

**TOWN OF CONWAY,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

TOWN OF CONWAY, NEW HAMPSHIRE
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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen and Town Manager
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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2017, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

***Town of Conway
Independent Auditor's Report***

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 schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

July 17, 2018

*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.

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 eleven 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 as well as DARE 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 the six precincts of Conway, as well as 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

	2017	2016 (Restated)	Increase (Decrease)	% Change
At cost:				
Not being depreciated:				
Land	\$ 7,524,933	\$ 7,524,933	\$ -	0.00%
Construction in progress	-	-	-	0.00%
Total capital assets not being depreciated	<u>7,524,933</u>	<u>7,524,933</u>	-	0.00%
Being depreciated:				
Buildings and building improvements	6,242,704	6,242,704	-	0.00%
Machinery, equipment, and vehicles	5,082,013	4,791,452	290,561	6.06%
Infrastructure	18,198,822	17,230,365	968,457	5.62%
Total capital assets being depreciated	<u>29,523,539</u>	<u>28,264,521</u>	1,259,018	4.45%
Total all capital assets	<u>37,048,472</u>	<u>35,789,454</u>	1,259,018	4.45%
Less accumulated depreciation:				
Buildings and building improvements	(1,717,039)	(1,580,586)	(136,453)	8.63%
Machinery, equipment, and vehicles	(2,105,521)	(1,956,008)	(149,513)	7.64%
Infrastructure	(3,902,462)	(3,364,883)	(537,579)	15.98%
Total accumulated depreciation	<u>(7,725,022)</u>	<u>(6,901,477)</u>	(823,545)	11.93%
Net book value, capital assets being depreciated	<u>21,798,517</u>	<u>21,363,044</u>	435,473	2.04%
Net book value, all capital assets	<u>\$ 29,323,450</u>	<u>\$ 28,887,977</u>	\$ 435,473	1.50%

Long-term liabilities are bonds, and notes due in more than one year. The Library's expansion bond was paid in full in 2017. The Town currently has no long-term debt. In addition to borrowing, long-term liabilities 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	2017	2016	Increase (Decrease)	% Change
Library's General Obligation Bond	\$ -	\$ 75,000	\$ (75,000)	-100.00%
Capital Lease	-	28,726	(28,726)	-100.00%
Compensated Absences	965,504	899,837	65,667	7.30%
Net Other Postemployment Benefits	521,563	745,454	(223,891)	-30.03%
Accrued Landfill Postclosure Care	2,208,318	2,175,285	33,033	1.52%
Net Pension Liability	9,543,872	10,028,983	(485,111)	-4.84%
Total	\$ 13,239,257	\$ 13,953,285	\$ (714,028)	-5.12%

Net investment in capital assets are capital assets less accumulated depreciation and the debt outstanding on these assets. The restricted net position are the trust funds for perpetual care of cemetery plots, public library, Hubbard Davis Public Forest Reserve, grant funds and drug forfeiture funds.

STATEMENT OF NET POSITION			Increase (Decrease)
	2017	2016	
CURRENT AND OTHER ASSETS	15,040,421	15,243,043	(202,622)
CAPITAL ASSETS, NET OF DEPRECIATION	29,323,450	28,300,277	1,023,173
TOTAL ASSETS	44,363,871	45,543,320	(1,179,449)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,689,670	2,451,867	(762,197)
LONG-TERM LIABILITIES OUTSTANDING	8,329,162	13,781,515	(5,452,353)
OTHER LIABILITIES	13,239,257	8,021,208	5,218,049
TOTAL LIABILITIES	21,568,419	21,802,723	(234,304)
DEFERRED INFLOWS	565,621	386,859	178,762
NET POSITION	23,919,501	23,805,605	113,896
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	29,323,450	28,784,251	539,199
RESTRICTED	563,937	537,247	26,690
UNRESTRICTED	(5,967,886)	(5,515,893)	(451,993)
TOTAL NET POSITION	23,919,501	23,805,605	113,896

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. The ongoing culvert replacement schedule had us replace the culvert on Brownfield Road. Our capital reserve plan has scheduled the other culverts to be replaced in the next three years. The other project was the reconstruction of Mill Street.

The Police Department purchased two vehicles. A basin cleaner, a sidewalk plow and a truck were purchased for the Highway Department. A fork-lift, a baler and a tractor were purchased for the Solid Waste Department.

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

	2017	2016	Increase (Decrease)	% Change
Governmental activities:				
General Government	\$ 2,475,325	\$ 2,525,306	\$ (49,981)	-1.98%
Public Safety	4,766,731	4,575,384	191,347	4.18%
Airport	10,000	9,999	1	0.01%
Highways & Streets	3,030,628	2,727,027	303,601	11.13%
Sanitation	1,095,436	1,107,555	(12,119)	-1.09%
Health	2,699	3,024	(325)	-10.75%
Welfare	242,242	238,143	4,099	1.72%
Culture & Recreation	1,154,841	1,083,838	71,003	6.55%
Conservation	21,950	25,911	(3,961)	-15.29%
Interest on Long-term Debt	295	1,901	(1,606)	-84.48%
Total Governmental Activities	12,800,147	12,298,088	502,059	4.08%
Program Revenues:				
Charges for Services	\$ 676,852	\$ 612,826	\$ 64,026	10.45%
Operating Grants & Contributions	406,564	437,187	(30,623)	-7.00%
Capital Grants & Contributions	49,530	-	49,530	
General Revenues:				
Property Taxes and Other Taxes	8,729,330	8,572,915	156,415	1.82%
Motor Vehicle Permit Fees	1,964,930	1,805,046	159,884	8.86%
Licenses & Other Fees	262,389	376,379	(113,990)	-30.29%
Grants & Contributions not related to specific programs	676,889	633,317	43,572	6.88%
Miscellaneous	147,559	118,788	28,771	24.22%
Total Revenues	12,914,043	12,556,458	\$ 357,585	2.85%

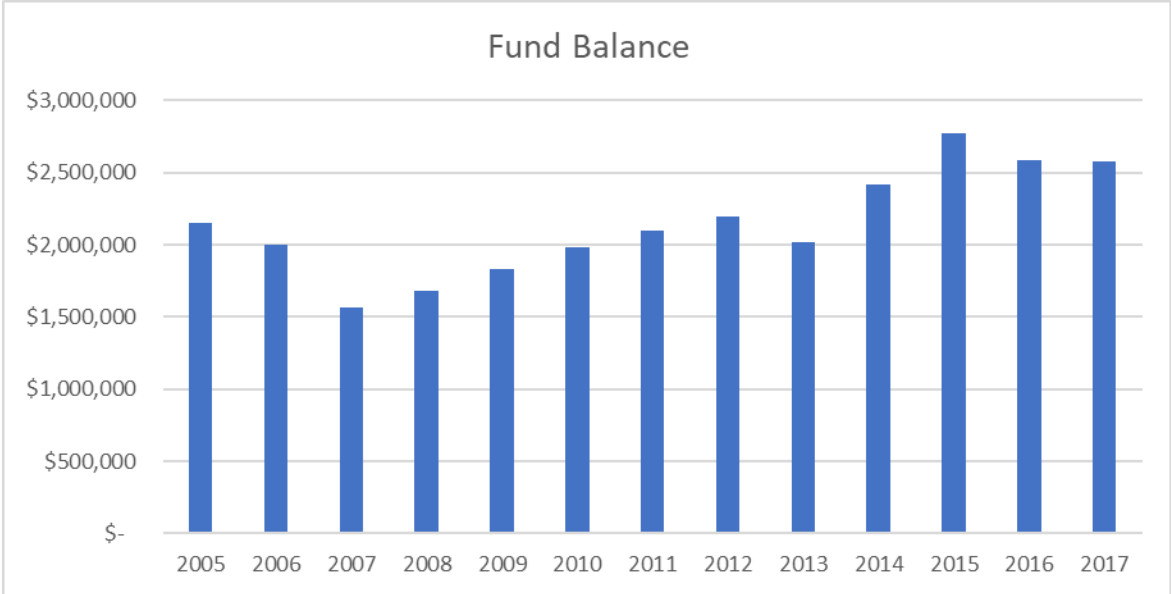
Beginning Net Position, as restated	23,805,605	23,547,235
Ending Net Position	23,919,501	23,805,605
Change in Net Position	\$ 113,896	\$ 258,370

