

**TOWN OF CONWAY,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Conway, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Conway, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

*Town of Conway
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 (pages 3 through 10), Schedule of Funding Progress for Other Postemployment Benefit Plan (page 40), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 41), and the Schedule of the Town Contributions (page 42) 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 Conway's basic financial statements. The combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

June 20, 2016

*Plodzik & Sanderson
Professional Association*

TOWN OF CONWAY'S MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The management discussion and analysis is intended to provide supplementary information in addition to the basic financial statements by the audit firm.

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

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 a private sector business.

The statement of net position presents information on all the Town's assets, liabilities, deferred outflows of resources and deferred inflows of resources with the difference between these reported as net position. Over time, increases or 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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 governmental units, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town are divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund which includes the expendable trust funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of Town, including the capital reserve accounts for the school and seven precincts in Conway as well as 114 cemetery funds and seven scholarship funds. Fiduciary funds are overseen by the Trustees of the Trust. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Current assets include cash, investments, taxes receivable and other receivables. Capital assets are buildings, building improvements, infrastructure and improvements, vehicles and equipment all net of depreciation. Land is included, yet not depreciated.

Comparative Statement of Capital Assets

	2015	2014	Increase (Decrease)	%
At cost:				
Not being depreciated:				
Land	\$ 6,220,783	\$ 5,595,783	\$ 625,000	11.17%
Construction in progress	31,438	1,730,648	(1,699,210)	-98.18%
Total capital assets not being depreciated	6,252,221	7,326,431	(1,074,210)	-14.66%
Being depreciated:				
Buildings and building improvements	5,793,721	5,702,819	90,902	1.59%
Machinery, equipment, and vehicles	4,453,168	4,378,131	75,037	1.71%
Infrastructure	16,191,511	14,200,352	1,991,159	14.02%
Intangible assets	-	45,404	(45,404)	-100.00%
Total capital assets being depreciated	26,438,400	24,326,706	2,111,694	8.68%
Total all capital assets	32,690,621	31,653,137	1,037,484	3.28%
Less accumulated depreciation:				
Buildings and building improvements	(1,425,779)	(1,475,693)	49,914	-3.38%
Machinery, equipment, and vehicles	(1,763,949)	(1,871,773)	107,824	-5.76%
Infrastructure	(2,894,216)	(2,491,625)	(402,591)	16.16%
Intangible assets	-	(28,756)	28,756	-100.00%
Total accumulated depreciation	(6,083,944)	(5,867,847)	(216,097)	3.68%
Net book value, capital assets being depreciated	20,354,456	18,458,859	1,895,597	10.27%
Net book value, all capital assets	\$ 26,606,677	\$ 25,785,290	\$ 821,387	3.19%

Long-term liabilities are bonds, and notes due in more than one year, currently only one long-term note is owed for the Library's expansion. In addition this number includes compensated absences which are not expected to be paid within a year. Compensated absences are accumulated vacation and sick time which would be paid to employees on separation from the Town. The Town does not contribute to retirees health insurance cost but, since active employees and retirees are rated together the rates for active employees are higher. This creates an implicit rate subsidy which is reported as OPEB (Other Post- Employment Benefits). Also included in long-term liabilities are the accrued landfill closure and post-closure care costs, capital leases, as well as net pension liability.

Long-Term Liabilities

	2015	2014	Increase (Decrease)	%
Library's General Obligation Bond	\$ 150,000	\$ 225,000	\$ (75,000)	-33.33%
Capital Lease	56,616	83,693	(27,077)	-32.35%
Compensated Absences	763,186	699,597	63,589	9.09%
Net Other Postemployment Benefits	775,045	733,656	41,389	5.64%
Accrued Landfill Postclosure Care Costs	2,027,720	1,994,000	33,720	1.69%
Net Pension Liability	7,268,868	7,172,808	96,060	1.34%
Total	\$ 11,041,435	\$ 10,908,754	\$ 132,681	1.22%

Net investment in capital assets, net of related debt are capital assets less accumulated depreciation and the debt outstanding on these assets. The restricted net assets are the trust funds for perpetual care of cemetery plots.

STATEMENT OF NET POSITION

	2015	2014	Increase (Decrease)
CURRENT AND OTHER ASSETS	15,427,892	15,257,100	170,792
CAPITAL ASSETS, NET OF DEPRECIATION	26,606,677	25,785,290	821,387
TOTAL ASSETS	42,034,569	41,042,390	992,179
TOTAL DEFERRED OUTFLOWS OF RESOURCES	379,570	378,512	1,058
LONG-TERM LIABILITIES OUTSTANDING	3,591,490	3,516,498	74,992
PENSION LIABILITIES	7,268,868	7,172,808	96,060
OTHER LIABILITIES	8,802,305	8,793,696	8,609
TOTAL LIABILITIES	19,662,663	19,483,002	179,661
DEFERRED INFLOWS	647,814	959,792	(311,978)
NET POSITION	22,103,662	20,978,108	1,125,554
INVESTED CAPITAL ASSETS, NET RELATED DEBT	26,400,061	25,476,597	923,464
RESTRICTED	534,044	461,974	72,070
UNRESTRICTED	(4,830,443)	(4,960,463)	130,020
TOTAL NET POSITION	22,103,662	20,978,108	1,125,554

The change in net position is made up partially of changes in capital assets. This year infrastructure increased because the Town of Conway continues to schedule road work in cooperation with the North Conway Water Precinct and Conway Village Fire District. Infrastructure costs began this year on culverts. The River Street culvert collapsed in 2014 and was not rebuilt until 2015, due to funding and a desire to replace the metal culvert with a concrete one, which had a long wait-time to make. The culvert collapse resulted in our Town Engineer analyzing the rest of the culverts in Town. Our capital reserve plan has scheduled the other culverts to be replaced in the next five years.

The Police Department purchased two vehicles. A wheeler and a sweeper were purchased for the Highway Department. The Parks Department bought a new one-ton that will be used in the winter for plowing. The diesel and gas pump tanks were replaced. The parking lot at the Police Department was started but not finished because the Court House had not budgeted their share owed for 2015 so that will be completed in 2016. The Highway Department parking lot was paved. Due to the existing well's contamination with road salt, a new well was drilled and connected for the Town Hall, Highway and Service Garage as well as 6 private owners on the Town Hall system. The Solid Waste Department purchased a new dozer and a used container to be used for metal recycling and hauling salt because hauling both ourselves will be a huge savings to the Town. Additionally, the Solid Waste Department purchased a new scale and repaved the parking lot and sidewalks at the Transfer Station. At this time each landfill expansion phase will last about 17 years. That would mean that a new landfill would not be needed until approximately 2068. Recycling has greatly extended the life of the landfill and money that has been put aside in a capital reserve fund for landfill expansion made it unnecessary to obtain a bond for this expansion.

