library Funds	Subtotals	
Revenues:									
Interest, penalties, and other taxes	\$ -	\$ -	\$ -	\$ -	\$ 40,181	\$ -	\$ -	\$ -	\$ 40,181
Charges for services	-	44,021	-	-	353,662	-	-	-	353,662
Investment income	-	-	-	5,513	6,900	30,117	7,797	37,914	44,814
Miscellaneous	<u>2,702</u>	<u>-</u>	<u>25,562</u>	<u>934</u>	<u>88,838</u>	<u>3,200</u>	<u>-</u>	<u>3,200</u>	<u>92,038</u>
Total Revenues	2,702	44,021	25,562	6,447	489,581	33,317	7,797	41,114	530,695
Expenditures:									
Current:									
General government	-	-	26,725	-	42,316	-	-	-	42,316
Public safety	-	45,372	-	-	51,318	-	-	-	51,318
Highways and streets	-	-	-	-	32,480	-	-	-	32,480
Sanitation	-	-	-	-	26,440	-	-	-	26,440
Culture and recreation	2,992	-	-	-	369,236	-	-	-	369,236
Conservation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,050</u>
Total Expenditures	<u>2,992</u>	<u>45,372</u>	<u>26,725</u>	<u>-</u>	<u>527,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,840</u>
Excess (deficiency) of revenues over (under) expenditures	(290)	(1,351)	(1,163)	6,447	(38,259)	33,317	7,797	41,114	2,855
Other Financing Sources (Uses):									
Transfers in	-	-	-	60,000	156,341	-	-	-	156,341
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,474)</u>	<u>(734)</u>	<u>(9,208)</u>	<u>(9,208)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>156,341</u>	<u>(8,474)</u>	<u>(734)</u>	<u>(9,208)</u>	<u>147,133</u>
Change in fund balances	(290)	(1,351)	(1,163)	66,447	118,082	24,843	7,063	31,906	149,988
Fund Balances, beginning of year	<u>11,760</u>	<u>1,045</u>	<u>1,163</u>	<u>177,212</u>	<u>952,517</u>	<u>270,989</u>	<u>60,633</u>	<u>331,622</u>	<u>1,284,139</u>
Fund Balances, end of year	<u>\$ 11,470</u>	<u>\$ (306)</u>	<u>\$ -</u>	<u>\$ 243,659</u>	<u>\$ 1,070,599</u>	<u>\$ 295,832</u>	<u>\$ 67,696</u>	<u>\$ 363,528</u>	<u>\$ 1,434,127</u>

See Independent Auditors' Report