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 2017 ended with an unassigned fund balance (non-GAAP budgetary basis) in the General Fund of \$2,576,444. The unassigned fund balance at the beginning of 2016 was \$2,583,101. For 2017 revenues exceeded estimates by \$103,623. Unexpended or unencumbered appropriations were \$255,756. For 2017, \$100,000 from fund balance was used to reduce taxes and \$250,000 from fund balance was used to support the Capital Reserve Fund for Infrastructure warrant article.

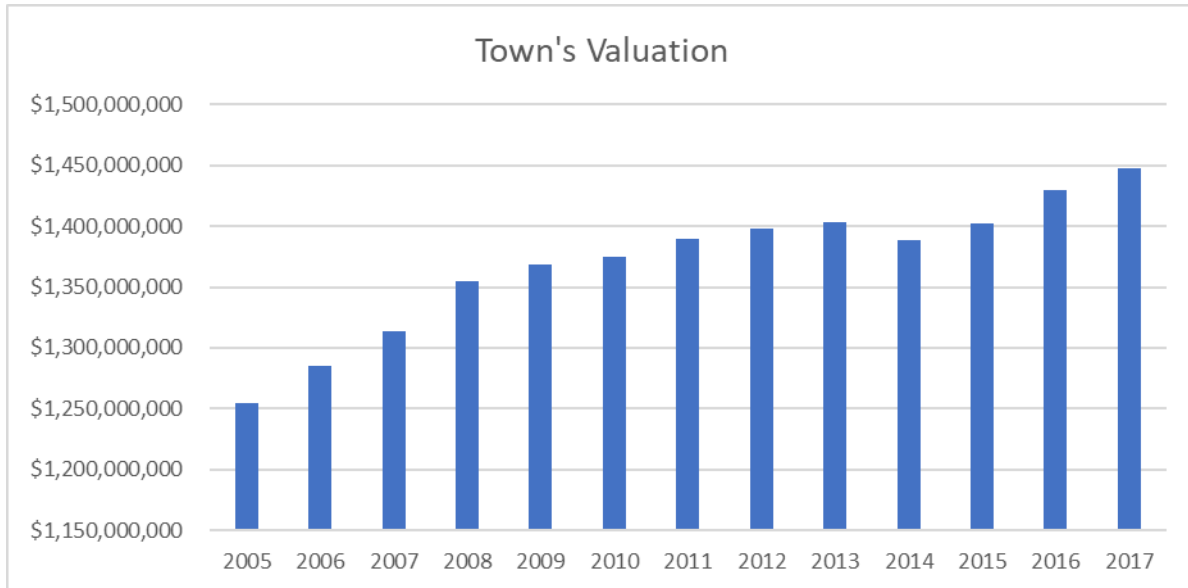
The Department of Revenue Administration and the Government Finance Officers Association recommend a retained fund balance of between 5% and 17% of the total of the town’s appropriation, plus state and local education taxes, county taxes and precinct taxes. This total for 2017 was \$31,278,458. Therefore, the recommended amount to be retained is between \$1,563,923 and \$5,317,338. The Town’s retained fund balance of \$2,576,444 is 8%.

The following chart shows the change in unassigned fund balance over the past 13 years.

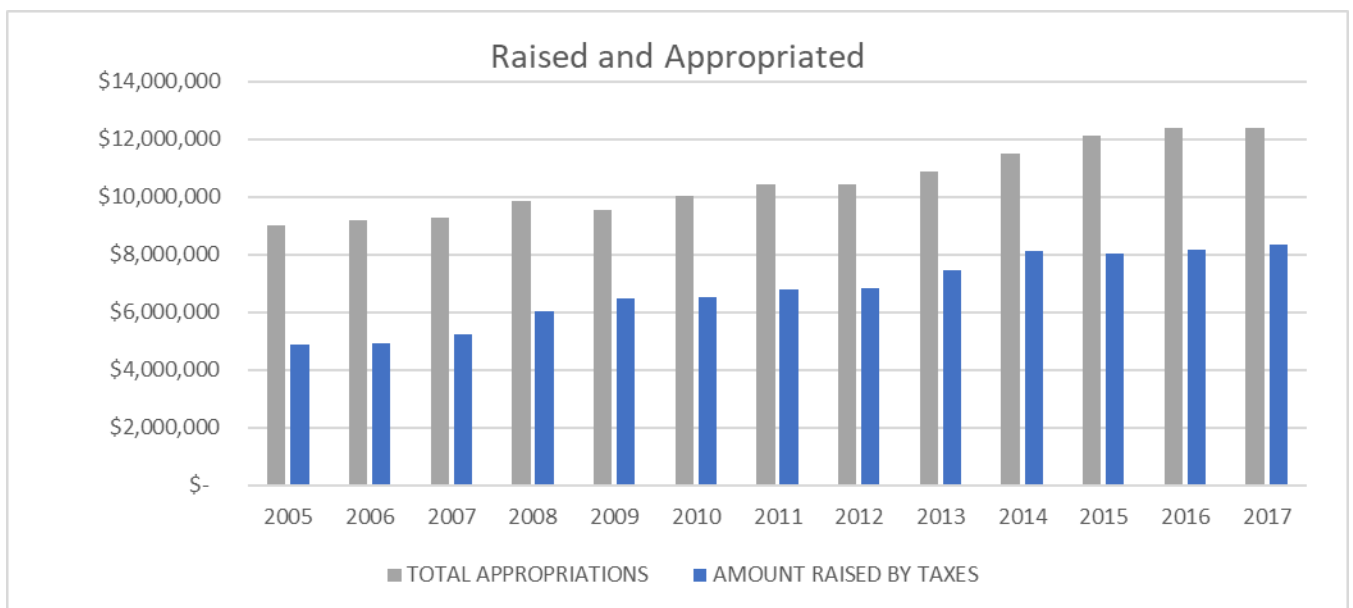


In the past 13 years the total net assessed value of the Town of Conway has increased 15.4% from \$1,255,015,320 to \$1,447,967,470. The increase in value of the Town has an impact on stabilizing the tax rate each year.

