

**TOWN OF PLAISTOW,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

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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, each major fund, and aggregate remaining fund information of the Town of Plaistow as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Plaistow, as of December 31, 2016, the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1-E and 4 to the basic financial statements, effective January 1, 2016 the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement, and Application*. As a result of the implementation of GASB Statement No. 72, the Town disclosed its investments in accordance with the fair value hierarchy. Our opinions are not modified with respect to this matter.

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, the Schedule of Funding Progress for Other Postemployment Benefit Plan, the Schedule of Town's Proportionate Share of Net Pension Liability, and the Schedule of 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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

June 7, 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, 2016. 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 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 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 the current year's revenue and expenses are considered regardless of when cash is received or paid.

Town of Plaistow, New Hampshire

Management's Discussion and Analysis

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.

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 13-16.

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 ten 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, and Public Safety Complex Fund which are considered to be the Town's only major funds. 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 18-19 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 20.

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.

Town of Plaistow, New Hampshire

Management's Discussion and Analysis

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position of the Town of Plaistow as of December 31, 2016 and 2015 are as follows:

	<u>2016</u>	2015 (As restated)	Increase (Decrease)
Current assets	\$ 21,970,253	\$ 13,868,295	\$8,101,958
Capital assets	<u>14,087,040</u>	<u>12,177,217</u>	<u>1,909,823</u>
Total assets	<u>36,057,293</u>	<u>26,045,512</u>	<u>10,011,781</u>
Deferred outflows of resources	1,768,483	258,625	1,509,858
 Long-term liabilities	16,091,953	5,474,293	10,617,660
Other liabilities	<u>8,683,628</u>	<u>7,579,484</u>	<u>1,104,144</u>
Total liabilities	24,775,581	13,053,777	11,721,804
 Deferred in flows of resources	410,917	704,634	(293,717)
 Net position:			
Net investment in capital assets	5,448,143	12,102,919	(6,654,776)
Restricted	520,333	518,786	1,547
Unrestricted	<u>6,670,802</u>	<u>(75,979)</u>	<u>6,746,781</u>
Total net position	\$ <u>12,639,278</u>	\$ <u>12,545,726</u>	<u>\$93,552</u>

The second 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.

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

Statement of Activities

Summary of Changes in Net Position Governmental Activities

	<u>2016</u>	<u>2015</u> <u>(As restated)</u>	<u>Difference</u>
Revenues:			
Program Revenue:			
Charges for Services	\$ 382,045	\$ 298,539	\$ 83,506
Operating Grants and Contributions	374,266	419,502	(45,236)
Capital Grants and Contributions	-	-	-
General Revenue:			
Taxes	5,301,631	5,325,242	(23,611)
Licenses and permits	1,906,419	1,820,136	86,283
Grants and Contributions Not Restricted			
to Specific Programs	398,717	406,982	(8,265)
Miscellaneous	634,940	830,632	(195,692)
Total Revenues	<u>8,998,018</u>	<u>9,101,033</u>	<u>(103,015)</u>
Expenses:			
General Government	\$ 3,174,706	\$ 2,669,580	\$ 505,126
Public Safety	2,996,452	2,721,539	274,913
Highways and Streets	769,128	1,075,967	(306,839)
Sanitation	671,867	616,780	55,087
Water Distribution and Treatment	100,394	70,603	29,791
Health and Welfare	164,272	147,934	16,338
Culture and Recreation	874,456	883,761	(9,305)
Conservation	13,877	8,232	5,645
Interest on Long-Term Debt	139,314	-	139,314
Total Expenses	<u>8,904,466</u>	<u>8,194,396</u>	<u>710,070</u>
Change in Net Position	93,552	906,637	(813,085)
Net Position, beginning, as restated	12,545,726	11,639,089	906,637
Net Position, ending	<u>\$ 12,639,278</u>	<u>\$ 12,545,726</u>	<u>\$ 93,552</u>

The Town's net position increased by \$93,552.

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 69.3% 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 \$5,606,371. This includes an unassigned amount of \$3,450,776. The total General Fund fund balance increased \$144,104 from the restated December 31, 2015 amount.

Other Governmental Funds

The total fund balance of \$1,314,058 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 (\$493,125), Conservation Fund (\$304,581), Permanent Fund (\$145,020) and the Impact Fees Fund (\$164,108).

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 17.

The actual budgetary revenues exceeded the budget for estimated revenues by \$376,274. The Town received \$261,767 more in taxes, \$95,436 in licenses and permits, and \$48,215 from miscellaneous sources.

The actual budgetary expenditures were less than the budgeted appropriations by \$171,799.

The Police and Highway expenditures were under budget due to the salaries, benefits, equipment and supplies cost savings. Personnel Administration was under budget due to positions savings upon employees leaving employment 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 \$10,000 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, 2016 is \$19,503,260. Accumulated depreciation amounts to \$5,416,220, leaving a net book value of \$14,087,040. The capital assets include 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>2016</u>	<u>2015</u>	Increase (Decrease)
Land	\$ 3,983,963	\$ 3,983,963	\$ -
Construction in Progress	1,916,810	44,728	1,872,082
Buildings & Improvements	6,068,381	6,068,381	
Machinery, Equipment & Vehicles	3,544,330	3,322,001	222,329
Infrastructure	<u>3,989,776</u>	<u>3,791,955</u>	<u>197,821</u>
Totals at Historical Cost	<u>19,503,260</u>	<u>17,211,028</u>	<u>2,292,232</u>
Less: Accumulated Depreciation	<u>(5,416,220)</u>	<u>(5,033,811)</u>	<u>(382,409)</u>
	<u>\$ 14, 087,040</u>	<u>\$12,177,217</u>	<u>\$1,909,823</u>

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

Long-Term Obligations

At December 31, 2016, the Town had five outstanding capital leases used to finance Public Safety vehicles, as well as five highway equipment. Outstanding balance at December 31, 2016 totals \$139,897. The leases will all mature by the end of 2020.