Comparative Statement of Activities

	2015	2014	Increase (Decrease)	% Change
Governmental activities:				
General Government	\$ 2,406,815	\$ 2,298,781	\$ 108,034	4.70%
Public Safety	4,226,001	4,045,050	170,759	4.22%
Airport	10,000	10,000	-	0.00%
Highways & Streets	2,922,459	2,644,545	277,914	10.51%
Water distribution and treatment	17,409	-	17,409	100.00%
Sanitation	912,431	1,195,071	(282,640)	-23.65%
Health	2,456	203,924	(103,161)	-50.59%
Welfare	164,171	101,051	(24,995)	-24.74%
Culture & Recreation	1,090,945	1,117,030	(26,085)	-2.34%
Conservation	23,482	25,052	(1,570)	-6.27%
Interest on Long-term Debt	5,626	10,567	(4,941)	-46.76%
Total Governmental Activities	11,781,795	11,651,071	130,724	1.12%
Program Revenues:				
Charges for Services	\$ 632,509	\$ 567,932	\$ 64,577	11.37%
Operating Grants & Contributions	867,978	848,604	19,374	2.28%

General Revenues:

Property Taxes and Other Taxes	8,485,358	8,308,422	176,936	2.13%
Motor Vehicle Permit Fees	1,729,108	1,620,838	108,270	6.68%
Licenses & Other Fees	273,285	246,562	26,723	10.84%
Grants & Contributions				
not related to specific programs	627,512	673,615	(46,103)	-6.84%
Miscellaneous	291,599	852,786	(561,187)	-65.81%
Total Revenues	<u>12,907,349</u>	<u>13,118,759</u>	<u>\$ (211,410)</u>	<u>-1.61%</u>

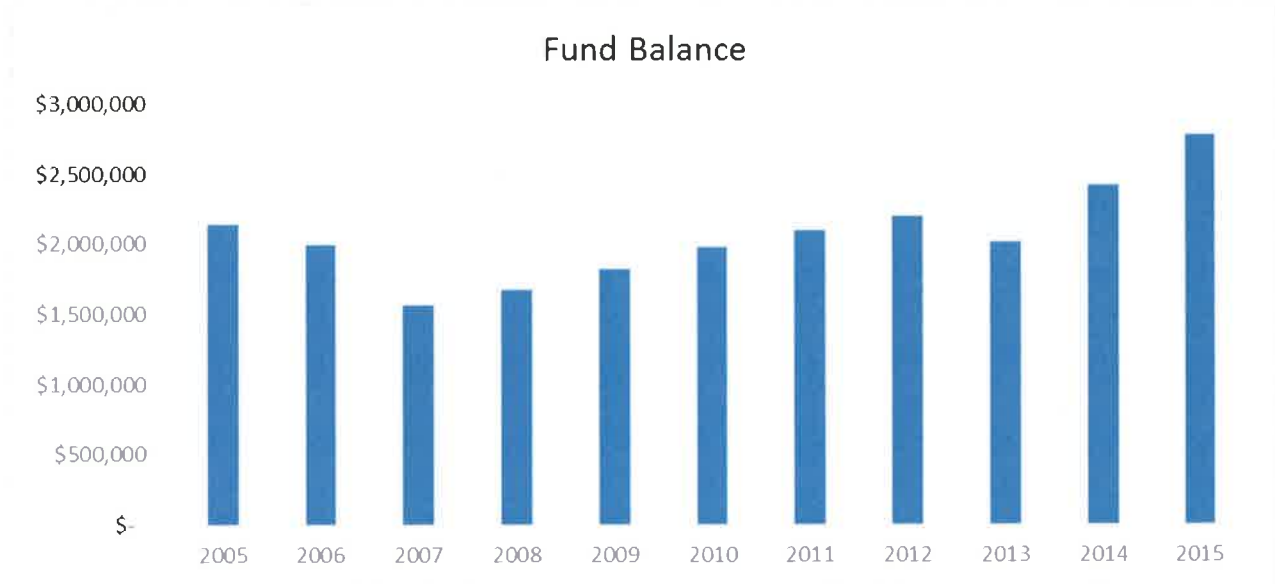
Beginning Net Position, as restated	20,978,108	19,510,420
Ending Net Position	<u>22,103,662</u>	<u>20,978,108</u>
Change in Net Position	<u>\$ 1,125,554</u>	<u>\$ 1,467,688</u>

The first section of the Statement of Activities shows the relationship between expenses and offsetting revenues for various areas of Town government. The highway block grant is included in the operating budget's revenues. The fees charged by various departments for services are included in the charges for services. The lower section shows the categories of general revenues. Taxes and motor vehicle registrations are just that. The largest components of licenses and other fees are building permits and the cable television franchise fee.

The year 2015 ended with an unassigned fund balance (non-GAPP budgetary basis) in the General Fund of \$2,773,705. The unassigned fund balance at the beginning of 2015 was \$2,414,706. For 2015 revenues exceeded estimates by \$295,323. Unexpended or unencumbered appropriations were \$513,056. For 2015, \$450,000 from fund balance was used to reduce taxes.

The Department of Revenue Administration and the Government Finance Officers Association recommend a retained fund balance of between 5% and 17% of the total of the town's appropriation, plus state and local education taxes, county taxes and precinct taxes. This total for 2015 was \$30,778,579. Therefore, the recommended amount to be retained is between \$1,538,929 and \$5,232,358. The Town's retained fund balance of \$2,773,705 is 9%.

The following chart shows the change in unrestricted fund balance over the past 11 years.

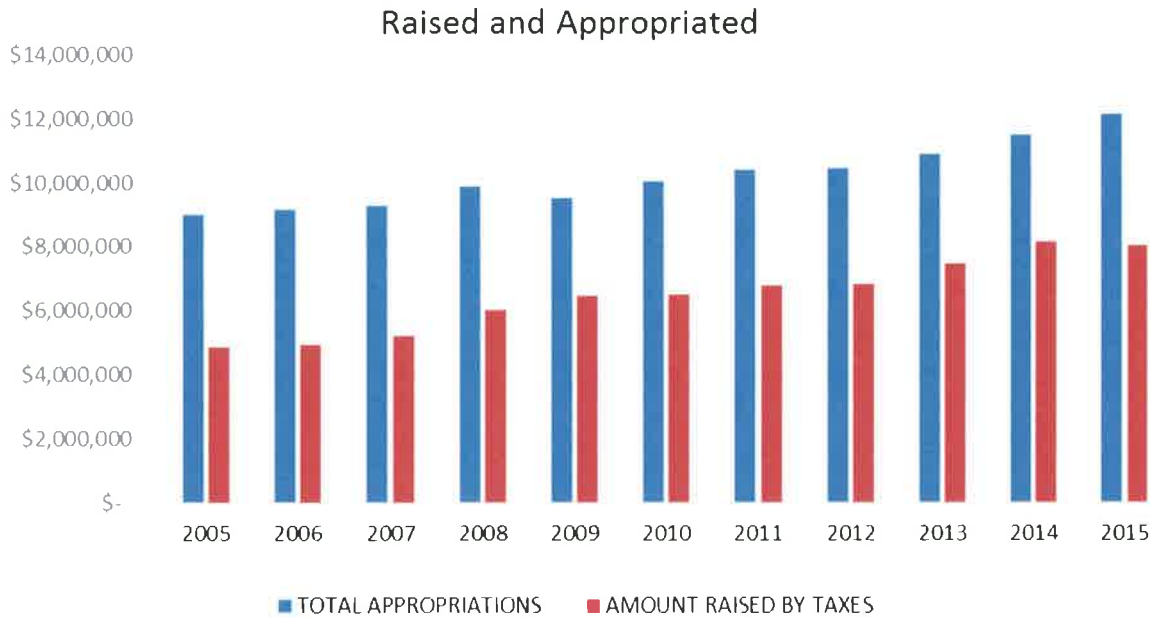


In the past 11 years the total net assessed value of the Town of Conway has increased 11.7% from \$1,255,015,320 to \$1,402,162,830. The increase in value of the Town from 2009 to 2013 ranged from a ½% to 1% annually, which had a large impact on stabilizing the tax rate each year. So, an increase in value by 1% from 2014 to 2015 played a role in the tax rate remaining the same although the amount to be raised had increased by \$126,130.