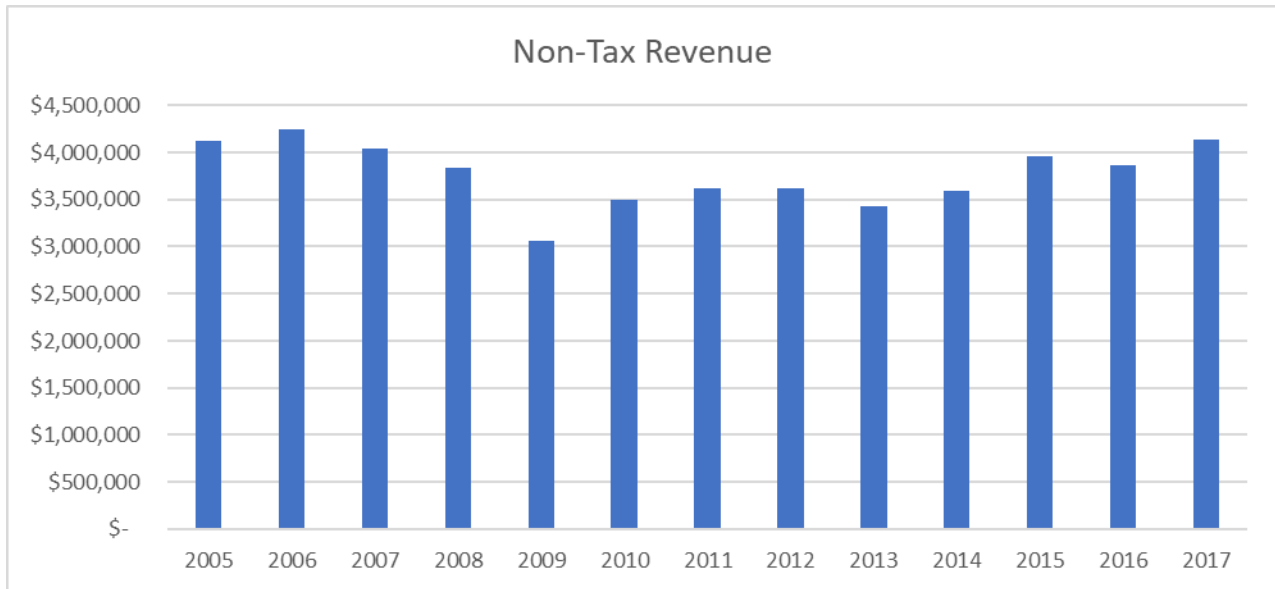
The 13 year increase in value is shown in the chart below.



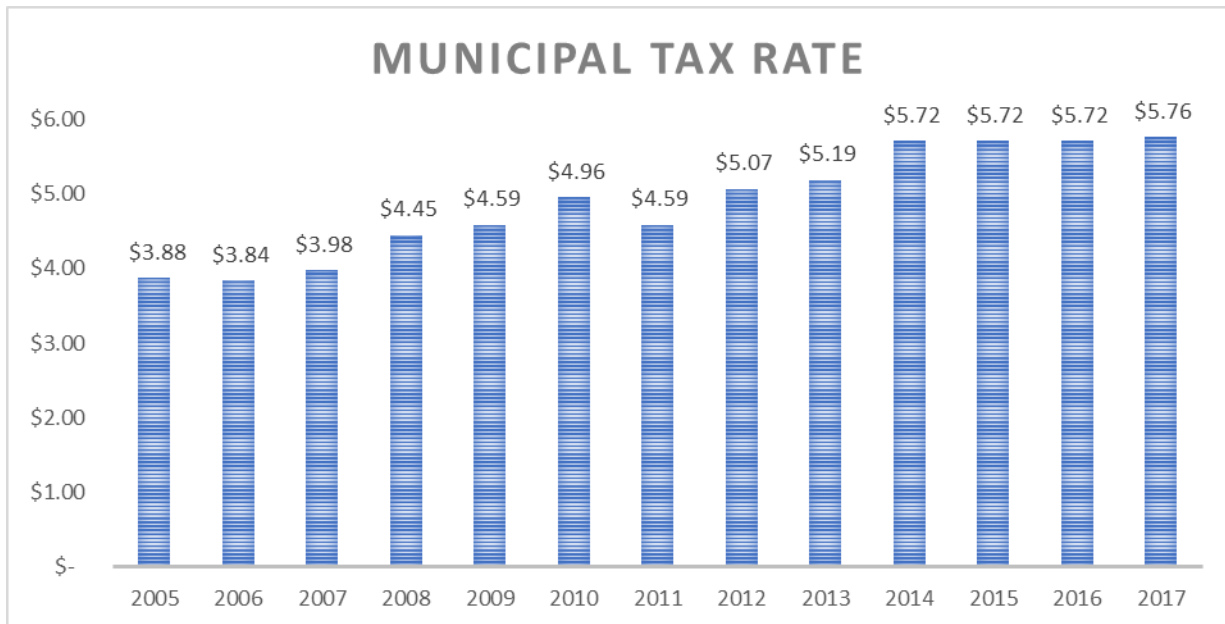
For the same period the relationship between total appropriations and the amount to be raised by taxes is shown in the chart below.



Non tax revenues, which were increasing, started declining in 2007 and dropped off sharply in 2009. The sharp decline has leveled off, and is only 2.5% away from returning to the level of a dozen years ago. The end result of 2017 was a 7% increase over 2016's non-tax revenues.



The following chart shows the Municipal tax rate for the same 13-year period.



	2011	2012	2013	2014	2015	2016	2017
OPERATING BUDGET	8,736,921	8,893,132	9,415,750	9,912,001	10,010,111	10,176,162	10,480,725
WARRANT ARTICLES	1,238,083	1,106,367	993,002	1,104,407	1,621,000	2,019,187	1,687,420
NON PROFITS	177,326	182,679	188,500	201,615	173,307	204,281	205,885
TOTAL APPROPRIATIONS	10,414,392	10,438,369	10,868,177	11,495,569	11,804,418	12,399,630	12,374,031
AMOUNT RAISED BY TAXES	6,796,272	6,816,623	7,438,796	7,899,473	7,397,674	8,178,142	8,336,925
USE of Fund Balance	350,000	390,000	270,924	350,000	450,000	725,000	350,000
NON TAX REVENUES	3,618,120	3,621,746	3,429,381	3,596,096	3,956,744	3,868,427	4,135,831
MUNICIPAL TAX RATE	4.59	5.07	5.19	5.72	5.72	5.72	5.76
PERCENT RAISED BY TAXES	65%	65%	68%	69%	63%	66%	67%
VALUE FOR MUNICIPAL RATE	1,389,429,265	1,398,325,665	1,403,726,665	1,388,549,357	1,402,162,830	1,429,524,843	1,447,967,470
UNASSIGNED FUND BALANCE	2,094,737	2,195,344	2,013,781	2,414,706	2,773,705	2,542,050	2,576,444