Long-Term Debt Outstanding at Year End Governmental Activities

	<u>2016</u>	<u>2015</u>	<u>Difference</u>
General Obligation Bonds Payable	\$ 8,119,600	\$ -	\$ 8,119,600
Unamortized Premium	380,400		380,400
Capital-Leases	138,897	74,298	64,599
Compensated Absences Payable	303,500	215,009	88,491
Accrued Landfill Postclosure Care Costs	-	-	-
Net Other Postemployment Benefits Liability	161,358	106,717	54,641
Net Pension Liability	6,988,198	5,078,269	1,909,929
Total Long-Term Debt Outstanding	<u>\$ 16,091,953</u>	<u>\$ 5,474,293</u>	<u>\$ 10,617,660</u>

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

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

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, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 18,541,858
Investments	2,158,119
Account receivables	178,166
Taxes receivables (net)	1,042,972
Prepaid items	49,138
Capital assets:	
Land and construction in progress	5,900,773
Other capital assets, net of depreciation	8,186,267
Total assets	<u>36,057,293</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>1,768,483</u>
LIABILITIES	
Accounts payable	290,699
Accrued salaries and benefits	61,256
Contracts payable	347,274
Retainage payable	103,094
Accrued interest payable	139,961
Intergovernmental payable	7,741,344
Long-term liabilities:	
Due within one year	351,118
Due in more than one year	15,740,835
Total liabilities	<u>24,775,581</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	<u>410,917</u>
NET POSITION	
Net investment in capital assets	5,448,143
Restricted	520,333
Unrestricted	6,670,802
Total net position	<u><u>\$ 12,639,278</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, 2016

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 3,174,706	\$ 8,428	\$ 1,292	\$ (3,164,986)
Public safety	2,996,452	154,517	205,074	(2,636,861)
Highways and streets	769,128	-	152,909	(616,219)
Sanitation	671,867	-	14,801	(657,066)
Water distribution and treatment	100,394	129,561	190	29,357
Health	142,096	-	-	(142,096)
Welfare	22,176	-	-	(22,176)
Culture and recreation	874,456	89,539	-	(784,917)
Conservation	13,877	-	-	(13,877)
Interest on long-term debt	139,314	-	-	(139,314)
Total governmental activities	<u>\$ 8,904,466</u>	<u>\$ 382,045</u>	<u>\$ 374,266</u>	<u>(8,148,155)</u>
General revenues:				
Taxes:				
Property				5,145,001
Other				156,630
Motor vehicle permit fees				1,656,516
Licenses and other fees				249,903
Grants and contributions not restricted to specific programs				398,717
Miscellaneous				634,940
Total general revenues				<u>8,241,707</u>
Change in net position				93,552
Net position, beginning, as restated (see Note 18)				<u>12,545,726</u>
Net position, ending				<u>\$ 12,639,278</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, 2016

	General	Public Safety Complex	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,855,364	\$ 7,235,788	\$ 1,450,706	\$ 18,541,858
Investments	2,020,663	-	137,456	2,158,119
Accounts receivable	53,877	-	124,289	178,166
Taxes receivable	1,580,972	-	-	1,580,972
Interfund receivable	451,978	-	52,051	504,029
Voluntary tax liens	31,233	-	-	31,233
Voluntary tax liens reserved until collected	(31,233)	-	-	(31,233)
Prepaid items	49,138	-	-	49,138
Total assets	<u>\$ 14,011,992</u>	<u>\$ 7,235,788</u>	<u>\$ 1,764,502</u>	<u>\$ 23,012,282</u>
LIABILITIES				
Accounts payable	\$ 272,738	\$ -	\$ 17,961	\$ 290,699
Accrued salaries and benefits	61,256	-	-	61,256
Contracts payable	-	347,274	-	347,274
Retainage payable	-	103,094	-	103,094
Intergovernmental payable	7,741,344	-	-	7,741,344
Interfund payable	52,051	19,495	432,483	504,029
Total liabilities	<u>8,127,389</u>	<u>469,863</u>	<u>450,444</u>	<u>9,047,696</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	<u>278,232</u>	<u>-</u>	<u>-</u>	<u>278,232</u>
FUND BALANCES				
Nonspendable	49,138	-	119,989	169,127
Restricted	270,981	6,765,925	129,363	7,166,269
Committed	1,748,478	-	1,063,080	2,811,558
Assigned	86,998	-	1,626	88,624
Unassigned	3,450,776	-	-	3,450,776
Total fund balances	<u>5,606,371</u>	<u>6,765,925</u>	<u>1,314,058</u>	<u>13,686,354</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,011,992</u>	<u>\$ 7,235,788</u>	<u>\$ 1,764,502</u>	<u>\$ 23,012,282</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, 2016

Total fund balances of governmental funds (Exhibit C-1)		\$ 13,686,354
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	\$ 19,503,260	
Less accumulated depreciation	<u>(5,416,220)</u>	
		14,087,040
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	\$ 1,768,483	
Deferred inflows of resources related to pensions	<u>(410,917)</u>	
		1,357,566
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (504,029)	
Payables	<u>504,029</u>	
		-
Long term revenue (taxes) is not available to pay current-period expenditures and therefore, is deferred in the governmental funds.		278,232
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		(139,961)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bond	\$ 8,119,600	
Unamortized bond premium	380,400	
Capital leases	138,897	
Compensated absences	303,500	
Other postemployment benefits	161,358	
Net pension liability	<u>6,988,198</u>	
		(16,091,953)
Net position of governmental activities (Exhibit A)		<u><u>\$ 12,639,278</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, 2016