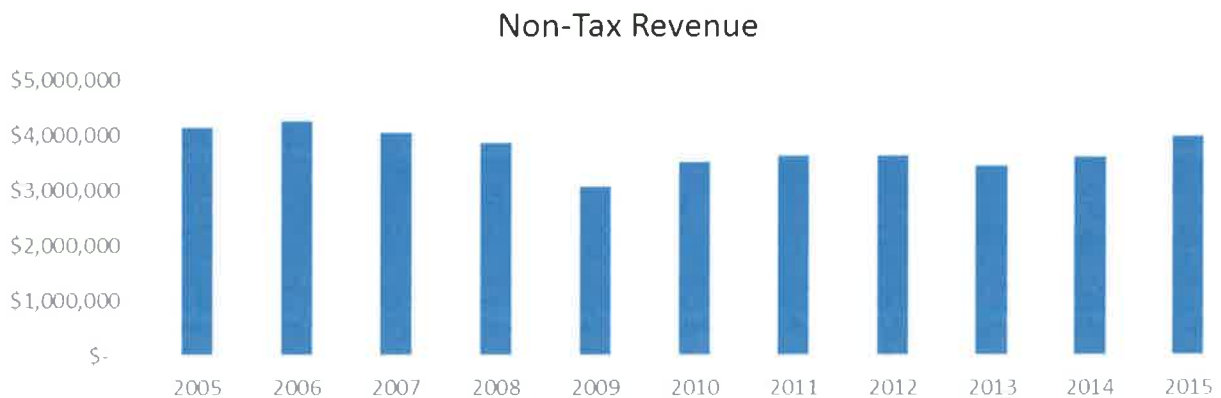
The 11 year increase in value is shown in the chart below.



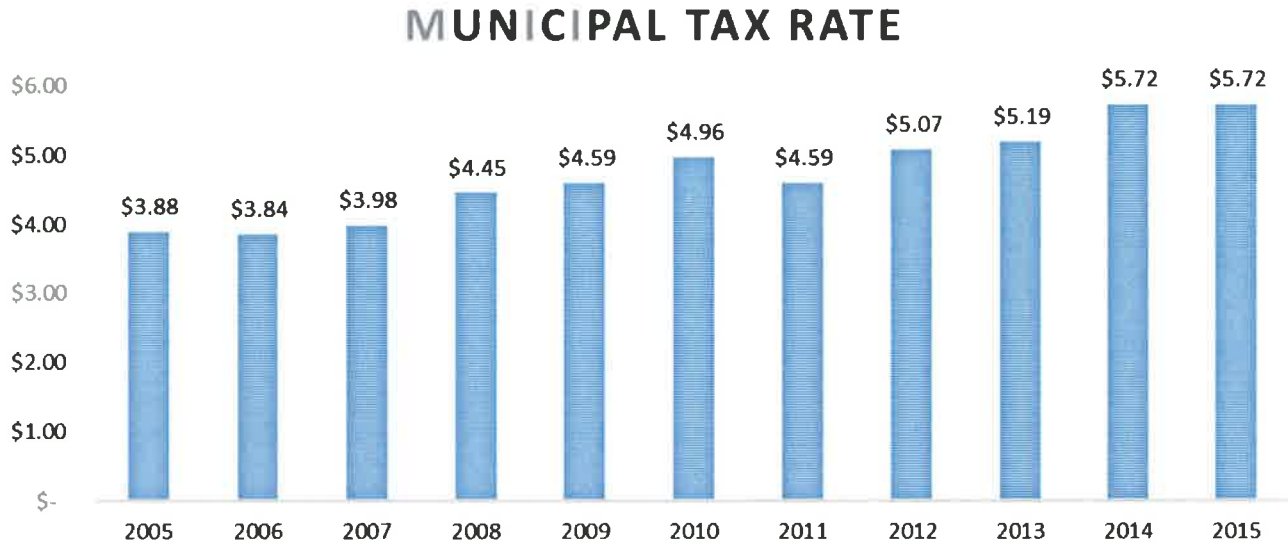
For the same period the relationship between total appropriations and the amount to be raised by taxes is shown in the chart below.



Non tax revenues, which were increasing, dropped off sharply in 2009. The sharp decline has leveled off. It is, however, likely that revenues from the State of New Hampshire will continue to decline. The Town increased some fees charged for services for 2015 to compensate for the reduction in the State’s Highway Block grant funding as well as the diminishing Rooms and Meals tax revenues. In 2015, motor vehicle excise taxes collected increased by over \$100,000, the HeathTrust made another refund payment of almost \$30,000 over the prior year, building permit fees collected increased by over \$40,000, the Highway Department had an increase by over \$30,000 due to Driveway Permits that has been forfeited many years ago but never booked as General Fund revenue and lastly there was an increase by over \$20,000 due to Town-owned property sold. The end result was a dramatic 10% increase from last year’s revenues.



The following chart shows the Municipal tax rate for the same 10-year period.



YEAR	2010	2011	2012	2013	2014	2015
OPERATING BUDGET	8,929,327	8,998,983	9,149,323	9,686,674	10,189,547	10,322,970
WARRANT ARTICLES	937,938	1,238,083	1,106,367	993,002	1,104,407	1,621,000
NON PROFITS	158,565	177,326	182,679	188,500	201,615	173,307
TOTAL APPROPRIATIONS	10,025,830	10,414,392	10,438,369	10,868,177	11,495,569	12,117,277
AMOUNT RAISED BY TAXES	6,524,810	6,796,272	6,816,623	7,438,796	7,899,473	7,710,533
USE of Fund Balance	450,000	350,000	390,000	270,924	350,000	450,000
NON TAX REVENUES	3,501,020	3,618,120	3,621,746	3,429,381	3,596,096	3,956,744
MUNICIPAL TAX RATE	4.96	4.59	5.07	5.19	5.72	5.72
PERCENT RAISED BY TAXES	65%	65%	65%	68%	69%	64%
VALUE FOR MUNICIPAL RATE	1,374,926,765	1,389,429,265	1,398,325,665	1,403,726,665	1,388,549,357	1,402,162,830
UNASSIGNED FUND BALANCE	1,980,339	2,094,737	2,195,344	2,013,781	2,414,706	2,773,705

Anyone wishing more information may contact Lilli D. Gilligan, Finance Director, at 447-3811.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,382,648
Investments	437,005
Taxes receivable (net)	2,409,527
Accounts receivable (net)	96,116
Intergovernmental receivable	19,292
Tax dedeed property, subject to resale	83,304
Capital assets:	
Land and construction in progress	6,252,221
Other capital assets, net of depreciation	20,354,456
Total assets	42,034,569
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	379,570
LIABILITIES	
Accounts payable	153,336
Accrued salaries and benefits	193,955
Retainage payable	16,291
Contracts payable	3,002
Accrued interest payable	2,605
Intergovernmental payable	8,252,039
Long-term liabilities:	
Due within one year	181,077
Due in more than one year	3,591,490
Net pension liability	7,268,868
Total liabilities	19,662,663
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Property taxes	13,970
Unavailable revenue - Advanced grant funding	17,752
Amounts related to pensions	616,092
Total deferred inflows of resources	647,814
NET POSITION	
Net investment in capital assets	26,400,061
Restricted	534,044
Unrestricted	(4,830,443)
Total net position	\$ 22,103,662