For further information, please contact Lilli D. Gilligan, Finance Director, at 447-3811 x 221.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF CONWAY, NEW HAMPSHIRE
Statement of Net Position
December 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,800,081
Investments	717,073
Taxes receivable (net)	2,359,028
Accounts receivable (net)	60,001
Tax deeded property, subject to resale	104,238
Capital assets:	
Land	7,524,933
Other capital assets, net of depreciation	21,798,517
Total assets	44,363,871
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,689,670
LIABILITIES	
Accounts payable	146,235
Accrued salaries and benefits	231,191
Intergovernmental payable	7,951,736
Long-term liabilities:	
Due within one year	134,745
Due in more than one year	13,104,512
Total liabilities	21,568,419
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Advanced grant funding	179,688
Amounts related to pensions	385,933
Total deferred inflows of resources	565,621
NET POSITION	
Net investment in capital assets	29,323,450
Restricted	563,937
Unrestricted	(5,967,886)
Total net position	\$ 23,919,501

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, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,475,325	\$ 17,411	\$ 30,544	\$ -	\$ (2,427,370)
Public safety	4,766,731	107,139	-	-	(4,659,592)
Airport	10,000	-	-	-	(10,000)
Highways and streets	3,030,628	104,713	254,196	49,530	(2,622,189)
Sanitation	1,095,436	333,097	121,824	-	(640,515)
Health	2,699	-	-	-	(2,699)
Welfare	242,242	1,668	-	-	(240,574)
Culture and recreation	1,154,841	112,824	-	-	(1,042,017)
Conservation	21,950	-	-	-	(21,950)
Interest on long-term debt	295	-	-	-	(295)
Total governmental activities	<u>\$ 12,800,147</u>	<u>\$ 676,852</u>	<u>\$ 406,564</u>	<u>\$ 49,530</u>	<u>(11,667,201)</u>
General revenues:					
Taxes:					
Property					8,353,510
Other					375,820
Motor vehicle permit fees					1,964,930
Licenses and other fees					262,389
Grants and contributions not restricted to specific programs					676,889
Miscellaneous					147,559
Total general revenues					<u>11,781,097</u>
Change in net position					113,896
Net position, beginning, as restated (see Note 16)					23,805,605
Net position, ending					<u>\$ 23,919,501</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, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,136,114	\$ 663,967	\$ 11,800,081
Investments	205,753	511,320	717,073
Taxes receivable	2,394,028	-	2,394,028
Accounts receivable (net)	60,001	-	60,001
Interfund receivable	850	-	850
Tax deeded property, subject to resale	104,238	-	104,238
Total assets	<u>\$ 13,900,984</u>	<u>\$ 1,175,287</u>	<u>\$ 15,076,271</u>
LIABILITIES			
Accounts payable	\$ 146,235	\$ -	\$ 146,235
Accrued salaries and benefits	231,191	-	231,191
Intergovernmental payable	7,951,736	-	7,951,736
Interfund payable	-	850	850
Total liabilities	<u>8,329,162</u>	<u>850</u>	<u>8,330,012</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	462,670	-	462,670
Unavailable revenue - Highway block grant	-	179,688	179,688
Total deferred inflows of resources	<u>462,670</u>	<u>179,688</u>	<u>642,358</u>
FUND BALANCES			
Nonspendable	104,238	75,444	179,682
Restricted	-	488,493	488,493
Committed	2,853,285	430,812	3,284,097
Assigned	2,855	-	2,855
Unassigned	2,148,774	-	2,148,774
Total fund balances	<u>5,109,152</u>	<u>994,749</u>	<u>6,103,901</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,900,984</u>	<u>\$ 1,175,287</u>	<u>\$ 15,076,271</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, 2017

Total fund balances of governmental funds (Exhibit C-1)	\$	6,103,901
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	\$	37,048,472
Less accumulated depreciation		<u>(7,725,022)</u>
		29,323,450
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	\$	1,689,670
Deferred inflows of resources related to pensions		<u>(385,933)</u>
		1,303,737
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$	(850)
Payables		<u>850</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	\$	462,670
Allowance for uncollectible property taxes		<u>(35,000)</u>
		427,670
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Compensated absences	\$	965,504
Other postemployment benefits		521,563
Accrued landfill closure and postclosure care costs		2,208,318
Net pension liability		<u>9,543,872</u>
		<u>(13,239,257)</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>23,919,501</u></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, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 8,757,859	\$ 23,725	\$ 8,781,584
Licenses and permits	2,227,319	-	2,227,319
Intergovernmental	1,052,909	80,074	1,132,983
Charges for services	387,461	289,391	676,852
Miscellaneous	69,424	78,135	147,559
Total revenues	<u>12,494,972</u>	<u>471,325</u>	<u>12,966,297</u>
EXPENDITURES			
Current:			
General government	2,425,146	3,440	2,428,586
Public safety	4,465,573	30,762	4,496,335
Airport	10,000	-	10,000
Highways and streets	2,526,163	49,530	2,575,693
Sanitation	1,054,996	141,091	1,196,087
Health	2,750	-	2,750
Welfare	246,590	-	246,590
Culture and recreation	941,278	129,696	1,070,974
Conservation	19,603	2,347	21,950
Debt service:			
Principal	75,000	-	75,000
Interest	1,613	-	1,613
Capital outlay	970,983	35,534	1,006,517
Total expenditures	<u>12,739,695</u>	<u>392,400</u>	<u>13,132,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(244,723)</u>	<u>78,925</u>	<u>(165,798)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	29,700	13,013	42,713
Transfers out	(13,013)	(29,700)	(42,713)
Total other financing sources (uses)	<u>16,687</u>	<u>(16,687)</u>	<u>-</u>
Net change in fund balances	(228,036)	62,238	(165,798)
Fund balances, beginning	5,337,188	932,511	6,269,699
Fund balances, ending	<u>\$ 5,109,152</u>	<u>\$ 994,749</u>	<u>\$ 6,103,901</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, 2017

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (165,798)
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	\$ 1,512,136	
Depreciation expense	<u>(1,005,979)</u>	506,157
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net position.		(70,684)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (42,713)	
Transfers out	<u>42,713</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	\$ (32,254)	
Change in allowance for uncollectible property taxes	<u>(20,000)</u>	(52,254)
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>28,726</u>	103,726
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	\$ 1,318	
Increase in compensated absences payable	(65,667)	
Decrease in other postemployment benefits payable	223,891	
Increase in accrued landfill closure and postclosure care costs	(33,033)	
Net change in items relating to GASB Statement No. 68	<u>(333,760)</u>	(207,251)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 113,896</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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,693,845	\$ 8,693,845	\$ 8,705,605	\$ 11,760
Licenses and permits	2,228,900	2,228,900	2,227,319	(1,581)
Intergovernmental	1,037,701	1,037,701	1,052,909	15,208
Charges for services	320,565	320,565	387,461	66,896
Miscellaneous	45,960	45,960	57,300	11,340
Total revenues	<u>12,326,971</u>	<u>12,326,971</u>	<u>12,430,594</u>	<u>103,623</u>
EXPENDITURES				
Current:				
General government	2,316,334	2,315,856	2,211,411	104,445
Public safety	4,532,110	4,532,109	4,415,778	116,331
Airport	10,000	10,000	10,000	-
Highways and streets	2,248,424	2,250,097	2,263,190	(13,093)
Sanitation	844,621	843,531	818,700	24,831
Health	3,450	3,450	2,750	700
Welfare	247,204	247,204	246,590	614
Culture and recreation	961,463	961,359	941,278	20,081
Conservation	19,950	19,950	19,603	347
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	3,113	3,113	1,613	1,500
Total expenditures	<u>11,261,669</u>	<u>11,261,669</u>	<u>11,005,913</u>	<u>255,756</u>
Excess of revenues over expenditures	<u>1,065,302</u>	<u>1,065,302</u>	<u>1,424,681</u>	<u>359,379</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	29,700	29,700	29,700	-
Transfers out	(1,445,002)	(1,445,002)	(1,445,002)	-
Total other financing sources (uses)	<u>(1,415,302)</u>	<u>(1,415,302)</u>	<u>(1,415,302)</u>	<u>-</u>
Net change in fund balances	<u>\$ (350,000)</u>	<u>\$ (350,000)</u>	9,379	<u>\$ 359,379</u>
Increase in nonspendable fund balance			(31,715)	
Decrease in assigned for abatement contingency			15,679	
Unassigned fund balance, beginning			<u>2,583,101</u>	
Unassigned fund balance, ending			<u>\$ 2,576,444</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, 2017

