

**TOWN OF PLAISTOW,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

TOWN OF PLAISTOW, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3 - 9

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
A Statement of Net Position	10
B Statement of Activities	11
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	12
C-2 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	13
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	16
<i>Fiduciary Funds</i>	
E-1 Statement of Net Position	17
E-2 Statement of Changes in Net Position	18
NOTES TO THE BASIC FINANCIAL STATEMENTS	19 - 39

REQUIRED SUPPLEMENTARY INFORMATION

F Schedule of Funding Progress for Other Postemployment Benefit Plan	40
G Schedule of the Town's Proportionate Share of Net Pension Liability	41
H Schedule of Town Contributions	42
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	43 - 44

COMBINING AND INDIVIDUAL FUND SCHEDULES

Governmental Funds	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	45
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	46 - 47
3 Schedule of Changes in Unassigned Fund Balance.....	48
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet	49
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	50
INDEPENDENT AUDITOR'S COMMUNICATION	
OF A SIGNIFICANT DEFICIENCY	51 - 52



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen and Town Manager
Town of Plaistow
Plaistow, New Hampshire

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Plaistow, as of and for the year ended December 31, 2015, 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 Plaistow, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1-Q to the financial statements, in 2015 the Town changed its method of accounting for pension reporting with the adoption of Governmental Accounting Standards Board Statement No. 68 *Accounting, and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and as amended by Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to these matters.

Town of Plaistow
Independent Auditor's Report

Other Matters

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

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

The combining and individual fund financial 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 financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

February 10, 2017

Plodzik & Sanderson
Professional Association

Town of Plaistow, New Hampshire

Management's Discussion and Analysis

Presented herewith please find the Management Discussion & Analysis for the Town of Plaistow, New Hampshire for the year ending December 31, 2015. The responsibility for accuracy of the data, the completeness and fairness of this document (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This report and its content have been designed to fairly present the Town's financial position, including the result of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Town of Plaistow, New Hampshire using the integrated approach as prescribed by GASB Statement 34.

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, and
3. Notes to the basic financial statements and
4. Required supplementary information.

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent year. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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: governmental funds and fiduciary funds.

Town of Plaistow, New Hampshire Management's Discussion and Analysis

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 are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 12-15.

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 statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

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

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town 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 Town's fiduciary funds on pages 17-18 which include the private-purpose trust funds and agency funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. These notes to the basic financial statements begin on page 19.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes this management's discussion and analysis and a Schedule of Funding Progress for Other Postemployment Benefit Plan, a Schedule of the Town's Proportionate Share of Net Position Liability and a Schedule of Town Contributions. These schedules are Exhibits F, G and H after the note section in the report.

Other Supplementary Information

Other supplementary information includes combining and individual fund financial schedules for the governmental funds.

Town of Plaistow, New Hampshire Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position of the Town of Plaistow as of December 31, 2015 and 2014 are as follows:

	2015	2014 (As Restated)
Current assets	\$ 13,825,124	\$ 13,838,293
Capital assets	<u>12,177,217</u>	<u>11,611,544</u>
Total assets	<u>26,002,341</u>	<u>25,449,837</u>
Deferred outflows of resources	<u>258,625</u>	<u>217,132</u>
 Long-term liabilities	 5,474,293	 5,382,423
Other liabilities	<u>7,579,484</u>	<u>7,818,650</u>
Total liabilities	<u>13,053,777</u>	<u>13,201,073</u>
 Deferred in flows of resources	 <u>704,634</u>	 <u>869,978</u>
 Net position:		
Net investment in capital assets	12,102,919	11,504,945
Restricted	518,786	397,897
Unrestricted	<u>(119,150)</u>	<u>(306,924)</u>
Total net position	<u>\$ 12,502,555</u>	<u>\$ 11,595,918</u>

The largest portion of the Town's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure, less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town of Plaistow, those restrictions include those related to permanent trust funds, library and other police and public safety grant funds.

The Town's negative net position is due to the fact that as of December 31, 2015, the Town implemented GASB Statement No.68, Accounting and Financial Reporting for Pensions, which requires the Town to report their proportionate share of the New Hampshire Retirement System's net pension liability based upon their plan contributions for the year. The New Hampshire Retirement System has a statutory funding schedule whose goal is to reach 100% plan funding by June 30, 2039.

Town of Plaistow, New Hampshire

Management's Discussion and Analysis

Statement of Activities

Summary of Changes in Net Position Governmental Activities

	<u>2015</u>	<u>2014</u> <u>(As restated)</u>	<u>Difference</u>
Revenues:			
Program Revenue:			
Charges for Services	\$ 298,539	\$ 397,099	\$ (98,560)
Operating Grants and Contributions	419,502	495,458	(75,956)
Capital Grants and Contributions	-	30,000	(30,000)
General Revenue:			
Taxes	5,325,242	5,170,453	154,789
Licenses and permits	1,820,136	1,641,693	178,443
Grants and Contributions Not Restricted			
to Specific Programs	406,982	364,601	42,381
Miscellaneous	830,632	674,153	156,479
Total Revenues	<u>9,101,033</u>	<u>8,773,457</u>	<u>327,576</u>
Expenses:			
General Government	\$ 2,669,580	\$ 2,923,696	\$ (254,116)
Public Safety	2,721,539	2,826,018	(104,479)
Highways and Streets	1,075,967	844,920	231,047
Sanitation	616,780	616,127	653
Water Distribution and Treatment	70,603	91,528	(20,925)
Health and Welfare	147,934	160,615	(12,681)
Culture and Recreation	883,761	815,187	68,574
Conservation	8,232	52,429	(44,197)
Total Expenses	<u>8,194,396</u>	<u>8,330,520</u>	<u>(136,124)</u>
Change in Net Position	906,637	442,937	463,700
Net Position, beginning, as restated	<u>11,595,918</u>	<u>11,152,981</u>	<u>442,937</u>
Net Position, ending	<u>\$ 12,502,555</u>	<u>\$ 11,595,918</u>	<u>\$ 906,637</u>

The Town's net position increased by \$906,637.

Town of Plaistow, New Hampshire Management's Discussion and Analysis

The Town's expenses cover a range of services. The largest expenses were for general government and public safety, which accounted for 69.02% of total expenses.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

General Fund

The general fund is the main operating fund of the Town. At the end of the current year, the general fund had a fund balance of \$5,419,096. This includes an unassigned amount of \$3,458,497. The total General Fund fund balance increased \$190,800 from December 31, 2014.