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 2,406,815	\$ 15,518	\$ 281	\$ (2,391,016)
Public safety	4,226,001	143,707	-	(4,082,294)
Airport	10,000	-	-	(10,000)
Highways and streets	2,922,459	62,567	765,617	(2,094,275)
Sanitation	912,431	293,334	102,080	(517,017)
Water distribution and treatment	17,409	-	-	(17,409)
Health	2,456	-	-	(2,456)
Welfare	164,171	3,596	-	(160,575)
Culture and recreation	1,090,945	113,787	-	(977,158)
Conservation	23,482	-	-	(23,482)
Interest on long-term debt	5,626	-	-	(5,626)
Total governmental activities	<u>\$ 11,781,795</u>	<u>\$ 632,509</u>	<u>\$ 867,978</u>	<u>(10,281,308)</u>
General revenues:				
Taxes:				
Property				7,992,728
Other				492,630
Motor vehicle permit fees				1,729,108
Licenses and other fees				273,285
Grants and contributions not restricted to specific programs				627,512
Miscellaneous				291,599
Total general revenues				<u>11,406,862</u>
Change in net position				1,125,554
Net position, beginning, as restated (see Note 17)				20,978,108
Net position, ending				<u>\$ 22,103,662</u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,901,201	\$ 481,447	\$ 12,382,648
Investments	11	436,994	437,005
Accounts receivable (net)	96,116	-	96,116
Taxes	2,457,527	-	2,457,527
Intergovernmental receivable	19,292	-	19,292
Interfund receivable	8,560	-	8,560
Tax deceded property, subject to resale	83,304	-	83,304
Total assets	<u>\$ 14,566,011</u>	<u>\$ 918,441</u>	<u>\$ 15,484,452</u>
LIABILITIES			
Accounts payable	\$ 153,336	\$ -	\$ 153,336
Accrued salaries and benefits	193,955	-	193,955
Contracts payable	3,002	-	3,002
Intergovernmental payable	8,252,039	-	8,252,039
Interfund payable	-	8,560	8,560
Retainage payable	16,291	-	16,291
Total liabilities	<u>8,618,623</u>	<u>8,560</u>	<u>8,627,183</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	545,398	-	545,398
Unavailable revenue - Advanced grant funding	-	17,752	17,752
Total deferred inflows of resources	<u>545,398</u>	<u>17,752</u>	<u>563,150</u>
FUND BALANCES			
Nonspendable	83,304	74,943	158,247
Restricted	-	459,101	459,101
Committed	3,021,561	358,085	3,379,646
Assigned	6,848	-	6,848
Unassigned	2,290,277	-	2,290,277
Total fund balances	<u>5,401,990</u>	<u>892,129</u>	<u>6,294,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,566,011</u>	<u>\$ 918,441</u>	<u>\$ 15,484,452</u>

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

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 6,294,119
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	\$ 32,690,621	
Less accumulated depreciation	<u>(6,083,944)</u>	26,606,677
Certain resources 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	\$ 379,570	
Deferred inflows of resources related to pensions	<u>(616,092)</u>	(236,522)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (8,560)	
Payables	<u>8,560</u>	-
Property taxes are recognized on an accrual basis in the Statement of Net Position and on a modified accrual basis in the governmental funds.		
Deferred inflows of resources - property taxes	\$ 531,428	
Allowance for uncollectible property taxes	<u>(48,000)</u>	483,428
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,605)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bond	\$ 150,000	
Capital lease	56,616	
Compensated absences	763,186	
Other postemployment benefits	775,045	
Accrued landfill closure and postclosure care costs	2,027,720	
Net pension liability	<u>7,268,868</u>	(11,041,435)
Net position of governmental activities (Exhibit A)		<u>\$ 22,103,662</u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 8,480,117	\$ 43,925	\$ 8,524,042
Licenses and permits	2,002,393	-	2,002,393
Intergovernmental	1,495,209	-	1,495,209
Charges for services	307,305	325,204	632,509
Miscellaneous	222,431	69,449	291,880
Total revenues	<u>12,507,455</u>	<u>438,578</u>	<u>12,946,033</u>
EXPENDITURES			
Current:			
General government	2,446,446	3,920	2,450,366
Public safety	4,211,547	60,985	4,272,532
Airport	10,000	-	10,000
Highways and streets	2,108,094	-	2,108,094
Water distribution and treatment	17,409	-	17,409
Sanitation	1,003,234	137,807	1,141,041
Health	2,456	-	2,456
Welfare	164,323	-	164,323
Culture and recreation	965,205	108,215	1,073,420
Conservation	10,892	637,590	648,482
Debt service:			
Principal	75,000	-	75,000
Interest	6,981	-	6,981
Capital outlay	804,485	-	804,485
Total expenditures	<u>11,826,072</u>	<u>948,517</u>	<u>12,774,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>681,383</u>	<u>(509,939)</u>	<u>171,444</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	18,718	-	18,718
Transfers out	-	(18,718)	(18,718)
Total other financing sources (uses)	<u>18,718</u>	<u>(18,718)</u>	<u>-</u>
Net change in fund balances	700,101	(528,657)	171,444
Fund balances, beginning	<u>4,701,889</u>	<u>1,420,786</u>	<u>6,122,675</u>
Fund balances, ending	<u>\$ 5,401,990</u>	<u>\$ 892,129</u>	<u>\$ 6,294,119</u>

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

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

Net change in fund balances of governmental funds (Exhibit C-3)	\$	171,444
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$	1,727,648
Depreciation expense		<u>(780,638)</u>
		947,010
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(125,623)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
Contributions subsequent to the measurement date	\$	322,289
Net pension expense		<u>(115,616)</u>
		206,673
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$	(18,718)
Transfers out		<u>18,718</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 inflows of resources relating to tax revenue	\$	(25,684)
Change in allowance for uncollectible property taxes		<u>(13,000)</u>
		(38,684)
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.		
Repayment of bond principal	\$	75,000
Repayment of capital lease		<u>27,077</u>
		102,077
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$	1,355
Increase in compensated absences payable		(63,589)
Increase postemployment benefits payable		(41,389)
Increase in accrued landfill closure and postclosure care costs		<u>(33,720)</u>
		(137,343)
Changes in net position of governmental activities (Exhibit B)	\$	<u><u>1,125,554</u></u>

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

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,291,400	\$ 8,291,400	\$ 8,441,433	\$ 150,033
Licenses and permits	1,989,400	1,989,400	2,002,393	12,993
Intergovernmental	935,271	1,436,097	1,475,917	39,820
Charges for services	280,000	280,000	307,305	27,305
Miscellaneous	140,450	140,450	217,660	77,210
Total revenues	<u>11,636,521</u>	<u>12,137,347</u>	<u>12,444,708</u>	<u>307,361</u>
EXPENDITURES				
Current:				
General government	2,173,229	2,173,229	2,048,231	124,998
Public safety	4,181,778	4,191,970	4,148,271	43,699
Airport	10,000	10,000	10,000	-
Highways and streets	2,114,229	2,114,229	1,872,316	241,913
Water distribution and treatment	30,000	30,000	17,409	12,591
Sanitation	809,836	809,836	768,065	41,771
Health	2,950	2,950	2,456	494
Welfare	203,391	193,199	164,323	28,876
Culture and recreation	935,996	935,996	920,277	15,719
Conservation	12,056	12,056	10,892	1,164
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	8,812	8,812	6,981	1,831
Capital outlay	-	500,826	500,826	-
Total expenditures	<u>10,557,277</u>	<u>11,058,103</u>	<u>10,545,047</u>	<u>513,056</u>
Excess of revenues over expenditures	<u>1,079,244</u>	<u>1,079,244</u>	<u>1,899,661</u>	<u>820,417</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,756	30,756	18,718	(12,038)
Transfers out	(1,560,000)	(1,560,000)	(1,560,000)	-
Total other financing sources (uses)	<u>(1,529,244)</u>	<u>(1,529,244)</u>	<u>(1,541,282)</u>	<u>(12,038)</u>
Net change in fund balances	<u>\$ (450,000)</u>	<u>\$ (450,000)</u>	358,379	<u>\$ 808,379</u>
Decrease in nonspendable fund balance			620	
Unassigned fund balance, beginning			2,414,706	
Unassigned fund balance, ending			<u>\$ 2,773,705</u>	