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 164,846	\$ 5,991,138
Investments	-	286,854
Total assets	164,846	6,277,992
LIABILITIES		
Intergovernmental payable	-	5,165,571
Due to others	-	1,112,421
Total liabilities	-	6,277,992
NET POSITION		
Held in trust for specific purposes	\$ 164,846	\$ -

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, 2017

	Private Purpose Trust
ADDITIONS	
New funds	\$ 1,275
Interest	639
Total revenue	1,914
DEDUCTIONS	
Scholarships	5,500
Change in net position	(3,586)
Net position, beginning	168,432
Net position, ending	\$ 164,846

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, 2017

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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, 2017

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 and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Basis of Accounting, and Measurement Focus

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

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

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

Additionally, the Town reports the following fund types:

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

Capital Project Fund (Local Public Agency Project Fund) – The Town of Conway was designated the *Local Public Agency* in charge of managing all aspects of the reconstruction of Route 16/Route 113 in Conway, running approximately from the railroad tracks near the Kancamagus Highway to Pollard Street. The water lines underneath are to be replaced, the underground utilities are to be relocated, new drainage will be installed, the sidewalks and curbing are to be reconstructed, the roadway is to be reengineered and reconstructed, and both sets of lights are to be replaced. The project was given a notice to proceed on January 26, 2016. It is expected to last through the 2019 construction season. It is expected to cost at least \$3,429,972. All of the costs of the project are to be paid by the Town of Conway under the Federal Highway guidelines with the NH DOT reimbursing Conway monthly. Both the Public Works Director and the Finance Director are required to be *Local Public Agency Certified*.

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.

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

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

The Town also reports the following fiduciary funds:

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

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

1-C Cash and Cash Equivalents

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

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

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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1-D 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.

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

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

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

Level 3 inputs are significant unobservable inputs.

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

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

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

1-E 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.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

1-F Capital Assets

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

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

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

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

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

1-G 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-H 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 17, 2017 and November 2, 2017, and due on July 6, 2017 and December 8, 2017. 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 precinct 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, 2017 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,394,416,470
For all other taxes	\$ 1,447,967,470

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

The tax rates and amounts assessed for the year ended December 31, 2017 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.76	\$ 8,336,925
School portion:		
State of New Hampshire	\$2.45	3,418,880
Local	\$10.31	14,929,044
County portion	\$1.46	2,114,342
Total municipal portion		28,799,191
Precinct portions:		
Center Conway Fire	\$1.07	241,907
Conway Village Fire	\$2.27	454,610
East Conway Fire	\$1.80	57,657
Fire Assessment	\$1.02	333,327
Kearsarge Lighting	\$0.22	20,040
North Conway Water	\$2.72	1,594,444
Redstone Fire	\$0.80	61,282
Total precinct portion		2,763,267
Total		\$ 31,562,458

1-I Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2017.

1-J Deferred Outflows/Inflows of Resources

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

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

1-K Long-term Obligations

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

1-L Compensated Absences

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

1-M Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No.73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules are prepared by New Hampshire Retirement System, and are audited by the plan's independent auditors.

1-N Net Position/Fund Balances

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

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation.
- 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 – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

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

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 and Town Manager through the budgetary process.

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

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

The Board will maintain an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (GFOA), which are as follows:

- A. 5% to 15% of regular general fund operating revenues, or
- B. 8% to 17% of regular general fund operating expenditures (includes all payments to county, school and precincts).

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1-0 Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2017, \$100,000 of the beginning general fund unassigned fund balance was applied for this purpose and \$250,000 was voted from unassigned fund balance as a transfer to the capital reserve funds.

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)	\$ 12,460,294
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	12,124
Change in property tax revenue relating to 60-day revenue recognition	32,254
Change in allowance for uncollectible property taxes	20,000
Per Exhibit C-3 (GAAP basis)	<u>\$ 12,524,672</u>

(Continued)

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Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 12,450,915
Adjustment:	
Basis differences:	
Encumbrances, beginning	1,996
GASB Statement No. 54:	
To record expenditures of the blended funds	1,731,786
Net effect of eliminated and recognized transfers between blended funds	(1,431,989)
Per Exhibit C-3 (GAAP basis)	<u>\$ 12,752,708</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2017, the reported amount of the Town’s deposits was \$17,956,065 and the bank balance was \$18,939,319. Of the bank balance \$17,036,419 was covered by federal depository insurance or by collateral held by the pledging bank or pledging bank’s trust department in the Town’s name, and \$1,902,900 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 11,800,081
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	<u>6,155,984</u>
Total cash and cash equivalents	<u>\$ 17,956,065</u>

NOTE 4 – INVESTMENTS

Note 1-D describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements and maturities as of December 31, 2017:

Investments type:	Valuation Measurement		1-5 Years	6-10 Years	Total
	Method	Fair Value			
Corporate bonds	Level 1	\$ -	\$ 30,126	\$ 20,347	\$ 50,473
Equity exchange traded funds	Level 1	142,647	-	-	142,647
Fixed income exchange traded funds	Level 1	34,333	-	-	34,333
Fixed income mutual funds	Level 1	13,924	-	-	13,924
Municipal bonds	Level 1	-	10,016	-	10,016
New Hampshire Public Deposit Investment Pool	Level 2	744,992	-	-	744,992
Preferred stocks	Level 1	7,542	-	-	7,542
Total fair value		<u>\$ 943,438</u>	<u>\$ 40,142</u>	<u>\$ 20,347</u>	<u>\$ 1,003,927</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In the case of general or operating funds, maturities shall not exceed one year from date of purchase. In all other cases, maturities will be varied to ensure sufficient liquidity to meet demands of the Town or other entities without incurring penalties and to minimize market risk.