	General	Public Safety Complex	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,273,607	\$ -	\$ 40,000	\$ 5,313,607
Licenses and permits	1,906,419	-	-	1,906,419
Intergovernmental	715,446	-	57,537	772,983
Charges for services	101,239	-	280,806	382,045
Miscellaneous	550,758	20,745	63,437	634,940
Total revenues	8,547,469	20,745	441,780	9,009,994
EXPENDITURES				
Current:				
General government	2,992,208	-	1,000	2,993,208
Public safety	2,741,695	-	117,615	2,859,310
Highways and streets	909,556	-	-	909,556
Water distribution and treatment	44,009	-	6,852	50,861
Sanitation	671,867	-	-	671,867
Health	137,459	-	-	137,459
Welfare	22,176	-	-	22,176
Culture and recreation	824,780	-	2,329	827,109
Conservation	13,877	-	-	13,877
Capital outlay	162,524	1,798,723	30,735	1,991,982
Total expenditures	8,520,151	1,798,723	158,531	10,477,405
Excess (deficiency) of revenues over (under) expenditures	27,318	(1,777,978)	283,249	(1,467,411)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,271	43,903	10,000	64,174
Transfers out	(10,000)	-	(54,174)	(64,174)
Bond proceeds	-	8,119,600	-	8,119,600
Premium on bonds issued	-	380,400	-	380,400
Capital leases inception	116,515	-	-	116,515
Total other financing sources (uses)	116,786	8,543,903	(44,174)	8,616,515
Net change in fund balances	144,104	6,765,925	239,075	7,149,104
Fund balances, beginning, as restated (see Note 18)	5,462,267	-	1,074,983	6,537,250
Fund balances, ending	\$ 5,606,371	\$ 6,765,925	\$ 1,314,058	\$ 13,686,354

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, 2016

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 7,149,104
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	\$ 2,392,810	
Depreciation expense	<u>(476,280)</u>	
		1,916,530
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position.		(6,707)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (64,174)	
Transfers out	<u>64,174</u>	
		-
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		(11,976)
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.		
Bond proceeds	\$ (8,119,600)	
Capital leases inception	(116,515)	
Bond premium on new issuance	(380,400)	
Repayment of capital leases	<u>51,916</u>	
		(8,564,599)
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	\$ (139,314)	
Increase in compensated absences payable	(88,491)	
Increase in other postemployment benefits payable	(54,641)	
Change in GASB Statement No. 68 related balances	<u>(106,354)</u>	
		(388,800)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 93,552</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, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ 4,999,864	\$ 4,999,864	\$ 5,261,631	\$ 261,767
Licenses and permits	1,810,983	1,810,983	1,906,419	95,436
Intergovernmental	737,024	737,024	715,446	(21,578)
Charges for services	108,805	108,805	101,239	(7,566)
Miscellaneous	450,276	450,276	498,491	48,215
Total revenues	<u>8,106,952</u>	<u>8,106,952</u>	<u>8,483,226</u>	<u>376,274</u>
EXPENDITURES				
Current:				
General government	3,081,758	3,081,758	2,978,629	103,129
Public safety	2,759,601	2,758,451	2,649,818	108,633
Highways and streets	957,529	957,529	925,692	31,837
Water distribution and treatment	42,605	42,605	53,909	(11,304)
Sanitation	562,000	562,000	671,867	(109,867)
Health	141,826	142,976	137,459	5,517
Welfare	25,590	25,590	22,176	3,414
Culture and recreation	775,015	775,015	781,172	(6,157)
Conservation	12,430	12,430	20,777	(8,347)
Debt service:				
Interest	1	1	-	1
Capital outlay	120,000	120,000	65,057	54,943
Total expenditures	<u>8,478,355</u>	<u>8,478,355</u>	<u>8,306,556</u>	<u>171,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(371,403)</u>	<u>(371,403)</u>	<u>176,670</u>	<u>548,073</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	159,705	159,705	184,401	24,696
Transfers out	(458,302)	(458,302)	(458,302)	-
Total other financing sources (uses)	<u>(298,597)</u>	<u>(298,597)</u>	<u>(273,901)</u>	<u>24,696</u>
Net change in fund balances	<u>\$ (670,000)</u>	<u>\$ (670,000)</u>	<u>(97,231)</u>	<u>\$ 572,769</u>
Increase in nonspendable fund balance			34,363	
Unassigned fund balance, beginning, as restated (see Note 18)			3,253,876	
Unassigned fund balance, ending			<u>\$ 3,191,008</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, 2016

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 302	\$ 219,683
Investments	5,483	-
Total assets	<u>5,785</u>	<u>219,683</u>
LIABILITIES		
Intergovernmental payables	-	90,647
Due to others	-	129,036
Total liabilities	<u>-</u>	<u>219,683</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 5,785</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, 2016

	Private Purpose Trust
ADDITIONS	
Interest	\$ 128
Change in fair market value	205
Total revenue	333
Net position, beginning	5,452
Net position, ending	<u>\$ 5,785</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, 2016

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

In 2016 the Town implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a government should apply.

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

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through taxes and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the Town at year-end. This statement includes all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

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 meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

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

In the governmental fund financial statements, expenditures are reported by character: current, debt service or capital outlay. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

Other Financing Sources (Uses) – these additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds and financing provided by bond proceeds or related premium on issued bonds. Transfers are reported when incurred as “transfers in” by the receiving fund and as “transfers out” by the disbursing fund.

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

Measurement Focus and Basis of Accounting - 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.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Financial Statement Presentation - A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The Town reports the following major governmental funds:

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

Public Safety Complex Capital Project Fund – accounts for the activities related to the construction of the new public safety complex.