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

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

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 161,265	\$ 4,519,914
Investments	-	458,054
Total assets	<u>161,265</u>	<u>4,977,968</u>
LIABILITIES		
Intergovernmental payables	-	4,296,931
Due to others	-	681,037
Total liabilities	<u>-</u>	<u>4,977,968</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 161,265</u>	<u>\$ -</u>

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

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

	Private Purpose Trust
ADDITIONS	
New funds	\$ 4,595
Interest	207
Total revenue	4,802
DEDUCTIONS	
Scholarships	5,502
Change in net position	(700)
Net position, beginning	161,965
Net position, ending	\$ 161,265

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

The Town of Conway is a municipal corporation governed by an elected 5-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

Capital Projects Funds - are used to account for the financial resources and activities relating to specific construction projects.

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 Funds – used to report trust arrangement under which principal and income benefit individuals, private organizations, or other governments.

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

1-D Cash and Cash Equivalents

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

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

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

1-E Investments

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

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

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

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

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

1-F Receivables

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

1-G Interfund Balances

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

1-H Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

	<u>Years</u>
Capital Asset Classes:	
Buildings and building improvements	30-120
Machinery, equipment, and vehicle	15-20
Infrastructure	30-75
Intangible assets	15

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

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

1-I Deferred Outflows/Inflows of Resources

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

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

1-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 19, 2015 and November 6, 2015, and a supplemental warrant on November 17, 2015. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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

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

For the New Hampshire education tax	\$ 1,366,312,430
For all other taxes	\$ 1,402,162,830

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.72	\$ 8,014,209
School portion:		
State of New Hampshire	\$2.56	3,498,863
Local	\$9.34	13,099,013
County portion	\$1.47	2,063,426
Precinct portions:		
Center Conway Fire	\$0.83	178,499
Conway Village Fire	\$3.46	664,111
East Conway Fire	\$1.86	57,933
Fire Assessment	\$1.00	314,176
Intervale Lighting	\$0.06	3,937
Kearsarge Lighting	\$0.13	11,638
North Conway Water	\$2.75	1,586,515
Redstone Fire	\$0.55	40,110
Total		\$ 29,532,430

1-K Compensated Absences

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

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

1-L Long-term Obligations

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

1-M Claims and Judgments

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

1-N 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-O Net Position/Fund Balance Reporting

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

- a) ***Net investment in capital assets*** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) ***Restricted net position*** – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) ***Unrestricted net position*** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

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

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

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

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

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

Unassigned – This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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-P Defined Benefit Pension Plan

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2015, \$450,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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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.

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 12,463,426
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	24,063
Change in property tax revenue relating to 60-day revenue recognition	25,684
Change in allowance for uncollectible property taxes	13,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 12,526,173</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 12,105,047
Adjustment:	
Basis differences:	
Encumbrances, beginning	10,953
Encumbrances, ending	(3,992)
GASB Statement No. 54:	
To record expenditures of the blended funds	1,274,064
To eliminate transfers between general and expendable trust funds	(1,560,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 11,826,072</u>

2-C Change in Accounting Principle

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the Town calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of January 1, 2015 by \$7,712,063 (see Note 17). The reduction accounts for the associated net position liability, deferred inflows of resources, and deferred outflows of resources related to pensions.

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

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$17,063,827 and the bank balances totaled \$19,091,093. Petty cash totaled \$842.

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Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 12,382,648
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	4,681,179
Total cash and cash equivalents	\$ 17,063,827

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments.

At December 31, 2015, this Town had the following investments and maturities:

	Fair Value	1-5 Years	6-10 Years	Total
Investments type:				
Corporate bonds	\$ -	\$ 20,054	\$ 29,453	\$ 49,507
Equity exchange traded funds	98,821	-	-	98,821
Fixed income exchange traded funds	33,335	-	-	33,335
Fixed income mutual funds	13,815	-	-	13,815
Municipal bonds	-	-	9,958	9,958
New Hampshire Public Deposit Investment Pool	679,432	-	-	679,432
Stocks	10,191	-	-	10,191
Total fair value	\$ 835,594	\$ 20,054	\$ 39,411	\$ 895,059

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. The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – As of December 31, 2015, the Town's investments in corporate and municipal bonds had the following ratings:

	Amount	Rating*
Corporate bonds:		
AFLAC Inc.	\$ 10,053	A3
American Express Corp.	10,002	A2
Du Pont & Co.	9,502	A3
Oracle Corp.	10,154	A1
Stanley Black & Decker	9,796	Baa1
	49,507	
Municipal bonds:		
Honolulu Hawaii G/O	9,958	Aa1
Total	\$ 59,465	

*per Moody's

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

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. No individual investment in any one issuer exceeded 5% of the town's total investment balance at December 31, 2015.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 437,005
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	<u>458,054</u>
Total investments	<u><u>\$ 895,059</u></u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2015. The amount has been reduced by an allowance for an estimated uncollectible amount of \$48,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2015	\$ 1,724,097	\$ 1,724,097
Unredeemed (under tax lien):		
Levy of 2014	459,333	459,333
Levy of 2013	226,417	226,417
Levies of 2012 and prior	40,399	40,399
Yield	3,782	3,782
Land use change	3,499	3,499
Less: allowance for estimated uncollectible taxes	(48,000) *	-
Net taxes receivable	<u><u>\$ 2,409,527</u></u>	<u><u>\$ 2,457,527</u></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, 2015, consisted of accounts (billings for police details and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of December 31, 2015 for the Town's individual major fund including applicable allowances for uncollectible accounts is as follows:

	General Fund
Receivables:	
Accounts	\$ 96,218
Due from other governments	<u>19,292</u>
Gross receivables	115,510
Less: allowance for uncollectibles	<u>(102)</u>
Net total receivables	<u><u>\$ 115,408</u></u>