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Credit Risk - The Town's formal investment policies do not directly address managing credit risk; however, state law limits investments as explained in Note 1-D. As of December 31, 2017, the Town's investments in corporate and municipal bonds had the following ratings:

	Amount	Rating*
Corporate bonds	\$ 40,376	A
Corporate bonds	10,097	Baa
	50,473	
Municipal bonds	10,016	Aa
Total	\$ 60,489	

*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. The Town's investment policies does not directly address custodial credit risk policies for investments.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. No individual investments in any one issuer exceeded the Town's total investment balance at December 31, 2017.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 717,073
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	286,854
Total investments	\$ 1,003,927

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2017. The amount has been reduced by an allowance for an estimated uncollectible amount of \$35,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2017	\$ 1,712,698	\$ 1,712,698
Unredeemed (under tax lien):		
Levy of 2016	376,322	376,322
Levy of 2015	255,952	255,952
Levies of 2014 and prior	40,216	40,216
Yield	1,180	1,180
Land use change	7,660	7,660
Less: allowance for estimated uncollectible taxes	(35,000) *	-
Net taxes receivable	\$ 2,359,028	\$ 2,394,028

*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, 2017, 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.

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Receivables as of December 31, 2017 for the Town's individual major fund including applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>
Receivables:	
Accounts	\$ 60,103
Less: allowance for uncollectibles	<u>(102)</u>
Net total receivables	<u><u>\$ 60,001</u></u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

	<u>Balance, beginning (as restated)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 7,524,933	\$ -	\$ -	\$ 7,524,933
Being depreciated:				
Buildings and building improvements	6,242,704	-	-	6,242,704
Machinery, equipment, and vehicles	4,791,452	543,679	(253,118)	5,082,013
Infrastructure	17,230,365	968,457	-	18,198,822
Total capital assets being depreciated	<u>28,264,521</u>	<u>1,512,136</u>	<u>(253,118)</u>	<u>29,523,539</u>
Total all capital assets	<u>35,789,454</u>	<u>1,512,136</u>	<u>(253,118)</u>	<u>37,048,472</u>
Less accumulated depreciation:				
Buildings and building improvements	(1,580,586)	(136,453)	-	(1,717,039)
Machinery, equipment, and vehicles	(1,956,008)	(331,947)	182,434	(2,105,521)
Infrastructure	(3,364,883)	(537,579)	-	(3,902,462)
Total accumulated depreciation	<u>(6,901,477)</u>	<u>(1,005,979)</u>	<u>182,434</u>	<u>(7,725,022)</u>
Net book value, capital assets being depreciated	<u>21,363,044</u>	<u>506,157</u>	<u>(70,684)</u>	<u>21,798,517</u>
Net book value, all capital assets	<u><u>\$ 28,887,977</u></u>	<u><u>\$ 506,157</u></u>	<u><u>\$ (70,684)</u></u>	<u><u>\$ 29,323,450</u></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	\$ 27,748
Public safety	81,371
Highways and streets	720,332
Sanitation	102,294
Culture and recreation	74,234
Total depreciation expense	<u><u>\$ 1,005,979</u></u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	<u><u>\$ 850</u></u>

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

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Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2017 is as follows:

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ -	\$ 13,013	\$ 13,013
Nonmajor fund	29,700	-	29,700
Total	\$ 29,700	\$ 13,013	\$ 42,713

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

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$13,117,307 at December 31, 2017 consist of the following:

General fund:		
Balance due to the Conway School District	\$ 7,947,924	
Balance due to the State of New Hampshire for miscellaneous Town Clerk fees	3,812	
Total general fund	7,951,736	
Agency funds:		
Balance of capital reserve funds due to the:		
Center Conway Fire Precinct	196,209	
Conway School District	1,512,671	
Conway Village Fire District	1,162,887	
East Conway Fire Precinct	60,241	
Kearsarge Lighting Precinct	34,574	
North Conway Water Precinct	2,118,469	
Redstone Fire Precinct	80,520	
Total agency funds	5,165,571	
Total intergovernmental payables due	\$ 13,117,307	

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of \$1,689,670 in the governmental activities at December 31, 2017 consists of amounts related to pensions, see Note 12 for further discussion.

Deferred inflows of resources are as follows:

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 462,670	* \$ -
Grants and donations received in advance of eligible expenditures	179,688	-	179,688
Amounts related to pensions (see Note 12)	385,933	-	-
Total deferred inflows of resources	\$ 565,621	\$ 462,670	\$ 179,688

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

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NOTE 11 – LONG-TERM LIABILITIES

Changes in the Town’s long-term liabilities consisted of the following for the year ended December 31, 2017:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
General obligation bond	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
Capital lease	28,726	-	(28,726)	-	-
Compensated absences	899,837	65,667	-	965,504	134,745
Net other postemployment benefits	745,454	-	(223,891)	521,563	-
Accrued landfill closure and postclosure care costs	2,175,285	33,033	-	2,208,318	-
Net pension liability	10,028,983	-	(485,111)	9,543,872	-
Total long-term liabilities	<u>\$ 13,953,285</u>	<u>\$ 98,700</u>	<u>\$ (812,728)</u>	<u>\$ 13,239,257</u>	<u>\$ 134,745</u>

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 \$2,208,318 as of December 31, 2017, which is based on 39.8% usage (filled) of the landfill. It is estimated that an additional \$1,197,000 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 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, 2017. 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 \$1,824,832 at December 31, 2017.

NOTE 12 – 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 publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2017, the Town contributed the following amounts:

<u>Period</u>	<u>Police</u>	<u>Fire</u>	<u>All Other Employees</u>
January 1, 2017 thru June 30,2017	26.38%	29.16%	11.17%
July 1, 2017 thru December 31, 2017	29.43%	31.89%	11.38%

The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$719,873, \$734,390, and \$826,970, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At December 31, 2017 the Town reported a liability of \$9,543,872 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2017, the Town's proportion was .194606030% which was an increase of .00546033% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$1,058,509. At December 31, 2017 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	\$ 345,569	\$ 142,921
Changes in assumptions	958,331	-
Net difference between projected and actual investment earnings on pension plan investments	-	121,546
Differences between expected and actual experience	21,640	121,466
Contributions subsequent to the measurement date	364,130	-
Total	<u>\$ 1,689,670</u>	<u>\$ 385,933</u>

The \$364,130 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending December 31,</u>	
2018	\$ 221,808
2019	448,583
2020	374,980
2021	(105,764)
Totals	<u>\$ 939,607</u>

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

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

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

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

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

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

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

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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 7.25% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2017	\$ 12,573,572	\$ 9,543,872	\$ 7,061,152
June 30, 2016	\$ 12,886,560	\$ 10,028,983	\$ 7,659,076

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

NOTE 13 – 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 2017:

Annual required contribution	\$ 35,217
Interest on net OPEB obligation	1,602
Adjustment to annual required contribution	<u>(14,868)</u>
Annual OPEB cost (expense)	21,951
Contributions made	<u>(245,842)</u>
Increase in net OPEB obligation	(223,891)
Net OPEB obligation - beginning of year	745,454
Net OPEB Obligation - end of year	<u><u>\$ 521,563</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 2017 and the five 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, 2017	\$ 21,951	\$ (245,842)	1119.96%	\$ 521,563
December 31, 2016	\$ 21,092	\$ (50,683)	240.29%	\$ 745,454
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 December 31, 2016, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$424,895, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$424,895. The covered payroll (annual payroll of active employees covered by the plan) was \$5,061,782 during fiscal year 2017, and the ratio of the UAAL to the covered payroll was 8.39%.