Other Governmental Funds

The total fund balance of \$1,074,983 in the other governmental funds is restricted for the purposes of the individually established fund. The largest portion of this total represents the balance in the Water Suppression Fund (\$362,666), Conservation Fund (\$239,081), Permanent Fund (\$134,586) and the Impact Fees Fund (\$165,384).

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary information for the major governmental fund (the General Fund) can be found in the report at Exhibit D on page 16.

The actual budgetary revenues exceeded the budget for estimated revenues by \$401,500. The Town received \$105,186 more in taxes, \$105,336 in licenses and permits, \$63,810 in intergovernmental, and \$127,168 from miscellaneous sources.

The actual budgetary expenditures were less than the budgeted appropriations by \$549,927.

The Police and Highway expenditures were under budget due to the salaries, benefits, equipment and supplies cost savings. Sanitation increase expense due to the increase tonnage of solid waste and curbside collection.

Town of Plaistow, New Hampshire

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town considers a capital asset to be an asset whose cost exceeds \$30,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's capital assets for its governmental activities as of December 31, 2015 is \$17,211,028. Accumulated depreciation amounts to \$5,033,811, leaving a net book value of \$12,177,217. The capital assets includes equipment, real property, infrastructure, and land. Infrastructure assets are items that are normally immovable and of value only to the Town. Additional information on the Town's capital assets can be found in Note 7 of the Notes to the Basic Financial Statements.

Capital Assets at Year End Governmental Activities

	<u>2015</u>	<u>2014</u>	Increase (Decrease)
Land	\$ 3,983,963	\$ 3,983,963	\$ -
Construction in Progress	44,728	57,150	(12,422)
Buildings & Improvements	3,338,772	3,486,021	(147,249)
Machinery, Equipment & Vehicles	1,726,514	1,493,506	233,008
Infrastructure	3,083,240	2,590,904	492,336
Totals at Historical Cost	<u>\$ 12,177,217</u>	<u>\$ 11,611,544</u>	<u>\$ 565,673</u>

Long-Term Obligations

At December 31, 2015 the Town had two outstanding capital leases used to finance police vehicles, as well as a lease for the highway chipper. Outstanding balance at December 31, 2015 totals \$74,298. The leases mature in 2016, 2017 and 2018.

Town of Plaistow, New Hampshire Management's Discussion and Analysis

Long-Term Debt Outstanding at Year End Governmental Activities

	<u>2015</u>	<u>2014</u>	<u>Difference</u>
General Obligation Bonds Payable	\$ -	\$ -	\$ -
Premium Capital Leases	74,298	106,599	(32,301)
Compensated Absences Payable	215,009	194,110	20,899
Accrued Landfill Postclosure Care Costs	-	-	-
Net Other Postemployment Benefits Liability	106,717	5 2,779	53,938
Net Pension Liability	-	-	-
Total Long-Term Debt Outstanding	<u>\$ 396,024</u>	<u>\$ 353,488</u>	<u>\$ 42,536</u>

Additional information on the Town's long-term obligations can be found in Note 12 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS

The Town of Plaistow continues to review and update our capital investment plan (CIP) to accommodate and anticipate the needs of the community and its continued operation based on continued growth. We are continuing to experience significant residential growth and commercial property development. In addition, many other retail locations have been retrofitted for smaller businesses. Also, we have seen the development of several major residential locations which directly impacts our education and government services to be provided.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Plaistow 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 to: Town of Plaistow, New Hampshire, 145 Main Street, Plaistow, New Hampshire 03865.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF PLAISTOW, NEW HAMPSHIRE
Statement of Net Position
December 31, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,926,835
Investments	1,716,041
Account receivables (net)	131,813
Taxes receivables (net)	930,021
Intergovernmental receivable	36,913
Prepaid items	83,501
Capital assets:	
Land and construction in progress	4,028,691
Other capital assets, net of depreciation	8,148,526
Total assets	<u>26,002,341</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>258,625</u>
LIABILITIES	
Accounts payable	160,960
Accrued salaries and benefits	977
Accrued interest payable	647
Intergovernmental payable	7,416,900
Long-term liabilities:	
Due within one year	45,745
Due in more than one year	350,279
Net pension liability	5,078,269
Total liabilities	<u>13,053,777</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	<u>704,634</u>
NET POSITION	
Net investment in capital assets	12,102,919
Restricted	518,786
Unrestricted	(119,150)
Total net position	<u><u>\$ 12,502,555</u></u>

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

EXHIBIT B
TOWN OF PLAISTOW, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2015

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 2,669,580	\$ 10,544	\$ -	\$ (2,659,036)
Public safety	2,721,539	82,903	267,578	(2,371,058)
Highways and streets	1,075,967	-	141,399	(934,568)
Sanitation	616,780	-	-	(616,780)
Water distribution and treatment	70,603	121,349	10,525	61,271
Health	134,706	-	-	(134,706)
Welfare	13,228	-	-	(13,228)
Culture and recreation	883,761	83,743	-	(800,018)
Conservation	8,232	-	-	(8,232)
Total governmental activities	<u>\$ 8,194,396</u>	<u>\$ 298,539</u>	<u>\$ 419,502</u>	<u>(7,476,355)</u>
General revenues:				
Taxes:				
Property				5,105,442
Other				219,800
Motor vehicle permit fees				1,572,292
Licenses and other fees				247,844
Grants and contributions not restricted to specific programs				406,982
Miscellaneous				830,632
Total general revenues				<u>8,382,992</u>
Change in net position				906,637
Net position, beginning, as restated (see Note 16)				11,595,918
Net position, ending				<u>\$ 12,502,555</u>