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NOTE 7 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 5,595,783	\$ 625,000	\$ -	\$ 6,220,783
Construction in progress	1,730,648	3,267	(1,702,477)	31,438
Total capital assets not being depreciated	<u>7,326,431</u>	<u>628,267</u>	<u>(1,702,477)</u>	<u>6,252,221</u>
Being depreciated:				
Buildings and building improvements	5,702,819	265,902	(175,000)	5,793,721
Machinery, equipment, and vehicles	4,378,131	544,797	(469,760)	4,453,168
Infrastructure	14,200,352	1,991,159	-	16,191,511
Intangible assets	45,404	-	(45,404)	-
Total capital assets being depreciated	<u>24,326,706</u>	<u>2,801,858</u>	<u>(690,164)</u>	<u>26,438,400</u>
Total all capital assets	<u>31,653,137</u>	<u>3,430,125</u>	<u>(2,392,641)</u>	<u>32,690,621</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,475,693)	(118,086)	168,000	(1,425,779)
Machinery, equipment, and vehicles	(1,871,773)	(256,934)	364,758	(1,763,949)
Infrastructure	(2,491,625)	(402,591)	-	(2,894,216)
Intangible assets	(28,756)	(3,027)	31,783	-
Total accumulated depreciation	<u>(5,867,847)</u>	<u>(780,638)</u>	<u>564,541</u>	<u>(6,083,944)</u>
Net book value, capital assets being depreciated	<u>18,458,859</u>	<u>2,021,220</u>	<u>(125,623)</u>	<u>20,354,456</u>
Net book value, all capital assets	<u>\$ 25,785,290</u>	<u>\$ 2,649,487</u>	<u>\$ (1,828,100)</u>	<u>\$ 26,606,677</u>

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

General government	\$ 27,164
Public safety	46,767
Highways and streets	565,284
Sanitation	79,423
Culture and recreation	62,000
Total depreciation expense	<u>\$ 780,638</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances – The composition of interfund balances in the amount of \$8,560 as of December 31, 2015 consists of amounts due to the general fund from the nonmajor public library fund.

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 in the amount of \$18,718 for the year ended December 31, 2015 consists of amounts transferred to the general fund from the nonmajor public library fund.

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.

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NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$12,548,970 at December 31, 2015 consist of the following:

General fund:	
Balance due to the Conway School District	\$ 8,247,876
Balance due to the State of New Hampshire for miscellaneous clerk fees	4,163
Total general fund	<u>8,252,039</u>
Agency funds:	
Balance of capital reserve funds due to the:	
Center Conway Fire Precinct	135,208
Conway School District	1,302,294
Conway Village Fire District	669,898
East Conway Fire Precinct	37,939
Kearsarge Lighting Precinct	38,341
North Conway Water Precinct	2,063,108
Redstone Fire Precinct	50,143
Total agency funds	<u>4,296,931</u>
Total intergovernmental payables due	<u>\$ 12,548,970</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of \$379,570 in the governmental activities at December 31, 2015 consists of amounts related to pensions, see Note 18.

Deferred inflows of resources reported at December 31, 2015 are as follows:

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 531,428 *	\$ -
Property taxes collected in advance of commitment	13,970	13,970	-
Grants and donations received in advance of eligible expenditures	17,752	-	17,752
Amounts related to pensions, see Note 18	616,092	-	-
Total deferred inflows of resources	<u>\$ 647,814</u>	<u>\$ 545,398</u>	<u>\$ 17,752</u>

*Balance is not recognized under the full-accrual basis of accounting.

NOTE 11 – CAPITAL LEASE

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2015
Capital lease obligation:		
Trackless tractor	3.00%	<u>\$ 56,616</u>

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

	<u>Governmental Activities</u>
Machinery, equipment, and vehicles:	
Trackless tractor	\$ 139,570
Less: accumulated depreciation	23,262
Total capital lease equipment	<u>\$ 116,308</u>

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

<u>Fiscal Year Ending December 31,</u>	<u>Governmental Activities</u>
2016	\$ 29,588
2017	29,588
Total requirements	59,176
Less: interest	2,560
Present value of remaining payments	<u>\$ 56,616</u>

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

NOTE 12 – LINE OF CREDIT

On April 28, 2015 the Town authorized a short-term borrowing in the form of a tax anticipation note payable in the amount of \$1,800,000 with an interest rate of 1.40%. No funds were issued in regards to this authorization, but fees of \$669 were incurred for having the funds available for use.

NOTE 13 – LONG-TERM LIABILITIES

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

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2015</u>	<u>Due Within One Year</u>
General obligation bond	\$ 225,000	\$ -	\$ (75,000)	\$ 150,000	\$ 75,000
Capital lease	83,693	-	(27,077)	56,616	27,890
Compensated absences	699,597	63,589	-	763,186	78,187
Net other postemployment benefits	733,656	41,389	-	775,045	-
Accrued landfill closure and postclosure care costs	1,994,000	33,720	-	2,027,720	-
Net pension liability	7,172,808	96,060	-	7,268,868	-
Total long-term liabilities	<u>\$ 10,908,754</u>	<u>\$ 234,758</u>	<u>\$ (102,077)</u>	<u>\$ 11,041,435</u>	<u>\$ 181,077</u>

Long-term bond is comprised of the following:

	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding at December 31, 2015</u>
General obligation bond payable: Library addition	\$ 1,178,250	2002	2017	3.0-4.3	<u>\$ 150,000</u>

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The annual requirements to amortize the general obligation bond outstanding as of December 31, 2015, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2016	\$ 75,000	\$ 3,187	\$ 78,187
2017	75,000	1,613	76,613
Totals	<u>\$ 150,000</u>	<u>\$ 4,800</u>	<u>\$ 154,800</u>

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

Accrued Landfill Closure and Postclosure Care Costs – Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$2,027,720 as of December 31, 2015, which is based on 38% usage (filled) of the landfill. It is estimated that an additional \$833,720 will be recognized as closure and postclosure care costs between the date of the Balance Sheet and the date the landfill is expected to be filled to capacity (2068). The estimated total current cost of the landfill closure and postclosure care(\$2,194,000) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2015. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The State of New Hampshire Department of Environmental Services requires that all entities which received licensing for landfills since 1991 meet general financial assurance requirements. The Town has established a capital reserve fund for landfill closure and postclosure care costs. The balance of this capital reserve fund was \$1,813,225.

NOTE 14 – ENCUMBRANCES

Encumbrances outstanding of \$3,992 at December 31, 2015 relates to the executive function of the Town.

NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 26,606,677
Less:	
General obligation bond payable	(150,000)
Capital lease payable	<u>(56,616)</u>
Total net investment in capital assets	<u>26,400,061</u>
Restricted:	
Public library	295,090
Hubbard and Davis Public Forest Reserve	14,601
Grants	30
Drug forfeiture	7,083
Nonexpendable permanent funds	74,943
Expendable permanent funds	<u>142,297</u>
Total restricted	<u>534,044</u>
Unrestricted	<u>(4,830,443)</u>
Total net position	<u>\$ 22,103,662</u>

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NOTE 16 – GOVERNMENTAL FUND BALANCES

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

Nonspendable:		
Major fund:		
General:		
Tax deeded property, held for resale	\$ 83,304	
Nonmajor fund:		
Permanent fund - principal balance	<u>74,943</u>	
Total nonspendable fund balance		\$ 158,247
Restricted:		
Nonmajor funds:		
Public library	\$ 295,090	
Hubbard and Davis public forest reserve	14,601	
Grants	30	
Drug forfeiture	7,083	
Permanent - income balance	<u>142,297</u>	
Total restricted fund balance		459,101
Committed:		
Major fund:		
General:		
Expendable trust	<u>\$ 3,021,561</u>	
Nonmajor funds:		
Conservation commission	206,764	
Police commercial detail	30,129	
Recycling special waste	20,097	
Recreation	<u>101,095</u>	
	<u>358,085</u>	
Total committed fund balance		3,379,646
Assigned:		
Major fund:		
General:		
Encumbrances	\$ 3,992	
D.A.R.E	<u>2,856</u>	
Total assigned fund balance		6,848
Unassigned:		
Major fund:		
General		<u>2,290,277</u>
Total governmental fund balances		<u><u>\$ 6,294,119</u></u>

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NOTE 17 – PRIOR PERIOD ADJUSTMENTS

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

	Government-wide Statements
To record the implementation of the deferred outflows of resources associated with GASB Statements No. 68 and No. 71	\$ 378,512
To record the implementation of the net pension liability associated with GASB Statements No. 68 and No. 71	(7,172,808)
To record the implementation of the deferred inflows of resources associated with GASB Statements No. 68 and No. 71	(917,767)
Net position, as previously reported	28,690,171
Net position, as restated	\$ 20,978,108

NOTE 18 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their 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 1/4 of 1% or age 60.