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

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

1-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 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
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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 are reported at fair value. The Town discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is as follow:

Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities that the Town has the ability to access at the measurement date. Most of the Town's directly held marketable equity securities would be examples of Level 1 investments.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. All of the Town's holdings in U.S. government obligations and corporate bonds would be examples of Level 2 investments.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

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 Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

1-H Capital Assets

Capital assets are defined by the Town as assets with an initial individual cost of \$10,000 or more and an estimated life in excess of one year. Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, drainage, and similar items) and are reported in the governmental activities.

The accounting and reporting treatment applied to capital asserts associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities column of the government-wide Statement of Net Position. When cost of general capital assets cannot be determined from available records, estimated historical cost is used.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the government-wide financial statements the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the Town are depreciated or amortized 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

1-1 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.” 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-J 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 16, 2016 and November 10, 2016, and due on July 1, 2016 and December 20, 2016. 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, 2016 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 953,651,077
For all other taxes	\$ 981,044,737

The tax rates and amounts assessed for the year ended December 31, 2016 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.43	\$ 5,331,288
School portion:		
State of New Hampshire	\$2.22	2,117,625
Local	\$13.87	13,606,486
County portion	\$0.98	957,294
Total		<u>\$ 22,012,693</u>

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

1-K Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2016.

1-L Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 governmental activities Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

1-N Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation and sick time 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-O Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 71* 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 are prepared by New Hampshire Retirement System, and are audited by the plan's independent auditors.

1-P Net Position/Fund Balances

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 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.”

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extend of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable – Includes the amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact (such as the principal of an endowment fund).

Restricted – Includes amounts that can only be spent for the specific purposes stipulated by external resource providers (such as grantors) or the enabling legislation (federal or state law). Restrictions may be changed or lifted only with the consent of the resource providers or the enabling legislation. Example: Drug Forfeiture Funds received from the state & federal governments.

Committed – Includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority (town meeting action). Commitments may be changed or lifted through town meeting action taking the same formal action that imposed the constraint originally. The town meeting actions must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to constraint may be determined in the subsequent period. Examples: Expendable Trust Funds, Recreation Revolving Fund, Impact Fees and other special revenue funds and grants.

Assigned – Includes amounts the Town intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive balances are to be classified as "assigned". The Selectmen expressly delegates this classification authority to the Town Manager. Other items that would fall under this type of fund balance would be encumbrances resulting from approved purchase orders or specific actions of the governing body pursuant to RSA.

Unassigned – Includes amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another fund is also classified as unassigned.

- **MINIMUM BALANCE:** The Town shall maintain a minimum unassigned fund balance of 7% of the town's annual budget as defined by this policy.
- **TARGET BALANCE:** The Town shall strive to achieve and maintain an unassigned fund balance of at least 9% of the town's annual budget as defined by this policy.
- **PLAN FOR TARGET FUND BALANCE:** The unassigned fund balance target shall be maintained by conservatively estimating revenues and giving consideration when analyzing use of fund balance to mitigating variations related to larger one time revenues anticipated that are related to general operations (such as an unusually high receipts for land use change tax, income from sale of town assets or some other similar source) which is not anticipated to be maintained at the same level in future years. In addition, assets made available by reductions in liabilities related to resolution of legal matters, abatement litigation or other similar circumstances shall be directed toward efforts to reach or maintain the target balance or capital purposes.
- **UNASSIGNED FUND BALANCE USES:** When preparing initial revenue estimates for the upcoming budget year (early winter near close of current fiscal year), Selectmen shall make estimates of unassigned fund balance available to reduce property taxes conservatively based on a preliminary assessment of the town's financial condition. When preparing for the setting of the tax rate in the fall, use of unassigned fund balance shall be reassessed to by the Town Manager to determine conformance to this policy. This review shall consider financial statements and reports issued for the previous fiscal cycle, the town's annual budget based on budgets and appropriations to be assessed (for the town, state and local education and county purposes for that tax year) to confirm, and if necessary modify, the Selectmen's initial estimates.

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- **EMERGENCY USE OF UNASSIGNED FUNDS:** Unassigned fund balance may be appropriated for emergency purposes, as deemed necessary by Selectmen, even if such use decreases the fund balance below the targeted percentage. Emergency purposes do not include the offsetting of property taxes related to increasing continuing appropriations (operations) of the town, school or county or mismanagement of funds. The Budget Committee must be informed and concur in the usage for emergency purposes.
- Use of additional unassigned fund balance may be considered by the Board of Selectmen and/or the Budget Committee during the budget setting process, when an annual budget includes an unusually large capital expenditure not financed from other reserves, long term borrowing or leasing if deemed prudent by the governing body to mitigate the capital expenditures impact on tax rate stability. A warrant article will be written and then voted on by the town in March in order to approve the usage of Unassigned Fund monies for these purposes.

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 Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general and major public safety complex capital project funds. 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 2016, \$670,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 8,667,627
Adjustment:	
Basis difference:	
Inception of capital leases	116,515
GASB Statement No. 54:	
To record revenue of the blended funds	52,267
To eliminate transfers between blended funds	(174,130)
Change in deferred inflows of resources relating to 60-day revenue recognition	11,976
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 8,674,255</u></u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 8,764,858
Adjustment:	
Basis differences:	
Encumbrances, beginning	193,118
Encumbrances, ending	(139,646)
Inception of capital leases	116,515
GASB Statement No. 54:	
To record blended expendable trust expenditures during the year	43,608
To eliminate transfers between blended general and expendable trust funds	(448,302)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 8,530,151</u></u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2016, the reported amount of the Town's deposits was \$18,761,843 and the bank balance was \$18,800,009. Of the bank balance \$18,010,703 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name, \$763,479 was uninsured/uncollateralized and \$25,827 was held in short-term investments, none subject to custodial credit risk disclosures.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 18,541,858
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	219,985
Total cash and cash equivalents	<u><u>\$ 18,761,843</u></u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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The Town has the following recurring fair value measurements as of December 31, 2016:

	Valuation Measurement Method	Fair Value
Investments type:		
New Hampshire Public Deposit Investment Pool	Level 2	\$ 302,673
Equity exchange traded funds	Level 1	48,110
Equity mutual funds	Level 1	261,520
Fixed income mutual funds	Level 1	1,551,299
Total fair value		<u>\$ 2,163,602</u>

Fair Value Measurements of Investments – In accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Most of the Town's directly held marketable equity securities would be examples of Level 1 investments.