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

EXHIBIT C-1
TOWN OF PLAISTOW, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,644,429	\$ 1,282,406	\$ 10,926,835
Investments	1,588,985	127,056	1,716,041
Accounts receivable (net)	45,909	85,904	131,813
Taxes receivable	1,468,021	-	1,468,021
Intergovernmental receivable	30,314	6,599	36,913
Interfund receivable	485,611	76,470	562,081
Voluntary tax liens	32,539	-	32,539
Voluntary tax liens reserved until collected	(32,539)	-	(32,539)
Prepaid items	83,501	-	83,501
Total assets	<u>\$ 13,346,770</u>	<u>\$ 1,578,435</u>	<u>\$ 14,925,205</u>
LIABILITIES			
Accounts payable	\$ 143,119	\$ 17,841	\$ 160,960
Accrued salaries and benefits	977	-	977
Intergovernmental payable	7,416,900	-	7,416,900
Interfund payable	76,470	485,611	562,081
Total liabilities	<u>7,637,466</u>	<u>503,452</u>	<u>8,140,918</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	<u>290,208</u>	<u>-</u>	<u>290,208</u>
FUND BALANCES			
Nonspendable	83,501	112,712	196,213
Restricted	282,634	123,440	406,074
Committed	1,401,346	837,207	2,238,553
Assigned	193,118	1,624	194,742
Unassigned	3,458,497	-	3,458,497
Total fund balances	<u>5,419,096</u>	<u>1,074,983</u>	<u>6,494,079</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,346,770</u>	<u>\$ 1,578,435</u>	<u>\$ 14,925,205</u>

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

EXHIBIT C-2
TOWN OF PLAISTOW, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2015

Total fund balances of governmental funds (Exhibit C-1)		\$ 6,494,079
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 17,211,028	
Less accumulated depreciation	<u>(5,033,811)</u>	
		12,177,217
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 258,625	
Deferred inflows of resources related to pensions	<u>(704,634)</u>	
		(446,009)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (562,081)	
Payables	<u>562,081</u>	
		-
Long term revenue (taxes) is not available to pay current-period expenditures and therefore, is deferred in the governmental funds.		290,208
Allowance for uncollectible property taxes that is recognized on a full accrual basis but not on the modified accrual basis.		(538,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(647)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Capital leases	\$ 74,298	
Compensated absences	215,009	
Other postemployment benefits	106,717	
Net pension liability	<u>5,078,269</u>	
		(5,474,293)
Net position of governmental activities (Exhibit A)		<u><u>\$ 12,502,555</u></u>

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

EXHIBIT C-3
TOWN OF PLAISTOW, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,172,178	\$ 77,500	\$ 5,249,678
Licenses and permits	1,820,136	-	1,820,136
Intergovernmental	737,199	89,285	826,484
Charges for services	95,609	202,930	298,539
Miscellaneous	696,001	134,631	830,632
Total revenues	<u>8,521,123</u>	<u>504,346</u>	<u>9,025,469</u>
EXPENDITURES			
Current:			
General government	2,846,279	-	2,846,279
Public safety	2,547,759	264,988	2,812,747
Highways and streets	1,115,332	-	1,115,332
Water distribution and treatment	20,052	14,824	34,876
Sanitation	616,780	-	616,780
Health	134,468	-	134,468
Welfare	13,228	-	13,228
Culture and recreation	804,144	15,764	819,908
Conservation	2,905	5,327	8,232
Capital outlay	564,622	-	564,622
Total expenditures	<u>8,665,569</u>	<u>300,903</u>	<u>8,966,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,446)</u>	<u>203,443</u>	<u>58,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	306,382	80,019	386,401
Transfers out	(10,000)	(376,401)	(386,401)
Capital lease	38,864	-	38,864
Total other financing sources (uses)	<u>335,246</u>	<u>(296,382)</u>	<u>38,864</u>
Net change in fund balances	190,800	(92,939)	97,861
Fund balances, beginning, as restated (see Note 16)	5,228,296	1,167,922	6,396,218
Fund balances, ending	<u>\$ 5,419,096</u>	<u>\$ 1,074,983</u>	<u>\$ 6,494,079</u>

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

EXHIBIT C-4
TOWN OF PLAISTOW, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2015

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 97,861
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 1,017,325	
Depreciation expense	<u>(413,140)</u>	
		604,185
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position.		(38,512)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (386,401)	
Transfers out	<u>386,401</u>	
		-
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
Contributions subsequent to the measurement date	\$ 221,853	
Net pension expense	<u>(11,131)</u>	
		210,722
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		75,564
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Capital lease inception	\$ (38,864)	
Repayment of capital leases	<u>71,165</u>	
		32,301
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (647)	
Increase in compensated absences payable	(20,899)	
Increase in other postemployment benefits payable	<u>(53,938)</u>	
		(75,484)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 906,637</u>

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

EXHIBIT D
TOWN OF PLAISTOW, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,142,556	\$ 5,142,556	\$ 5,247,742	\$ 105,186
Licenses and permits	1,714,800	1,714,800	1,820,136	105,336
Intergovernmental	673,389	673,389	737,199	63,810
Charges for services	83,700	83,700	95,609	11,909
Miscellaneous	510,500	510,500	625,759	115,259
Total revenues	<u>8,124,945</u>	<u>8,124,945</u>	<u>8,526,445</u>	<u>401,500</u>
EXPENDITURES				
Current:				
General government	2,965,689	2,965,689	2,856,106	109,583
Public safety	2,644,057	2,642,907	2,487,379	155,528
Highways and streets	942,086	942,086	731,594	210,492
Water distribution and treatment	43,105	43,105	20,052	23,053
Sanitation	562,000	562,000	616,780	(54,780)
Health	140,249	141,399	134,468	6,931
Welfare	33,090	33,090	13,228	19,862
Culture and recreation	785,461	785,461	763,021	22,440
Conservation	9,680	9,680	(3,825)	13,505
Debt service:				
Interest	1	1	-	1
Capital outlay	<u>315,000</u>	<u>315,000</u>	<u>271,688</u>	<u>43,312</u>
Total expenditures	<u>8,440,418</u>	<u>8,440,418</u>	<u>7,890,491</u>	<u>549,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(315,473)</u>	<u>(315,473)</u>	<u>635,954</u>	<u>951,427</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	203,105	203,105	499,946	296,841
Transfers out	<u>(452,632)</u>	<u>(452,632)</u>	<u>(452,632)</u>	<u>-</u>
Total other financing sources (uses)	<u>(249,527)</u>	<u>(249,527)</u>	<u>47,314</u>	<u>296,841</u>
Net change in fund balances	<u>\$ (565,000)</u>	<u>\$ (565,000)</u>	683,268	<u>\$ 1,248,268</u>
Increase in nonspendable fund balance			(53,359)	
Unassigned fund balance, beginning, as restated (see Note 16)			2,580,796	
Unassigned fund balance, ending			<u>\$ 3,210,705</u>	