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

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

In the December 31, 2016 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5.0% for years 2018 and later. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2017 was 30 years.

NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2017 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 29,323,450
Restricted:	
Public library	329,460
Hubbard and Davis Public Forest Reserve	14,377
Grants	1
Drug forfeiture	7,875
Nonexpendable permanent funds	75,444
Expendable permanent funds	136,780
Total restricted	563,937
Unrestricted	(5,967,886)
Total net position	\$ 23,919,501

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable:		
Major fund:		
General:		
Tax deeded property, held for resale	\$ 104,238	
Nonmajor fund:		
Permanent fund - principal balance	75,444	
Total nonspendable fund balance		\$ 179,682

(Continued)

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

Governmental fund balances continued:

Restricted:		
Nonmajor funds:		
Public library	\$ 329,460	
Hubbard and Davis public forest reserve	14,377	
Grants	1	
Drug forfeiture	7,875	
Permanent - income balance	<u>136,780</u>	
Total restricted fund balance		488,493
Committed:		
Major fund:		
General:		
Expendable trust	<u>\$ 2,853,285</u>	
Nonmajor funds:		
Conservation commission	238,008	
Police commercial detail	34,354	
Recycling special waste	42,816	
Recreation	<u>115,634</u>	
	<u>430,812</u>	
Total committed fund balance		3,284,097
Assigned:		
Major fund:		
General:		
D.A.R.E		2,855
Unassigned:		
Major fund:		
General		<u>2,148,774</u>
Total governmental fund balances		<u><u>\$ 6,103,901</u></u>

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2017 was restated to give retroactive effect to the following prior period adjustment:

	Government-wide
	Statements
To record Town owned land, not previously reported as capital assets	<u>\$ 587,700</u>
Net position, as previously reported	<u>23,217,905</u>
Net position, as restated	<u><u>\$ 23,805,605</u></u>

NOTE 17 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2017, 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 pool, 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 is a are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2017 to December 31, 2017 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, 2017 was \$96,899 for workers' compensation and \$116,905 for property/liability.

TOWN OF CONWAY, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

NOTE 18 – CONTINGENT LIABILITIES

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

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

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through July 17, 2018, the date the December 31, 2017 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

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, 2017

Fiscal Year	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, 2017	December 31, 2016	\$ -	\$ 424,895	\$ 424,895	0.00%	\$ 5,061,782	8.39%
December 31, 2016	December 31, 2016	\$ -	\$ 424,895	\$ 424,895	0.00%	\$ 4,805,470	8.84%
December 31, 2015	December 31, 2015	\$ -	\$ 2,379,391	\$ 2,379,391	0.00%	\$ 4,282,851	55.56%
December 31, 2014	December 31, 2014	\$ -	\$ 2,483,851	\$ 2,483,851	0.00%	\$ 4,412,786	56.29%
December 31, 2013	December 31, 2013	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,816,939	38.99%
December 31, 2012	December 31, 2012	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,152,916	45.22%
December 31, 2011	December 31, 2011	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 4,088,525	45.93%
December 31, 2010	December 31, 2010	\$ -	\$ 1,877,943	\$ 1,877,943	0.00%	\$ 3,959,525	47.43%
December 31, 2009	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, 2017

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, 2017	June 30, 2017	0.19406030%	\$ 9,543,872	\$ 4,877,667	195.66%	62.66%
December 31, 2016	June 30, 2016	0.18859997%	\$ 10,028,983	\$ 4,542,885	220.76%	58.30%
December 31, 2015	June 30, 2015	0.18348652%	\$ 7,268,868	\$ 4,196,038	173.23%	65.47%
December 31, 2014	June 30, 2014	0.19109216%	\$ 7,172,808	\$ 4,104,417	174.76%	66.32%
December 31, 2013	June 30, 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, 2017

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2017	June 30, 2017	\$ 710,927	\$ 710,927	\$ -	\$ 4,877,667	14.58%
December 31, 2016	June 30, 2016	\$ 675,337	\$ 675,337	\$ -	\$ 4,542,885	14.87%
December 31, 2015	June 30, 2015	\$ 615,576	\$ 615,576	\$ -	\$ 4,196,038	14.67%
December 31, 2014	June 30, 2014	\$ 619,947	\$ 619,947	\$ -	\$ 4,104,417	15.10%
December 31, 2013	June 30, 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, 2017

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

This schedule is presented to show information for 10 years. However, information is only presented for years which information is available.

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, 2017, and the preceding four years.

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

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

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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These schedules are presented to show information for 10 years. However, information is only presented for years which information is available.

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, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 8,328,222	\$ 8,353,510	\$ 25,288
Land use change	9,200	23,725	14,525
Yield	25,000	27,562	2,562
Excavation	100	117	17
Payment in lieu of taxes	21,323	35,886	14,563
Interest and penalties on taxes	310,000	264,805	(45,195)
Total from taxes	<u>8,693,845</u>	<u>8,705,605</u>	<u>11,760</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	15,300	18,068	2,768
Motor vehicle permit fees	1,950,000	1,964,930	14,930
Building permits	90,000	73,130	(16,870)
Other	173,600	171,191	(2,409)
Total from licenses, permits, and fees	<u>2,228,900</u>	<u>2,227,319</u>	<u>(1,581)</u>
Intergovernmental:			
State:			
Meals and rooms distribution	518,205	518,205	-
Highway block grant	254,200	254,196	(4)
Other	265,296	280,508	15,212
Total from intergovernmental	<u>1,037,701</u>	<u>1,052,909</u>	<u>15,208</u>
Charges for services:			
Income from departments	<u>320,565</u>	<u>387,461</u>	<u>66,896</u>
Miscellaneous:			
Sale of municipal property	19,960	11,922	(8,038)
Interest on investments	7,500	7,942	442
Fines and forfeits	-	4,655	4,655
Insurance dividends and reimbursements	-	1,326	1,326
Contributions and donations	-	3,120	3,120
Other	18,500	28,335	9,835
Total from miscellaneous	<u>45,960</u>	<u>57,300</u>	<u>11,340</u>
Other financing sources:			
Transfers in	<u>29,700</u>	<u>29,700</u>	<u>-</u>
Total revenues and other financing sources	12,356,671	<u>\$ 12,460,294</u>	<u>\$ 103,623</u>
Unassigned fund balance used to reduce tax rate	100,000		
Voted from unassigned fund balance	250,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 12,706,671</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, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Current:				
General government:				
Executive	\$ 1,996	\$ 261,754	\$ 258,406	\$ 5,344
Election and registration	-	119,122	116,246	2,876
Financial administration	-	297,923	284,085	13,838
Revaluation of property	-	186,598	161,163	25,435
Legal	-	50,000	36,358	13,642
Personnel administration	-	1,071,593	1,032,603	38,990
Planning and zoning	-	199,822	195,728	4,094
General government buildings	-	93,972	93,746	226
Insurance, not otherwise allocated	-	35,072	35,072	-
Total general government	<u>1,996</u>	<u>2,315,856</u>	<u>2,213,407</u>	<u>104,445</u>
Public safety:				
Police	-	3,900,193	3,788,802	111,391
Ambulance	-	207,398	207,398	-
Fire	-	334,140	332,640	1,500
Building inspection	-	85,078	81,638	3,440
Emergency management	-	5,300	5,300	-
Total public safety	<u>-</u>	<u>4,532,109</u>	<u>4,415,778</u>	<u>116,331</u>
Airport	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Highways and streets:				
Public works garage	-	69,457	69,076	381
Highways and streets	-	2,105,640	2,158,651	(53,011)
Street lighting	-	75,000	35,463	39,537
Total highways and streets	<u>-</u>	<u>2,250,097</u>	<u>2,263,190</u>	<u>(13,093)</u>
Sanitation:				
Administration	-	69,697	68,770	927
Solid waste disposal	-	773,834	749,930	23,904
Total sanitation	<u>-</u>	<u>843,531</u>	<u>818,700</u>	<u>24,831</u>
Health:				
Administration	<u>-</u>	<u>3,450</u>	<u>2,750</u>	<u>700</u>
Welfare:				
Administration	-	58,319	57,722	597
Direct assistance	-	48,000	47,983	17
Other	-	140,885	140,885	-
Total welfare	<u>-</u>	<u>247,204</u>	<u>246,590</u>	<u>614</u>
Culture and recreation:				
Parks and recreation	-	380,198	369,153	11,045
Library	-	494,761	484,712	10,049
Patriotic purposes	-	21,400	22,413	(1,013)
Other	-	65,000	65,000	-
Total culture and recreation	<u>-</u>	<u>961,359</u>	<u>941,278</u>	<u>20,081</u>
Conservation	<u>-</u>	<u>19,950</u>	<u>19,603</u>	<u>347</u>
Debt service:				
Principal of long-term debt	-	75,000	75,000	-
Interest on long-term debt	-	1,613	1,613	-
Interest on tax anticipation notes	-	1,500	-	1,500
Total debt service	<u>-</u>	<u>78,113</u>	<u>76,613</u>	<u>1,500</u>