Level 2 inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

Level 3 inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

Investments in Certain External Investment Pools – In accordance with GASBS Statement No. 79, Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

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.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 2,158,119
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	5,483
Total investments	<u>\$ 2,163,602</u>

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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2016. The amount has been reduced by an allowance for an estimated uncollectible amount of \$538,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2016	\$ 891,373	\$ 891,373
Unredeemed (under tax lien):		
Levy of 2015	145,267	145,267
Levy of 2014	43,271	43,271
Levies of 2013 and prior	500,443	500,443
Yield	618	618
Less: allowance for estimated uncollectible taxes	(538,000) *	-
Net taxes receivable	<u>\$ 1,042,972</u>	<u>\$ 1,580,972</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).

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2016, consisted of accounts (billings for police details, water, 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.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 is as follows:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land and improvements	\$ 3,983,963	\$ -	\$ -	\$ 3,983,963
Construction in progress	44,728	1,872,082	-	1,916,810
Total capital assets not being depreciated	<u>4,028,691</u>	<u>1,872,082</u>	<u>-</u>	<u>5,900,773</u>
Being depreciated:				
Buildings and building improvements	6,068,381	-	-	6,068,381
Vehicles and equipment	3,322,001	322,907	(100,578)	3,544,330
Infrastructure	3,791,955	197,821	-	3,989,776
Total capital assets being depreciated	<u>13,182,337</u>	<u>520,728</u>	<u>(100,578)</u>	<u>13,602,487</u>
Total all capital assets	<u>17,211,028</u>	<u>2,392,810</u>	<u>(100,578)</u>	<u>19,503,260</u>
Less accumulated depreciation:				
Buildings and building improvements	(2,729,609)	(147,235)	-	(2,876,844)
Vehicles and equipment	(1,595,487)	(226,499)	93,871	(1,728,115)
Infrastructure	(708,715)	(102,546)	-	(811,261)
Total accumulated depreciation	<u>(5,033,811)</u>	<u>(476,280)</u>	<u>93,871</u>	<u>(5,416,220)</u>
Net book value, capital assets being depreciated	<u>8,148,526</u>	<u>44,448</u>	<u>(6,707)</u>	<u>8,186,267</u>
Net book value, all capital assets	<u>\$ 12,177,217</u>	<u>\$ 1,916,530</u>	<u>\$ (6,707)</u>	<u>\$ 14,087,040</u>

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

General government	\$ 31,358
Public safety	223,708
Highways and streets	108,039
Water distribution and treatment	49,533
Culture and recreation	63,642
Total depreciation expense	<u>\$ 476,280</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General	Public safety complex	\$ 19,495
	Nonmajor	432,483
Nonmajor	General	52,051
		<u>\$ 504,029</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, 2016 is as follows:

	Transfers In:		
	General Fund	Public Safety Complex Fund	Nonmajor Fund
Transfers out:			
General fund	\$ -	\$ -	\$ 10,000
Nonmajor funds	10,271	43,903	-
Total	<u>\$ 10,271</u>	<u>\$ 43,903</u>	<u>\$ 10,000</u>
			<u>\$ 64,174</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 \$7,831,991 at December 31, 2016 consist of the following:

General fund:	
Balance due to the Timberlane Regional School District	\$ 7,651,111
Balance due to the New Hampshire Retirement System	86,063
Miscellaneous fees due to the State of New Hampshire	4,170
Total general fund	<u>7,741,344</u>
Agency fund:	
Balance of expendable trusts due to the Timberlane Regional School District	90,647
Total intergovernmental payables due	<u>\$ 7,831,991</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of \$1,768,483 in the governmental activities at December 31, 2016 consists of amounts related to pensions, see Note 13.

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Deferred inflows of resources are as follows:

	Governmental Activities	General Fund
Property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 278,232
Amounts related to pensions, see Note 13	410,917	-
Total deferred inflows of resources	<u>\$ 410,917</u>	<u>\$ 278,232</u>

NOTE 11 – CAPITAL LEASES 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, 2016
Capital lease obligations:		
Highway chipper	2.50%	\$ 15,598
Police vehicles	2.75%	12,954
Tractor loader	3.55%	20,694
Ford F150 truck	6.20%	21,288
2 Police interceptors	2.90%	68,363
Total capital lease obligations		<u>\$ 138,897</u>

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

	Governmental Activities
Equipment:	
Highway chipper	\$ 38,995
Police vehicles	38,864
Tractor loader	20,694
Ford F150 truck	27,458
2 Police interceptors	68,363
Total equipment	194,374
Less: accumulated depreciation	(31,461)
Total capital lease equipment	<u>\$ 162,913</u>

The annual requirements to amortize the capital leases payable as of December 31, 2016, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2017	\$ 57,410
2018	43,844
2019	35,852
2020	11,729
Total requirements	148,835
Less: interest	9,938
Present value of remaining payments	<u>\$ 138,897</u>