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

EXHIBIT E-1
TOWN OF PLAISTOW, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
December 31, 2015

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 305	\$ 220,343
Investments	5,147	-
Total assets	<u>5,452</u>	<u>220,343</u>
LIABILITIES		
Intergovernmental payables	-	109,146
Due to others	-	111,197
Total liabilities	<u>-</u>	<u>220,343</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 5,452</u>	<u>\$ -</u>

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

EXHIBIT E-2
TOWN OF PLAISTOW, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended December 31, 2015

	Private Purpose Trust
ADDITIONS	
Change in fair market value	\$ (81)
Net position, beginning	<u>5,533</u>
Net position, ending	<u><u>\$ 5,452</u></u>

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

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Government-wide and Fund Financial Statements	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	1-C
Cash and Cash Equivalents.....	1-D
Investments.....	1-E
Receivables.....	1-F
Interfund Balances	1-G
Prepaid Items.....	1-H
Capital Assets	1-I
Deferred Outflows/Inflows of Resources	1-J
Property Taxes.....	1-K
Compensated Absences	1-L
Long-term Obligations	1-M
Claims and Judgments.....	1-N
Interfund Activities.....	1-O
Net Position/Fund Balance Reporting	1-P
Defined Benefit Pension Plan	1-Q
Stewardship, Compliance, and Accountability.....	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Change in Accounting Principle	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Other Receivables.....	6
Capital Assets.....	7
Interfund Balances and Transfers	8
Intergovernmental Payables.....	9
Deferred Outflows/Inflows of Resources	10
Capital Lease Obligations	11
Long-term Liabilities	12
Encumbrances	13
Governmental Activities Net Position.....	14
Governmental Fund Balances	15
Prior Period Adjustments.....	16
Defined Benefit Pension Plan	17
Other Postemployment Benefits (OPEB)	18
Risk Management.....	19

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Contingencies.....	20
Subsequent Events.....	21

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Plaistow, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

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

1-A Reporting Entity

The Town of Plaistow is a municipal corporation governed by an elected 5-member Board of Selectmen and Town Manager. 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 Government-wide and Fund 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 Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

Government 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.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. 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. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred outflows/inflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Town reports the following major governmental fund:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

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

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 Funds – The Town also reports the following fiduciary funds:

Private Purpose Trust Fund – used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Fund - used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

1-D 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, certificates of 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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

1-E Investments

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

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

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

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

Investments for the Town are reported at fair value generally based on quoted market prices.

1-F Receivables

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

1-G Interfund Balances

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses as the items are used.

1-I Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$30,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 - 50
Vehicles and equipment	5 - 50
Infrastructure	25 - 50

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

1-J Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-K 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 12, 2015, October 29, 2015, and November 23, 2015 and due on July 1, 2015, December 7, 2015, and December 23, 2015. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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

The Town net assessed valuation as of April 1, 2015 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 867,985,437
For all other taxes	\$ 891,581,427

The tax rates and amounts assessed for the year ended December 31, 2015 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.98	\$ 5,327,312
School portion:		
State of New Hampshire	\$2.49	2,158,840
Local	\$14.62	13,038,621
County portion	\$1.07	957,080
Total		<u>\$ 21,481,853</u>

1-L Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation and sick pay 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.

1-M Long-term Obligations

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

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

1-N Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-O Interfund Activities

Interfund activities are reported as follows:

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

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

1-P Net Position/Fund Balance Reporting

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

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, 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.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications – The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town’s governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes 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 – This classification includes 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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Assigned – This classification includes 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 – This classification includes the residual fund balance for 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-Q Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* 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 relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

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 2015, \$565,000 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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 9,026,391
Adjustment:	
Basis difference:	
Inception of a capital lease	38,864
GASB Statement No. 54:	
To record revenue of the blended funds	70,242
To eliminate transfers between blended funds	(193,564)
Change in deferred inflows of resources relating to 60-day revenue recognition	(75,564)
Per Exhibit C-3 (GAAP basis)	<u>\$ 8,866,369</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 8,343,123
Adjustment:	
Basis differences:	
Encumbrances, beginning	880,307
Encumbrances, ending	(193,118)
Inception of a capital lease	38,864
GASB Statement No. 54:	
To record blended expendable trust expenditures during the year	49,025
To eliminate transfers between blended general and expendable trust funds	(442,632)
Per Exhibit C-3 (GAAP basis)	<u>\$ 8,675,569</u>

2-C Change in Accounting Principle

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the School District calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of January 1, 2015 by \$5,735,001 (see Note 16). The reduction accounts for the associated net position liability, deferred outflows of resources, and deferred inflows of resources related to pensions.

Also, the Town adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement addresses an issue in GASB Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2015, the reported amount of the Town's deposits was \$11,147,483 and the bank balance was \$11,799,691. Of the bank balance \$10,282,699 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name, and \$1,516,992 was uninsured and uncollateralized.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 10,926,835
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	220,648
Total cash and cash equivalents	<u>\$ 11,147,483</u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. At December 31, 2015, this Town had the following investments:

	<u>Fair Value</u>
Investments type:	
New Hampshire Public Deposit Investment Pool	\$ 301,102
Equity exchange traded funds	235,979
Equity mutual funds	5,251
Fixed income mutual funds	1,178,856
Total fair value	<u>\$ 1,721,188</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

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

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. No more than 5% of the Town's investments are in any one issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,716,041
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	5,147
Total investments	<u>\$ 1,721,188</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2015. The amount has been reduced by an allowance for an estimated uncollectible amount of \$538,000.