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, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Other financing uses:				
Transfers out	-	1,445,002	1,445,002	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 1,996</u>	<u>\$ 12,706,671</u>	<u>\$ 12,452,911</u>	<u>\$ 255,756</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, 2017

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 2,583,101
Changes:		
Unassigned fund balance used to reduce 2017 tax rate		(100,000)
Voted from unassigned fund balance		(250,000)
2017 Budget summary:		
Revenue surplus (Schedule 1)	\$ 103,623	
Unexpended balance of appropriations (Schedule 2)	<u>255,756</u>	
2017 Budget surplus		359,379
Increase in nonspendable fund balance		(31,715)
Decrease in assigned for abatement contingency		<u>15,679</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis) (Exhibit D)		<u>2,576,444</u>
Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:		
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		(462,670)
To remove the allowance for uncollectible property taxes, recognized on a budgetary basis, but not on a GAAP basis		<u>35,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 2,148,774</u></u>

SCHEDULE 4
TOWN OF CONWAY, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue Funds							Local Public Agency Project Fund	Permanent Fund	Total	
	Public Library	Hubbard and Davis Public Forest Reserve	Conservation Commission	Grants	Police Commercial Detail	Recycling Special Waste	Recreation				Drug Forfeiture
ASSETS											
Cash and cash equivalents	\$ 70,525	\$ -	\$ -	\$179,689	\$ 34,354	\$ 43,602	\$ 115,698	\$ 7,875	\$ -	\$ 212,224	\$ 663,967
Investments	258,935	14,377	238,008	-	-	-	-	-	-	-	511,320
Total assets	<u>\$ 329,460</u>	<u>\$ 14,377</u>	<u>\$ 238,008</u>	<u>\$179,689</u>	<u>\$ 34,354</u>	<u>\$ 43,602</u>	<u>\$ 115,698</u>	<u>\$ 7,875</u>	<u>\$ -</u>	<u>\$ 212,224</u>	<u>\$ 1,175,287</u>
LIABILITIES											
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 786	\$ 64	\$ -	\$ -	\$ -	\$ 850
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - Highway block grant	-	-	-	179,688	-	-	-	-	-	-	179,688
FUND BALANCES											
Nonspendable	-	-	-	-	-	-	-	-	-	75,444	75,444
Restricted	329,460	14,377	-	1	-	-	-	7,875	-	136,780	488,493
Committed	-	-	238,008	-	34,354	42,816	115,634	-	-	-	430,812
Total fund balances	<u>329,460</u>	<u>14,377</u>	<u>238,008</u>	<u>1</u>	<u>34,354</u>	<u>42,816</u>	<u>115,634</u>	<u>7,875</u>	<u>-</u>	<u>212,224</u>	<u>994,749</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 329,460</u>	<u>\$ 14,377</u>	<u>\$ 238,008</u>	<u>\$179,689</u>	<u>\$ 34,354</u>	<u>\$ 43,602</u>	<u>\$ 115,698</u>	<u>\$ 7,875</u>	<u>\$ -</u>	<u>\$ 212,224</u>	<u>\$ 1,175,287</u>

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, 2017

	Special Revenue Funds							Local Public Agency Project Fund	Permanent Fund	Total
	Hubbard and Davis Public	Conservation	Police	Recycling	Drug					
	Public Library	Forest Reserve	Commission	Commercial Detail	Special Waste	Recreation	Forfeiture			
REVENUES										
Taxes	\$ -	\$ -	\$ 23,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,725
Intergovernmental	-	-	-	49,530	-	-	-	30,544	-	80,074
Charges for services	-	-	-	-	31,131	145,436	112,824	-	-	289,391
Miscellaneous	68,630	132	8,026	1	4	3	14	-	-	78,135
Total revenues	68,630	132	31,751	49,531	31,135	145,439	112,838	-	30,544	471,325
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	3,440
Public safety	-	-	-	-	30,762	-	-	-	-	30,762
Highways and streets	-	-	-	49,530	-	-	-	-	-	49,530
Sanitation	-	-	-	-	-	141,091	-	-	-	141,091
Culture and recreation	10,228	-	-	30	-	-	119,438	-	-	129,696
Conservation	-	-	2,347	-	-	-	-	-	-	2,347
Capital outlay	-	-	-	-	-	-	-	-	35,534	35,534
Total expenditures	10,228	-	2,347	49,560	30,762	141,091	119,438	-	35,534	392,400
Excess (deficiency) of revenues over (under) expenditures	58,402	132	29,404	(29)	373	4,348	(6,600)	-	(4,990)	78,925
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	13,013	13,013
Transfers out	(29,700)	-	-	-	-	-	-	-	-	(29,700)
Total other financing sources (uses)	(29,700)	-	-	-	-	-	-	-	13,013	(16,687)
Net change in fund balances	28,702	132	29,404	(29)	373	4,348	(6,600)	-	8,023	62,238
Fund balances (deficit), beginning	300,758	14,245	208,604	30	33,981	38,468	122,234	7,875	(8,023)	932,511
Fund balance, ending	\$ 329,460	\$ 14,377	\$ 238,008	\$ 1	\$ 34,354	\$ 42,816	\$ 115,634	\$ 7,875	\$ -	\$ 994,749