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

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NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Bonds payable:					
General obligation bond	\$ -	\$ 8,119,600	\$ -	\$ 8,119,600	\$ 279,600
Premium	-	380,400	-	380,400	13,117
Total bonds payable	-	8,500,000	-	8,500,000	292,717
Capital leases	74,298	116,515	(51,916)	138,897	52,646
Compensated absences	215,009	88,491	-	303,500	5,755
Net other postemployment benefits	106,717	54,641	-	161,358	-
Net pension liability	5,078,269	1,909,929	-	6,988,198	-
Total long-term liabilities	<u>\$ 5,474,293</u>	<u>\$ 10,669,576</u>	<u>\$ (51,916)</u>	<u>\$ 16,091,953</u>	<u>\$ 351,118</u>

The long-term bond is comprised of the following:

	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2016	Current Portion
General obligation bond payable:					
Public safety complex	2016	2045	2.86	\$ 8,119,600	\$ 279,600
Bond premium				380,400	13,117
Total				<u>\$ 8,500,000</u>	<u>\$ 292,717</u>

The annual requirements to amortize the general obligation bond outstanding as of December 31, 2016, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2017	\$ 279,600	\$ 318,398	\$ 597,998
2018	280,000	279,118	559,118
2019	280,000	265,062	545,062
2020	280,000	251,006	531,006
2021	280,000	236,950	516,950
2022-2026	1,400,000	987,910	2,387,910
2027-2031	1,400,000	728,210	2,128,210
2032-2036	1,400,000	507,360	1,907,360
2037-2041	1,400,000	295,960	1,695,960
2042-2045	1,120,000	84,560	1,204,560
Totals	<u>\$ 8,119,600</u>	<u>\$ 3,954,534</u>	<u>\$ 12,074,134</u>

The bond premium will be amortized over the life of the bond using the straight-line method.

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.

NOTE 13 – 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

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qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their 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. All employees are required to contribute 7% of earnable compensation. For fiscal year 2016, the Town contributed 26.38% for police, 29.16% for fire fighters, and 11.17% for all other employees. The contribution requirements for the fiscal years 2014, 2015, and 2016 were \$491,171, \$489,494, and \$532,699, 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, 2016 the Town reported a liability of \$6,988,198 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Town's proportion was .13141651% which was an increase of .00322682% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Town recognized pension expense of \$743,049. At December 31, 2016 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	\$ 222,097	\$ 322,673
Changes in assumption	860,025	-
Differences between expected and actual experiences	19,420	88,244
Net difference between projected and actual investment earnings on pension plan investments	437,218	-
Contributions subsequent to the measurement date	229,723	-
Total	<u>\$ 1,768,483</u>	<u>\$ 410,917</u>

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The \$229,723 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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,	
2017	\$ 191,769
2018	191,769
2019	364,425
2020	359,604
2021	20,276
Totals	<u>\$ 1,127,843</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions which, accordingly apply to 2016 measurements:

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

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

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

Long-term Rates of Return: The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2016:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2016
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.75%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	(0.64%)
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	(1.71%)
Absolute Return Fixed Income	7.00%	1.08%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	3.68%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

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

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

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2016	\$ 8,979,359	\$ 6,998,198	\$ 5,336,846

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

NOTE 14 – 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 2016:

Annual required contribution	\$ 101,516
Interest on net OPEB obligation	4,269
Adjustment to annual required contribution	(3,963)
Annual OPEB cost (expense)	101,822
Contributions made	(47,181)
Increase in net OPEB obligation	54,641
Net OPEB obligation - beginning of year	106,717
Net OPEB obligation - end of year	<u>\$ 161,358</u>

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2016	\$ 101,516	\$ 47,181	46.48%	\$ 161,358
December 31, 2015	\$ 97,285	\$ 43,498	44.71%	\$ 106,717
December 31, 2014	\$ 92,685	\$ 39,906	43.10%	\$ 52,779

As of July 1, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,234,336, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,234,336. The covered payroll (annual payroll of active employees covered by the plan) was \$2,372,030 during fiscal year 2016, and the ratio of the UAAL to the covered payroll was 52.04%.

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.

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 July 1, 2015 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, 2016 was 30 years.

NOTE 15 – COMMITMENTS/ENCUMBRANCES

The Town entered into several construction contracts during the fiscal year for a new public safety complex. As of December 31, 2016, the Town had outstanding construction contracts totaling \$924,679 that will be financed from bond proceeds issued during the 2016 fiscal year.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2016 and are as follows:

General government	\$ 14,150
Public safety	19,218
Highways and streets	36,830
Water distribution and treatment	9,900
Conservation	6,900
Capital outlay	52,648
Total encumbrances	<u>\$ 139,646</u>

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

NOTE 16 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2016 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 14,087,040
Less:	
General obligation bond payable	(8,119,600)
Unamortized bond premium	(380,400)
Capital leases payable	(138,897)
Total net investment in capital assets	<u>5,448,143</u>
Restricted net position:	
Perpetual care - nonexpendable	119,989
Perpetual care - expendable	25,031
Library	270,981
Grants	16,801
Other special revenue funds	87,531
Total restricted net position	<u>520,333</u>
Unrestricted	<u>6,670,802</u>
Total net position	<u><u>\$ 12,639,278</u></u>