Taxes receivable by year are as follows:

	<u>As reported on:</u>	
	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Property:		
Levy of 2015	\$ 727,244	\$ 727,244
Unredeemed (under tax lien):		
Levy of 2014	146,420	146,420
Levy of 2013	90,259	90,259
Levies of 2012 and prior	504,098	504,098
Less: allowance for estimated uncollectible taxes	(538,000) *	-
Net taxes receivable	<u>\$ 930,021</u>	<u>\$ 1,468,021</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-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2015, consisted of accounts (billings for police details, water, sewer, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2015 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Total
Receivables:			
Accounts	\$ 45,909	\$ 94,405	\$ 140,314
Intergovernmental	30,314	6,599	36,913
Gross receivables	76,223	101,004	177,227
Less: allowance for uncollectibles	-	(8,501)	(8,501)
Net total receivables	<u>\$ 76,223</u>	<u>\$ 92,503</u>	<u>\$ 168,726</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 consisted of the following:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land and improvements	\$ 3,983,963	\$ -	\$ -	\$ 3,983,963
Construction in progress	57,150	44,728	(57,150)	44,728
Total capital assets not being depreciated	<u>4,041,113</u>	<u>44,728</u>	<u>(57,150)</u>	<u>4,028,691</u>
Being depreciated:				
Buildings and building improvements	6,068,381	-	-	6,068,381
Vehicles and equipment	3,140,908	457,745	(276,652)	3,322,001
Infrastructure	3,219,953	572,002	-	3,791,955
Total capital assets being depreciated	<u>12,429,242</u>	<u>1,029,747</u>	<u>(276,652)</u>	<u>13,182,337</u>
Total all capital assets	<u>16,470,355</u>	<u>1,074,475</u>	<u>(333,802)</u>	<u>17,211,028</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,582,360)	(147,249)	-	(2,729,609)
Vehicles and equipment	(1,647,402)	(186,225)	238,140	(1,595,487)
Infrastructure	(629,049)	(79,666)	-	(708,715)
Total accumulated depreciation	<u>(4,858,811)</u>	<u>(413,140)</u>	<u>238,140</u>	<u>(5,033,811)</u>
Net book value, capital assets being depreciated	<u>7,570,431</u>	<u>616,607</u>	<u>(38,512)</u>	<u>8,148,526</u>
Net book value, all capital assets	<u>\$ 11,611,544</u>	<u>\$ 661,335</u>	<u>\$ (95,662)</u>	<u>\$ 12,177,217</u>

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	\$ 31,372
Public safety	189,438
Highways and streets	92,961
Water distribution and treatment	35,727
Culture and recreation	63,642
Total depreciation expense	<u>\$ 413,140</u>

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 485,611
Nonmajor	General	76,470
		<u>\$ 562,081</u>

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

Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2015 is as follows:

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ -	\$ 10,000	\$ 10,000
Nonmajor fund	306,382	70,019	376,401
Total	<u>\$ 306,382</u>	<u>\$ 80,019</u>	<u>\$ 386,401</u>

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

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$7,526,046 at December 31, 2015 consist of the following:

General fund:	
Balance due to the Timberlane Regional School District	\$ 7,413,461
Miscellaneous fees due to the State of New Hampshire	3,439
Total general fund	<u>7,416,900</u>
Agency fund:	
Balance of expendable trusts due to the Timberland Regional School District	<u>109,146</u>
Total intergovernmental payables due	<u>\$ 7,526,046</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources of \$258,625 and \$704,634 respectively in the government wide financial statements at December 31, 2015 consists of deferred amounts related to pensions. See Note 17 for more information on pension related deferrals.

Deferred inflows of resources of \$290,208 reported in the governmental funds as unavailable revenue consists of property taxes not collected within 60 days of year-end.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 11 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2015
Capital lease obligations:		
Police vehicles	2.50%	\$ 24,992
Highway chipper	2.50%	23,397
Police vehicles	2.75%	25,909
Total capital lease obligations		<u>\$ 74,298</u>

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

	Governmental Activities
Equipment:	
Police vehicles	\$ 151,308
Highway chipper	38,995
Police vehicles	<u>38,864</u>
Total equipment	229,167
Less: accumulated depreciation	(48,129)
Total capital lease equipment	<u>\$ 181,038</u>

The annual requirements to amortize the capital leases payable as of December 31, 2015, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2016	\$ 47,786
2017	21,559
2018	<u>7,995</u>
Total requirements	77,340
Less: interest	3,042
Present value of remaining payments	<u>\$ 74,298</u>

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

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Capital leases	\$ 106,599	\$ 38,864	\$ (71,165)	\$ 74,298	\$ 45,745
Compensated absences	194,110	20,899	-	215,009	-
Net other postemployment benefits	52,779	53,938	-	106,717	-
Total long-term liabilities	<u>\$ 353,488</u>	<u>\$ 113,701</u>	<u>\$ (71,165)</u>	<u>\$ 396,024</u>	<u>\$ 45,745</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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 13 – ENCUMBRANCES

Encumbrances outstanding in the general fund at December 31, 2015 are as follows:

General government:	
Legal	\$ 5,720
General government building	5,315
Other	16,694
Public safety:	
Police	15,274
Capital outlay	150,115
Total encumbrances	<u>\$ 193,118</u>

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Statement of Net Position at December 31, 2015 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 12,177,217
Less:	
Capital leases payable	<u>(74,298)</u>
Total net investment in capital assets	<u>12,102,919</u>
Restricted net position:	
Perpetual care - nonexpendable	112,712
Perpetual care - expendable	21,874
Library	282,634
Grants	12,046
Other special revenue funds	<u>89,520</u>
Total restricted net position	<u>518,786</u>
Unrestricted	<u>(119,150)</u>
Total net position	<u>\$ 12,502,555</u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 83,501	\$ -	\$ 83,501
Permanent fund - principal balance	-	112,712	112,712
Total nonspendable fund balance	<u>83,501</u>	<u>112,712</u>	<u>196,213</u>
Restricted:			
Library	282,634	-	282,634
Grants	-	12,046	12,046
Other special revenue funds	-	89,520	89,520
Permanent - income balance	-	21,874	21,874
Total restricted fund balance	<u>282,634</u>	<u>123,440</u>	<u>406,074</u>

(Continued)

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Governmental fund balances continued:

	General Fund	Other Governmental Funds	Total Governmental Funds
Committed:			
Expendable trust	1,401,346	-	1,401,346
Other special revenue funds	-	601,768	601,768
Impact fees	-	165,384	165,384
Outside details	-	32,827	32,827
Highway radar grant	-	3,620	3,620
Recreation revolving	-	33,608	33,608
Total committed fund balance	1,401,346	837,207	2,238,553
Assigned:			
Encumbrances	193,118	-	193,118
Other special revenue funds	-	1,624	1,624
Total assigned fund balance	193,118	1,624	194,742
Unassigned	3,458,497	-	3,458,497
Total governmental fund balances	\$ 5,419,096	\$ 1,074,983	\$ 6,494,079

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2015 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements	General Fund	Other Governmental Funds
To record the beginning balance (for implementation of GASB Statements No 68 and 71):			
Deferred outflows of resources	\$ 217,132	\$ -	\$ -
Deferred inflows of resources	(864,987)	-	-
Net pension liability	(5,087,146)	-	-
To remove allowance for uncollectible property taxes, not reported on modified accrual basis	-	538,000	-
Change in methodology for presentation of 60 day property tax deferred inflow	-	650,887	-
To record payable balance, not previously reported	(24,733)	-	(24,733)
To record receivable balance, not reported previously	83,880	-	83,880
Net position/fund balance, as previously reported	17,271,772	4,039,409	1,108,775
Net position/fund balance, as restated	\$ 11,595,918	\$ 5,228,296	\$ 1,167,922

Additionally, prior year budgetary fund balance reclassifications (additions/subtractions) resulted in a restated beginning budgetary unassigned fund balance of \$2,580,796, but total beginning budgetary fund balance did not change.