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. For fiscal year 2015, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters.

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The Town's contribution rates for 2015 for pension and medical subsidy were as follows:

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

The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$609,305, \$684,979, and \$719,873, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2015 the Town reported a liability of \$7,268,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2015, the Town's proportion was .18348652% which was a decrease of .00760564% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$115,616. At December 31, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 57,281	\$ 262,315
Net difference between projected and actual investment earnings on pension plan investments	-	194,269
Differences between expected and actual experience	-	159,508
Contributions subsequent to the measurement date	322,289	-
Total	<u>\$ 379,570</u>	<u>\$ 616,092</u>

The \$322,289 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2016	\$ (183,764)
2017	(183,764)
2018	(183,764)
2019	30,314
2020	(37,833)
Totals	<u>\$ (558,811)</u>

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

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

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

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

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

Following is a table presenting target allocations and long-term rates of return for 2015 and 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted average long-term expected real rate of return</u>
Large Cap Equities	22.50%	3.00%
Small/Mid Cap Equities	7.50%	3.00%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	-0.70%
Emerging Int'l Equities	7.00%	-100.00%
Total international equity	<u>20.00%</u>	
Core Bonds	4.50%	-70.00%
High-Yield Bonds	2.50%	-1.00%
Global Multi-Sector Fixed Income	11.00%	0.28%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	5.50%
Private debt	5.00%	4.45%
Real estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	<u>25.00%</u>	
Total	<u><u>100.00%</u></u>	

Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

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Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2015	\$ 9,568,520	\$ 7,268,868	\$ 5,308,401
June 30, 2014	\$ 9,447,755	\$ 7,172,808	\$ 5,253,549
June 30, 2013	\$ 10,429,443	\$ 8,135,158	\$ 6,206,595

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

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

Annual required contribution	\$ 305,682
Interest on net OPEB obligation	1,602
Adjustment to annual required contribution	(14,868)
Annual OPEB cost (expense)	<u>292,416</u>
Contributions made	<u>(251,027)</u>
Increase in net OPEB obligation	41,389
Net OPEB obligation - beginning of year	<u>733,656</u>
Net OPEB Obligation - end of year	<u><u>\$ 775,045</u></u>

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

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 292,416	\$ (251,027)	85.85%	\$ 775,045
December 31, 2014	\$ 344,519	\$ (251,736)	73.10%	\$ 733,656
December 31, 2013	\$ 358,761	\$ (223,367)	62.30%	\$ 640,873
December 31, 2012	\$ 364,371	\$ (228,161)	62.60%	\$ 505,479

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As of January 1, 2015, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,379,391, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,379,391. The covered payroll (annual payroll of active employees covered by the plan) was \$4,282,851 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 55.56%.

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.

NOTE 20 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2015, the Town was a member of the 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, 2015 to December 31, 2015 and July 1, 2015 through July 1, 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 Conway billed and paid for the year ended December 31, 2015 was \$84,721 for workers' compensation and \$110,290 for property/liability.

NOTE 21 – CONTINGENCIES

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 22 – 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 20, 2016, the date the December 31, 2015 financial statements were available to be issued, and noted the following item that requires recognition or disclosure:

Warrant Article No. 13 of the 2016 annual Town warrant, voted on April 12, 2016, voted to appropriate \$250,000 to be transferred from the 2015 unassigned fund balance to the Capital Reserve Fund for infrastructure reconstruction.

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
December 31, 2015	\$ -	\$ 2,379,391	\$ 2,379,391	0.00%	\$ 4,282,851	55.56%
December 31, 2014	\$ -	\$ 2,483,851	\$ 2,483,851	0.00%	\$ 4,412,786	56.29%
December 31, 2013	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,816,939	38.99%
December 31, 2012	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,152,916	45.22%
December 31, 2011	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,088,525	45.93%
December 31, 2010	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 3,959,525	47.43%
December 31, 2009	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 3,921,432	47.89%

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

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

Fiscal Year	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town's Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2015	July 1, 2015	0.18348652%	\$ 7,268,868	\$ 4,196,038	173.23%	65.47%
December 31, 2014	July 1, 2014	0.19109216%	\$ 7,172,808	\$ 4,104,417	174.76%	66.32%
December 31, 2013	July 1, 2013	0.18902336%	\$ 8,135,158	\$ 4,052,959	200.72%	59.81%

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

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

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	July 1, 2015	\$ 615,576	\$ 615,576	\$ -	\$ 4,196,038	14.67%
December 31, 2014	July 1, 2014	\$ 619,947	\$ 619,947	\$ -	\$ 4,104,417	15.10%
December 31, 2013	July 1, 2013	\$ 470,013	\$ 470,013	\$ -	\$ 4,052,959	11.60%

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

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

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

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

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

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

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

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

Other Information:

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 7,901,575	\$ 7,992,728	\$ 91,153
Land use change	15,000	43,925	28,925
Yield	57,587	58,283	696
Excavation	750	322	(428)
Payment in lieu of taxes	16,488	18,581	2,093
Interest and penalties on taxes	300,000	327,594	27,594
Total from taxes	<u>8,291,400</u>	<u>8,441,433</u>	<u>150,033</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	17,500	14,878	(2,622)
Motor vehicle permit fees	1,746,000	1,729,108	(16,892)
Building permits	60,100	89,795	29,695
Other	165,800	168,612	2,812
Total from licenses, permits, and fees	<u>1,989,400</u>	<u>2,002,393</u>	<u>12,993</u>
Intergovernmental:			
State:			
Meals and rooms distribution	484,160	484,160	-
Highway block grant	233,505	235,523	2,018
Other	217,606	245,432	27,826
Federal:			
Other	500,826	510,802	9,976
Total from intergovernmental	<u>1,436,097</u>	<u>1,475,917</u>	<u>39,820</u>
Charges for services:			
Income from departments	<u>280,000</u>	<u>307,305</u>	<u>27,305</u>
Miscellaneous:			
Sale of municipal property	51,000	114,861	63,861
Interest on investments	1,300	1,486	186
Fines and forfeits	-	1,959	1,959
Insurance dividends and reimbursements	88,150	85,343	(2,807)
Other	-	14,011	14,011
Total from miscellaneous	<u>140,450</u>	<u>217,660</u>	<u>77,210</u>
Other financing sources:			
Transfers in	<u>30,756</u>	<u>18,718</u>	<u>(12,038)</u>
Total revenues and other financing sources	12,168,103	<u>\$ 12,463,426</u>	<u>\$ 295,323</u>
Unassigned fund balance used to reduce tax rate	450,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 12,618,103</u>		