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

	General Fund	Public Safety Complex	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 49,138	\$ -	\$ -	\$ 49,138
Permanent fund - principal balance	-	-	119,989	119,989
Total nonspendable fund balance	<u>49,138</u>	<u>-</u>	<u>119,989</u>	<u>169,127</u>
Restricted:				
Library	270,981	-	-	270,981
Public safety complex - unspent bond proceeds	-	6,765,925	-	6,765,925
Grants	-	-	16,801	16,801
Other special revenue funds	-	-	87,531	87,531
Permanent - income balance	-	-	25,031	25,031
Total restricted fund balance	<u>270,981</u>	<u>6,765,925</u>	<u>129,363</u>	<u>7,166,269</u>
Committed:				
Expendable trust	1,695,830	-	-	1,695,830
Nonlapsing appropriations	52,648	-	-	52,648
Other special revenue funds	-	-	304,581	304,581
Impact fees	-	-	164,108	164,108
Outside details	-	-	64,653	64,653
Recreation revolving	-	-	36,613	36,613
Water suppression	-	-	493,125	493,125
Total committed fund balance	<u>1,748,478</u>	<u>-</u>	<u>1,063,080</u>	<u>2,811,558</u>
Assigned:				
Encumbrances	86,998	-	-	86,998
Other special revenue funds	-	-	1,626	1,626
Total assigned fund balance	<u>86,998</u>	<u>-</u>	<u>1,626</u>	<u>88,624</u>
Unassigned	<u>3,450,776</u>	<u>-</u>	<u>-</u>	<u>3,450,776</u>
Total governmental fund balances	<u><u>\$ 5,606,371</u></u>	<u><u>\$ 6,765,925</u></u>	<u><u>\$ 1,314,058</u></u>	<u><u>\$ 13,686,354</u></u>

TOWN OF PLAISTOW, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 – PRIOR PERIOD ADJUSTMENT

Net position/fund balance at January 1, 2016 was restated to give retroactive effect to the following prior period adjustment:

	Government-wide Statements	General Fund	General Fund (Budgetary Basis)
To record receivable balance, not reported previously	\$ 43,171	\$ 43,171	\$ 43,171
Net position/fund balance, as previously reported	12,502,555	5,419,096	3,210,705
Net position/fund balance, as restated	<u>\$ 12,545,726</u>	<u>\$ 5,462,267</u>	<u>\$ 3,253,876</u>

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 2016, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2016 to December 31, 2016 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, 2016 was \$71,905 for workers' compensation and \$61,130 for property/liability.

NOTE 20 – CONTINGENT LIABILITIES

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.

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 June 7, 2017, the date the December 31, 2016 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

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, 2016

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, 2016	January 1, 2014	\$ -	\$ 1,234,336	\$ 1,234,336	0.00%	\$ 2,372,030	52.04%
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, 2016

<u>Fiscal Year End</u>	<u>Valuation Date</u>	<u>Town's Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
December 31, 2016	June 30, 2016	0.13141651%	\$ 6,988,198	\$ 2,590,231	269.79%	58.30%
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, 2016

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2016	June 30, 2016	\$ 470,575	\$ 470,575	\$ -	\$ 2,590,231	18.17%
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, 2016

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, 2016.

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, 2016

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, 2016.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2016:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	23 Years beginning July 1, 2016 (30 years beginning July 1, 2009)
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.85% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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.
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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, 2016

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 4,866,612	\$ 5,145,001	\$ 278,389
Yield	882	882	-
Interest and penalties on taxes	132,370	115,748	(16,622)
Total from taxes	4,999,864	5,261,631	261,767
Licenses, permits, and fees:			
Business licenses, permits, and fees	2,190	2,190	-
Motor vehicle permit fees	1,568,535	1,656,516	87,981
Building permits	165,000	167,106	2,106
Other	75,258	80,607	5,349
Total from licenses, permits, and fees	1,810,983	1,906,419	95,436
Intergovernmental:			
State:			
Meals and rooms distribution	393,096	393,096	-
Highway block grant	152,909	152,909	-
Other	160,108	147,151	(12,957)
Federal:			
Other	30,911	22,290	(8,621)
Total from intergovernmental	737,024	715,446	(21,578)
Charges for services:			
Income from departments	108,805	101,239	(7,566)
Miscellaneous:			
Cable franchise fees	170,000	206,224	36,224
Sale of municipal property	123,000	127,615	4,615
Interest on investments	13,599	8,704	(4,895)
Fines and forfeits	2,000	4,665	2,665
Insurance dividends and reimbursements	21,400	41,374	19,974
Contributions and donations	-	6	6
Other	120,277	109,903	(10,374)
Total from miscellaneous	450,276	498,491	48,215
Other financing sources:			
Transfers in	159,705	184,401	24,696
Total revenues and other financing sources	8,266,657	\$ 8,667,627	\$ 400,970
Unassigned fund balance used to reduce tax rate	670,000		
Total revenues, other financing sources, and use of fund balance	\$ 8,936,657		

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, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 310,214	\$ 308,075	\$ -	\$ 2,139
Election and registration	-	133,270	124,499	-	8,771
Financial administration	-	353,457	334,180	-	19,277
Legal	5,720	25,000	44,211	-	(13,491)
Personnel administration	-	1,818,924	1,687,134	-	131,790
Planning and zoning	-	93,516	75,600	10,000	7,916
General government buildings	5,315	204,191	234,212	4,150	(28,856)
Insurance, not otherwise allocated	-	80,873	59,021	-	21,852
Advertising and regional associations	-	26,500	40,826	-	(14,326)
Other	16,694	35,813	84,450	-	(31,943)
Total general government	27,729	3,081,758	2,992,208	14,150	103,129
Public safety:					
Police	15,274	2,010,316	1,893,094	-	132,496
Fire	-	591,151	594,365	9,212	(12,426)
Building inspection	-	130,834	142,514	5,206	(16,886)
Emergency management	-	26,150	15,901	4,800	5,449
Total public safety	15,274	2,758,451	2,645,874	19,218	108,633
Highways and streets:					
Public works garage	-	301,329	310,498	-	(9,169)
Highways and streets	-	559,200	487,134	36,830	35,236
Street lighting	-	97,000	91,230	-	5,770
Total highways and streets	-	957,529	888,862	36,830	31,837
Water distribution and treatment	-	42,605	44,009	9,900	(11,304)
Sanitation:					
Solid waste collection	-	515,000	602,295	-	(87,295)
Solid waste clean-up	-	47,000	69,572	-	(22,572)
Total sanitation	-	562,000	671,867	-	(109,867)
Health:					
Administration	-	87,744	82,788	-	4,956
Pest control	-	1,150	40	-	1,110
Health agencies	-	54,082	54,631	-	(549)
Total health	-	142,976	137,459	-	5,517
Welfare:					
Administration	-	740	558	-	182
Direct assistance	-	24,850	21,618	-	3,232
Total welfare	-	25,590	22,176	-	3,414
Culture and recreation:					
Parks and recreation	-	207,975	216,775	-	(8,800)
Library	-	537,940	537,940	-	-
Patriotic purposes	-	1,000	800	-	200
Other	-	28,100	25,657	-	2,443
Total culture and recreation	-	775,015	781,172	-	(6,157)
Conservation	-	12,430	13,877	6,900	(8,347)