NOTE 17 – 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

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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 with in the State are eligible and required to participate in the Pension Plan. The System issues a publically 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 $\frac{1}{4}$ 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 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. For fiscal year 2015, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. The Town's contribution rates for 2015 for pension and medical subsidy were as follows:

Period	Police	Fire	All Other Employees
January 1, 2015 thru June 30, 2015	25.30%	27.74%	10.77%
July 1, 2015 thru December 31, 2015	26.38%	29.16%	11.17%

The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$455,481, \$491,171, and \$489,494, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2015 the Town reported a liability of \$5,078,269 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion was 0.12818969% which was an decrease of 0.00733792% from its proportion measured as of June 30, 2014.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

For the year ended December 31, 2015, the Town recognized pension expense of \$710,900. At December 31, 2015 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	\$ 36,772	\$ 457,473
Differences between expected and actual experiences	-	111,438
Net difference between projected and actual investment earnings on pension plan investments	-	135,723
Contributions subsequent to the measurement date	221,853	-
Total	<u>\$ 258,625</u>	<u>\$ 704,634</u>

The \$221,853 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2016	\$ (201,828)
2017	(201,828)
2018	(201,828)
2019	(29,680)
2020	(32,697)
Thereafter	-
Totals	<u>\$ (667,861)</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions which, accordingly apply to both 2015 and 2014 measurements:

Inflation:	3.0%
Salary increases:	3.75- 5.8% average, including inflation
Investment rate of return:	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Following is a table presenting target allocations and long-term rates of return for 2015:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2015
Large Cap Equities	22.50%	3.00%
Small/Mid Cap Equities	7.50%	3.00%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.00%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	(0.70%)
Short Duration	2.50%	(1.00%)
Global Multi-Sector Fixed Income	11.00%	0.58%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	25.00%	
Private equity	5.00%	5.50%
Private debt	5.00%	4.50%
Real estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	25.00%	
Total	100.00%	

Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. 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 7.75% 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2015	\$ 6,684,881	\$ 5,078,269	\$ 3,708,623
June 30, 2014	\$ 6,700,598	\$ 5,087,146	\$ 3,725,956
June 30, 2013	\$ 7,811,817	\$ 6,093,361	\$ 4,648,837

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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Annual OPEB Cost - The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the City's contractual agreements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The Town has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

Annual required contribution	\$ 97,285
Interest on net OPEB obligation	2,111
Adjustment to annual required contribution	(1,960)
Annual OPEB cost (expense)	97,436
Contributions made	(43,498)
Increase in net OPEB obligation	53,938
Net OPEB obligation - beginning of year	52,779
Net OPEB obligation - end of year	<u>\$ 106,717</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 97,285	\$ 43,498	44.71%	\$ 106,717
December 31, 2014	\$ 92,685	\$ 39,906	43.10%	\$ 52,779

As of January 1, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,178,046, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,178,046. The covered payroll (annual payroll of active employees covered by the plan) was \$2,291,816 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 51.40%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5.0% for years 2018 and later. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2015 was 30 years.

NOTE 19 – 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 2015, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. These entities are considered a public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member Towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to December 31. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in fiscal year ending December 31, 2015, to be recorded as an insurance expenditure totaled \$75,644. There were no unpaid contributions for the year ended December 31, 2015.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation Program is a pooled risk management program under RSAs 5-B and 281-A. Coverage was provided from January 1, 2015 to December 31, 2015 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 estimated net contribution from the Town of Plaistow billed and paid for the year ended December 31, 2015 was \$82,674 for workers' compensation.

NOTE 20 – CONTINGENCIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments 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.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through February 10, 2017, the date the December 31, 2015 financial statements were available to be issued, and the following was identified:

At the 2016 annual town meeting, the Town voted to authorize the issuance of bonds/notes not to exceed \$8,500,000 for the purpose of an expansion to the public safety building. Also, \$70,000 of the December 31, 2015 fund balance was appropriated as a transfer to the Cable Department Capital Reserve Fund.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF PLAISTOW, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended December 31, 2015

Fiscal Year End	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
December 31, 2015	January 1, 2014	\$ -	\$ 1,178,046	\$ 1,178,046	0.00%	\$ 2,291,816	51.40%
December 31, 2014	January 1, 2014	\$ -	\$ 1,122,850	\$ 1,122,850	0.00%	\$ 1,981,132	56.70%

The notes to the required supplementary information is an integral part of this schedule.

EXHIBIT G
TOWN OF PLAISTOW, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

Fiscal Year End	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2015	June 30, 2015	0.12818969%	\$ 5,078,269	\$ 2,578,181	196.97%	65.47%
December 31, 2014	June 30, 2014	0.13552761%	\$ 5,087,146	\$ 2,649,750	191.99%	66.32%
December 31, 2013	June 30, 2013	0.14158146%	\$ 6,093,361	\$ 2,686,031	226.85%	59.81%

The notes to the required supplementary information is an integral part of this schedule.

EXHIBIT H
TOWN OF PLAISTOW, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	June 30, 2015	\$ 430,061	\$ 430,061	\$ -	\$ 2,578,181	16.68%
December 31, 2014	June 30, 2014	\$ 439,683	\$ 439,683	\$ -	\$ 2,649,750	16.59%
December 31, 2013	June 30, 2013	\$ 352,048	\$ 352,048	\$ -	\$ 2,686,031	13.11%

The notes to the required supplementary information is an integral part of this schedule.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

As required by GASB Statement No. 45, Exhibit F represents the actuarial determined costs associated with the Town's other postemployment benefits for the fiscal year ended December 31, 2015.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts using assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new assumptions are made about future expectations. These actuarial calculations reflect a long-term perspective. The actuarial assumptions used in this report are as prescribed in GASB 45 under Alternate Measurement Method.