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 10,953	\$ 244,757	\$ 240,222	\$ 3,992	\$ 11,496
Election and registration	-	109,385	106,701	-	2,684
Financial administration	-	287,030	281,242	-	5,788
Revaluation of property	-	171,950	171,681	-	269
Legal	-	75,000	37,329	-	37,671
Personnel administration	-	953,751	910,526	-	43,225
Planning and zoning	-	188,748	186,350	-	2,398
General government buildings	-	103,216	89,048	-	14,168
Cemeteries	-	1	-	-	1
Insurance, not otherwise allocated	-	39,391	32,093	-	7,298
Total general government	<u>10,953</u>	<u>2,173,229</u>	<u>2,055,192</u>	<u>3,992</u>	<u>124,998</u>
Public safety:					
Police	-	3,632,415	3,583,622	-	48,793
Ambulance	-	159,396	161,294	-	(1,898)
Fire	-	314,359	317,344	-	(2,985)
Building inspection	-	81,000	81,211	-	(211)
Emergency management	-	4,800	4,800	-	-
Total public safety	<u>-</u>	<u>4,191,970</u>	<u>4,148,271</u>	<u>-</u>	<u>43,699</u>
Airport	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Highways and streets:					
Public works garage	-	66,559	67,224	-	(665)
Highways and streets	-	1,973,813	1,730,108	-	243,705
Street lighting	-	73,857	74,984	-	(1,127)
Total highways and streets	<u>-</u>	<u>2,114,229</u>	<u>1,872,316</u>	<u>-</u>	<u>241,913</u>
Water distribution and treatment	<u>-</u>	<u>30,000</u>	<u>17,409</u>	<u>-</u>	<u>12,591</u>
Sanitation:					
Administration	-	66,559	67,211	-	(652)
Solid waste disposal	-	743,277	700,854	-	42,423
Total sanitation	<u>-</u>	<u>809,836</u>	<u>768,065</u>	<u>-</u>	<u>41,771</u>
Health:					
Administration	-	2,950	2,456	-	494
Total health	<u>-</u>	<u>2,950</u>	<u>2,456</u>	<u>-</u>	<u>494</u>
Welfare:					
Administration	-	65,199	64,580	-	619
Direct assistance	-	50,000	21,743	-	28,257
Other	-	78,000	78,000	-	-
Total welfare	<u>-</u>	<u>193,199</u>	<u>164,323</u>	<u>-</u>	<u>28,876</u>
Culture and recreation:					
Parks and recreation	-	432,134	430,638	-	1,496
Library	-	488,162	471,358	-	16,804
Patriotic purposes	-	15,700	18,281	-	(2,581)
Total culture and recreation	<u>-</u>	<u>935,996</u>	<u>920,277</u>	<u>-</u>	<u>15,719</u>

(Continued)

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

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Conservation	-	12,056	10,892	-	1,164
Debt service:					
Principal of long-term debt	-	75,000	75,000	-	-
Interest on long-term debt	-	6,312	6,312	-	-
Interest on tax anticipation notes	-	2,500	669	-	1,831
Leases	-	-	-	-	-
Total debt service	-	83,812	81,981	-	1,831
Capital outlay	-	500,826	500,826	-	-
Other financing uses:					
Transfers out	-	1,560,000	1,560,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 10,953</u>	<u>\$ 12,618,103</u>	<u>\$ 12,112,008</u>	<u>\$ 3,992</u>	<u>\$ 513,056</u>

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

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,414,706
Changes:		
Unassigned fund balance used to reduce 2015 tax rate		(450,000)
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 295,323	
Unexpended balance of appropriations (Schedule 2)	<u>513,056</u>	
2015 Budget surplus		808,379
Decrease in nonspendable fund balance		<u>620</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis) (Exhibit D)		<u>2,773,705</u>
<i>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</i>		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		2,773,705
To record deferred inflows of resources for property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(531,428)
To remove the allowance for uncollectible property taxes, recognized on a budgetary basis, but not on a GAAP basis		<u>48,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,290,277</u></u>

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

	Special Revenue Funds										Total	
	Public Library	Hubbard and Davis Public Forest Reserve	Conservation Commission	Grants	Police Commercial Detail	Recycling Special Waste	Recreation	Drug Forfeiture	Permanent Fund			
ASSETS												
Cash and cash equivalents	\$ 88,021	\$ -	\$ -	\$ 17,782	\$ 30,129	\$ 20,097	\$ 101,095	\$ 7,083	\$ 217,240	\$ 481,447		
Investments	215,629	14,601	206,764	-	-	-	-	-	-	436,994		
Total assets	\$ 303,650	\$ 14,601	\$ 206,764	\$ 17,782	\$ 30,129	\$ 20,097	\$ 101,095	\$ 7,083	\$ 217,240	\$ 918,441		
LIABILITIES												
Interfund payable	\$ 8,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,560		
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue - Advanced grant funding	-	-	-	17,752	-	-	-	-	-	17,752		
FUND BALANCES												
Nonspendable	-	-	-	-	-	-	-	-	74,943	74,943		
Restricted	295,090	14,601	-	30	-	-	-	7,083	142,297	459,101		
Committed	-	-	206,764	-	30,129	20,097	101,095	-	-	358,085		
Total fund balances	295,090	14,601	206,764	30	30,129	20,097	101,095	7,083	217,240	892,129		
Total liabilities, deferred inflows of resources, and fund balances	\$ 303,650	\$ 14,601	\$ 206,764	\$ 17,782	\$ 30,129	\$ 20,097	\$ 101,095	\$ 7,083	\$ 217,240	\$ 918,441		

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

	Special Revenue Funds										Total
	Public Library	Hubbard and Davis Public Forest Reserve	Conservation Commission	Grants	Police Commercial Detail	Recycling Special Waste	Recreation	Drug Forfeiture	Permanent Fund		
REVENUES											
Taxes	\$ -	\$ -	\$ 43,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,925
Charges for services	-	-	-	-	70,574	140,843	113,787	-	-	-	325,204
Miscellaneous	43,988	10	23,578	1,582	3	-	7	-	281	-	69,449
Total revenues	43,988	10	67,503	1,582	70,577	140,843	113,794	-	281	-	438,578
EXPENDITURES											
Current:											
General government	-	-	-	-	-	-	-	-	3,920	-	3,920
Public safety	-	-	-	-	59,526	-	-	1,459	-	-	60,985
Sanitation	-	-	-	-	-	137,807	-	-	-	-	137,807
Culture and recreation	23,059	-	-	1,578	-	-	83,578	-	-	-	108,215
Conservation	-	-	637,590	-	-	-	-	-	-	-	637,590
Total expenditures	23,059	-	637,590	1,578	59,526	137,807	83,578	1,459	3,920	-	948,517
Excess (deficiency) of revenues over (under) expenditures	20,929	10	(570,087)	4	11,051	3,036	30,216	(1,459)	(3,639)	-	(509,939)
OTHER FINANCING USES											
Transfers out	(18,718)	-	-	-	-	-	-	-	-	-	(18,718)
Net change in fund balances	2,211	10	(570,087)	4	11,051	3,036	30,216	(1,459)	(3,639)	-	(528,657)
Fund balances, beginning	292,879	14,591	776,851	26	19,078	17,061	70,879	8,542	220,879	-	1,420,786
Fund balances, ending	\$ 295,090	\$ 14,601	\$ 206,764	\$ 30	\$ 30,129	\$ 20,097	\$ 101,095	\$ 7,083	\$ 217,240	\$ -	\$ 892,129