(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, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Interest on tax anticipation notes	-	1	-	-	1
Capital outlay	150,115	120,000	162,524	52,648	54,943
Other financing uses:					
Transfers out	-	458,302	458,302	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 193,118</u>	<u>\$ 8,936,657</u>	<u>\$ 8,818,330</u>	<u>\$ 139,646</u>	<u>\$ 171,799</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, 2016

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 18)	\$ 3,253,876
Changes:	
Unassigned fund balance used to reduce 2016 tax rate	(670,000)
2016 Budget summary:	
Revenue surplus (Schedule 1)	\$ 400,970
Unexpended balance of appropriations (Schedule 2)	<u>171,799</u>
2016 Budget surplus	572,769
Increase in nonspendable fund balance	<u>34,363</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)	3,191,008
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	(278,232)
Elimination of the allowance for uncollectible taxes	<u>538,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)	<u><u>\$ 3,450,776</u></u>

SCHEDULE 4
TOWN OF PLAISTOW, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2016

	Special Revenue Funds							
	Grants	Other Special Revenue	Impact Fees	Outside Details	Highway Radar Grant	Recreation Revolving	Water Suppression	Permanent Fund
ASSETS								Total
Cash and cash equivalents	\$ 12,412	\$ 353,738	\$ 181,949	\$ 93,169	\$ -	\$ 33,603	\$ 768,271	\$ 7,564
Investments	-	-	-	-	-	-	-	137,456
Accounts receivable	-	-	-	5,640	-	-	118,649	-
Interfund receivable	4,509	40,000	-	-	-	7,542	-	-
Total assets	\$ 16,921	\$ 393,738	\$ 181,949	\$ 98,809	\$ -	\$ 41,145	\$ 886,920	\$ 145,020
LIABILITIES								
Accounts payable	\$ 120	\$ -	\$ 17,841	\$ -	\$ -	\$ -	-	\$ -
Interfund payable	-	-	-	34,156	-	4,532	393,795	-
Total liabilities	120	-	17,841	34,156	-	4,532	393,795	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	119,989
Restricted	16,801	87,531	-	-	-	-	-	25,031
Committed	-	304,581	164,108	64,653	-	36,613	493,125	-
Assigned	-	1,626	-	-	-	-	-	-
Total fund balances	16,801	393,738	164,108	64,653	-	36,613	493,125	145,020
Total liabilities and fund balances	\$ 16,921	\$ 393,738	\$ 181,949	\$ 98,809	\$ -	\$ 41,145	\$ 886,920	\$ 145,020
								\$ 1,764,502

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, 2016

	Special Revenue Funds									
	Grants	Other Special Revenue	Impact Fees	Outside Details	Highway Radar Grant	Recreation Revolving	Water Suppression	Permanent Fund	Total	
REVENUES										
Taxes	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	
Intergovernmental	42,324	15,213	-	-	-	-	-	-	57,537	
Charges for services	-	-	-	145,953	-	5,292	129,561	-	280,806	
Miscellaneous	1,018	1,718	49,278	70	-	42	877	10,434	63,437	
Total revenues	43,342	56,931	49,278	146,023	-	5,334	130,438	10,434	441,780	
EXPENDITURES										
Current:										
General government	1,000	-	-	-	-	-	-	-	1,000	
Public safety	-	3,418	-	114,197	-	-	-	-	117,615	
Water distribution and treatment	6,852	-	-	-	-	-	-	-	6,852	
Culture and recreation	-	-	-	-	-	2,329	-	-	2,329	
Capital outlay	30,735	-	-	-	-	-	-	-	30,735	
Total expenditures	38,587	3,418	-	114,197	-	2,329	-	-	158,531	
Excess of revenues over expenditures	4,755	53,513	49,278	31,826	-	3,005	130,438	10,434	283,249	
OTHER FINANCING SOURCES (USES)										
Transfers in	-	10,000	-	-	-	-	-	-	10,000	
Transfers out	-	-	(50,554)	-	(3,620)	-	-	-	(54,174)	
Total other financing sources (uses)	-	10,000	(50,554)	-	(3,620)	-	-	-	(44,174)	
Net change in fund balances	4,755	63,513	(1,276)	31,826	(3,620)	3,005	130,438	10,434	239,075	
Fund balances, beginning	12,046	330,225	165,384	32,827	3,620	33,608	362,687	134,586	1,074,983	
Fund balances, ending	\$ 16,801	\$ 393,738	\$ 164,108	\$ 64,653	\$ -	\$ 36,613	\$ 493,125	\$ 145,020	\$ 1,314,058	