Payroll Growth	3.5% per year (for amortization purposes only)			
Inflation Rate	3.0% per year			
Cost Method	Projected Unit Credit with linear proration to decrement			
Amortization	Level % of pay over thirty years based on an open group.			
Health Care Coverage Election Rate	Active employees with current coverage: 40%.			
	Active employees with no coverage: 0%			
	Inactive employees with current coverage: 100%			
	Inactive employees with no coverage: 0%			
Spousal Coverage	Actual spousal coverage for active employees and retirees are based on actual data. Husbands are assumed to be three years older than wives for future retirees. Actual spouse's ages are used for current retirees.			
Employer Funding Policy	Pay-as-you-go cash basis			
Mortality	SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014			
Health Care Trend Rates	FYE	Trends	FYE	Trends
	2015	9.0%	2020	6.5%
	2016	8.5%	2021	6.0%
	2017	8.0%	2022	5.5%
	2018	7.5%	2023+	5.0%
	2019	7.0%		
Retiree Contributions	Retiree contributions are assumed to increase according to health care trend rates.			

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2015.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2014:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 Years beginning July 1, 2014
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	4.29% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
-------	--

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF PLAISTOW, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,012,556	\$ 5,105,442	\$ 92,886
Interest and penalties on taxes	130,000	142,300	12,300
Total from taxes	<u>5,142,556</u>	<u>5,247,742</u>	<u>105,186</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	2,000	2,010	10
Motor vehicle permit fees	1,508,000	1,572,292	64,292
Building permits	136,500	167,502	31,002
Other	68,300	78,332	10,032
Total from licenses, permits, and fees	<u>1,714,800</u>	<u>1,820,136</u>	<u>105,336</u>
Intergovernmental:			
State:			
Meals and rooms distribution	363,649	363,649	-
Highway block grant	140,189	141,399	1,210
Other	130,715	187,515	56,800
Federal:			
Other	38,836	44,636	5,800
Total from intergovernmental	<u>673,389</u>	<u>737,199</u>	<u>63,810</u>
Charges for services:			
Income from departments	<u>83,700</u>	<u>95,609</u>	<u>11,909</u>
Miscellaneous:			
Special assessments	170,000	166,517	(3,483)
Sale of municipal property	123,000	167,364	44,364
Interest on investments	4,000	8,844	4,844
Fines and forfeits	2,000	2,330	330
Insurance dividends and reimbursements	35,000	45,147	10,147
Contributions and donations	-	738	738
Other	176,500	234,819	58,319
Total from miscellaneous	<u>510,500</u>	<u>625,759</u>	<u>115,259</u>
Other financing sources:			
Transfers in	<u>203,105</u>	<u>499,946</u>	<u>296,841</u>
Total revenues and other financing sources	8,328,050	<u>\$ 9,026,391</u>	<u>\$ 698,341</u>
Unassigned fund balance used to reduce tax rate	565,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 8,893,050</u>		

SCHEDULE 2
TOWN OF PLAISTOW, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 293,148	\$ 298,654	\$ -	\$ (5,506)
Election and registration	-	116,681	108,137	-	8,544
Financial administration	-	316,659	357,370	-	(40,711)
Legal	-	50,000	35,277	5,720	9,003
Personnel administration	-	1,797,381	1,617,016	-	180,365
Planning and zoning	6,000	91,956	60,407	-	37,549
General government buildings	-	177,260	218,460	5,315	(46,515)
Cemeteries	-	-	14,949	-	(14,949)
Insurance, not otherwise allocated	-	63,000	75,644	-	(12,644)
Advertising and regional associations	-	25,771	25,553	-	218
Other	-	33,833	22,910	16,694	(5,771)
Total general government	6,000	2,965,689	2,834,377	27,729	109,583
Public safety:					
Police	15,840	1,939,904	1,813,309	15,274	127,161
Fire	20,950	562,606	551,580	-	31,976
Building inspection	-	114,347	123,002	-	(8,655)
Emergency management	-	26,050	21,004	-	5,046
Total public safety	36,790	2,642,907	2,508,895	15,274	155,528
Highways and streets:					
Public works garage	-	286,486	292,699	-	(6,213)
Highways and streets	383,738	558,600	720,940	-	221,398
Street lighting	-	97,000	101,693	-	(4,693)
Total highways and streets	383,738	942,086	1,115,332	-	210,492
Water distribution and treatment	-	43,105	20,052	-	23,053
Sanitation:					
Solid waste collection	-	515,000	577,013	-	(62,013)
Solid waste clean-up	-	47,000	39,767	-	7,233
Total sanitation	-	562,000	616,780	-	(54,780)
Health:					
Administration	-	80,167	73,886	-	6,281
Pest control	-	1,150	451	-	699
Health agencies	-	60,082	60,131	-	(49)
Total health	-	141,399	134,468	-	6,931
Welfare:					
Administration	-	740	30	-	710
Direct assistance	-	32,350	13,198	-	19,152
Total welfare	-	33,090	13,228	-	19,862
Culture and recreation:					
Parks and recreation	4,000	215,199	208,750	-	10,449
Library	-	542,643	529,148	-	13,495
Patriotic purposes	-	1,000	800	-	200
Other	-	26,619	28,323	-	(1,704)
Total culture and recreation	4,000	785,461	767,021	-	22,440
Conservation	6,730	9,680	2,905	-	13,505

(Continued)

SCHEDULE 2 (Continued)
TOWN OF PLAISTOW, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Interest on tax anticipation notes	-	1	-	-	1
Capital outlay	443,049	315,000	564,622	150,115	43,312
Other financing uses:					
Transfers out	-	452,632	452,632	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 880,307</u>	<u>\$ 8,893,050</u>	<u>\$ 9,030,312</u>	<u>\$ 193,118</u>	<u>\$ 549,927</u>

SCHEDULE 3
TOWN OF PLAISTOW, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2015

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 16)		\$ 2,580,796
Changes:		
Unassigned fund balance used to reduce 2015 tax rate		(565,000)
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 698,341	
Unexpended balance of appropriations (Schedule 2)	<u>549,927</u>	
2015 Budget surplus		1,248,268
Increase in nonspendable fund balance		<u>(53,359)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		3,210,705
Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		(290,208)
Elimination of the allowance for uncollectible taxes		<u>538,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 3,458,497</u></u>

SCHEDULE 4
TOWN OF PLAISTOW, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2015

	Special Revenue Funds						
	Grants	Other Special Revenue	Impact Fees	Outside Details	Highway Road Grant	Recreation Revolving	Permanent Fund
ASSETS							Total
Cash and cash equivalents	\$ 12,393	\$ 960,369	\$ 220,248	\$ 40,169	\$ 3,620	\$ 38,077	\$ 1,282,406
Investments	-	-	-	-	-	-	127,056
Accounts receivable (net)	-	79,339	-	6,565	-	-	85,904
Intergovernmental receivable	6,599	-	-	-	-	-	6,599
Interfund receivable	-	76,470	-	-	-	-	76,470
Total assets	\$ 18,992	\$ 1,116,178	\$ 220,248	\$ 46,734	\$ 3,620	\$ 38,077	\$ 1,578,435
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 17,841	\$ -	\$ -	\$ -	\$ 17,841
Interfund payable	6,946	423,266	37,023	13,907	-	4,469	485,611
Total liabilities	6,946	423,266	54,864	13,907	-	4,469	503,452
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	112,712
Restricted	12,046	89,520	-	-	-	-	123,440
Committed	-	601,768	165,384	32,827	3,620	33,608	837,207
Assigned	-	1,624	-	-	-	-	1,624
Total fund balances	12,046	692,912	165,384	32,827	3,620	33,608	1,074,983
Total liabilities and fund balances	\$ 18,992	\$ 1,116,178	\$ 220,248	\$ 46,734	\$ 3,620	\$ 38,077	\$ 1,578,435

SCHEDULE 5
TOWN OF PLAISTOW, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	Special Revenue Funds						
	Grants	Other Special Revenue	Impact Fees	Outside Details	Highway Radar Grant	Recreation Revolving	Permanent Fund
REVENUES							Total
Taxes	\$ -	\$ 77,500	\$ -	\$ -	\$ -	\$ -	\$ 77,500
Intergovernmental	82,730	2,935	-	-	3,620	-	89,285
Charges for services	-	121,349	-	71,545	-	10,036	202,930
Miscellaneous	31	17,701	112,307	33	-	51	134,631
Total revenues	82,761	219,485	112,307	71,578	3,620	10,087	504,346
EXPENDITURES							
Current:							
Public safety	178,520	10,625	20,727	55,116	-	-	264,988
Water distribution and treatment	10,525	-	4,299	-	-	-	14,824
Culture and recreation	-	-	7,500	-	-	8,264	15,764
Conservation	-	5,327	-	-	-	-	5,327
Total expenditures	189,045	15,952	32,526	55,116	-	8,264	300,903
Excess (deficiency) of revenues over (under) expenditures	(106,284)	203,533	79,781	16,462	3,620	1,823	203,443
OTHER FINANCING SOURCES (USES)							
Transfers in	-	80,019	-	-	-	-	80,019
Transfers out	-	(365,209)	(11,192)	-	-	-	(376,401)
Total other financing sources (uses)	-	(285,190)	(11,192)	-	-	-	(296,382)
Net change in fund balances	(106,284)	(81,657)	68,589	16,462	3,620	1,823	(92,939)
Fund balances, beginning, as restated (see Note 16)	118,330	774,569	96,795	16,365	-	31,785	1,167,922
Fund balances, ending	\$ 12,046	\$ 692,912	\$ 165,384	\$ 32,827	\$ 3,620	\$ 33,608	\$ 1,074,983



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

INDEPENDENT AUDITOR'S COMMUNICATION OF A SIGNIFICANT DEFICIENCY

To the Members of the Board of Selectmen and Town Manager
Town of Plaistow
Plaistow, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Plaistow as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Plaistow's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Plaistow's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Plaistow's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

Impact Fees

Our audit procedures performed on the impact fees maintained by the Town revealed the following:

- Reimbursement of expenditures for impact fees should be made in a timely manner. Reimbursement for disbursements, incurred from September 4, 2014 to June 1, 2015, was not reimbursed to the Town until August 18, 2015. In addition, disbursements incurred from August 24, 2015 to December 9, 2015 were not reimbursed until 2016.
- At December 31, 2015 \$29,033 was set up as a payable due back to property owners for impact fee balances that had expired and of that amount \$24,733 related to a prior year. RSA 674:21 V(e) states that if funds have not become encumbered or otherwise legally bound to be spent for the purpose for which it was collected it shall be refunded, with any accrued interest in a reasonable time (6 years is considered reasonable).
- RSA 674:21 V(1) requires the Town, no later than 60 days following year-end of the fiscal year, to prepare a report showing listings of all expenditures of impact fee revenue for the prior fiscal year. This needs to be done by March 1st annually and should be made available to the public to enable them to track the payment expenditure, and status of the individually collected fees to determine whether said fees were expended, returned, or refunded. There was no indication that this was done for 2015. By not completing this report for public viewing the Town was not in compliance with the state statute.

Town of Plaistow
Independent Auditor's Communication

It is recommended that the Town review its impact fee ordinance as well as RSA 674:21 and adhere to both. In addition, an annual review should be made of unexpended impact fee balances to ensure that they are being used and if not, they are being refunded in a timely manner. Finally, prior to March 1st of each year, the Town needs to publish a report showing the necessary impact fee activity for the prior year.

Management's Response: The Town has implemented a number of controls to help ensure that the appropriate staff are reviewing and coordinating the proper controls for impact fees. As the Town had employed a professional CPA firm to manage fiduciary responsibilities and reporting requirements, we were surprised to learn that impact fee revenue had lapsed. Annually, during the budgeting process, the Town has historically looked to utilize any available impact fees for allowable projects. Unfortunately, in 2015 there were a number of personnel changes in the elected Town Treasurer's position, and Town staff, as well as the professional CPA firm that contributed to this oversight.

The Town of Plaistow's written response to the significant deficiency identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Selectmen and Town Manager, and others within the Town of Plaistow, and is not intended to be and should not be used by anyone other than these specified parties.

February 10, 2017

Plodzik & Sanderson
Professional Association