

**TOWN OF PLAINFIELD,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Select Board
Town of Plainfield
Plainfield, New Hampshire

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Plainfield 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 Plainfield, as of December 31, 2017, and the respective changes in financial position and the 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

Management's Discussion and Analysis – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

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

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Schedule of Town's Proportionate Share of Net Pension Liability (page 28) and the Schedule of Town Contributions (page 29) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

June 27, 2018

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,723,264
Investments	1,008,467
Accounts receivable	11,039
Taxes receivable (net)	426,833
Intergovernmental receivable	1,031
Capital assets:	
Land and construction in progress	921,002
Other capital assets, net of depreciation	1,175,400
Total assets	7,267,036
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	337,320
LIABILITIES	
Accounts payable	41,929
Intergovernmental payable	2,827,991
Accrued interest payable	1,470
Long-term liabilities:	
Due within one year	26,202
Due in more than one year	1,351,686
Total liabilities	4,249,278
DEFERRED INFLOWS OF RESOURCES	
Amounts related to grants	99,291
Amounts related to pensions	73,670
Amounts related to prepaid taxes	191,110
Total deferred inflows of resources	364,071
NET POSITION	
Net investment in capital assets	2,026,972
Restricted	605,023
Unrestricted	359,012
Total net position	\$ 2,991,007

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

EXHIBIT B
TOWN OF PLAINFIELD, 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	\$ 451,409	\$ 18,917	\$ -	\$ 426	\$ (432,066)
Public safety	611,717	2,908	-	-	(608,809)
Highways and streets	1,033,592	2,764	116,182	-	(914,646)
Sanitation	211,598	8,715	-	-	(202,883)
Health	16,842	-	-	-	(16,842)
Welfare	13,240	7,023	-	-	(6,217)
Culture and recreation	182,127	4,175	-	-	(177,952)
Conservation	11,059	-	-	-	(11,059)
Interest on long-term debt	1,109	-	-	-	(1,109)
Total governmental activities	<u>\$ 2,532,693</u>	<u>\$ 44,502</u>	<u>\$ 116,182</u>	<u>\$ 426</u>	<u>(2,371,583)</u>
General revenues:					
Taxes:					
Property					1,453,355
Other					90,045
Motor vehicle permit fees					547,595
Licenses and other fees					91,826
Grants and contributions not restricted to specific programs					126,604
Unrestricted investment earnings					77,709
Miscellaneous					31,757
Total general revenues					<u>2,418,891</u>
Change in net position					47,308
Net position, beginning					2,943,699
Net position, ending					<u>\$ 2,991,007</u>

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

EXHIBIT C-1
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,716,962	\$ 6,302	\$ 3,723,264
Investments	565,848	442,619	1,008,467
Accounts receivable	11,039	-	11,039
Taxes receivable	466,833	-	466,833
Intergovernmental receivable	1,031	-	1,031
Interfund receivable	-	21,780	21,780
Total assets	<u>\$ 4,761,713</u>	<u>\$ 470,701</u>	<u>\$ 5,232,414</u>
LIABILITIES			
Accounts payable	\$ 41,929	\$ -	\$ 41,929
Intergovernmental payable	2,827,991	-	2,827,991
Interfund payable	21,780	-	21,780
Total liabilities	<u>2,891,700</u>	<u>-</u>	<u>2,891,700</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Grant	99,291	-	99,291
Unavailable revenue - Property taxes	269,945	-	269,945
Total deferred inflows of resources	<u>369,236</u>	<u>-</u>	<u>369,236</u>
FUND BALANCES			
Nonspendable	-	287,380	287,380
Restricted	249,916	67,727	317,643
Committed	502,842	115,594	618,436
Assigned	4,000	-	4,000
Unassigned	744,019	-	744,019
Total fund balances	<u>1,500,777</u>	<u>470,701</u>	<u>1,971,478</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,761,713</u>	<u>\$ 470,701</u>	<u>\$ 5,232,414</u>

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

EXHIBIT C-2
TOWN OF PLAINFIELD, 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)		\$ 1,971,478
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	\$ 3,557,253	
Less accumulated depreciation	<u>(1,460,851)</u>	2,096,402
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 337,320	
Deferred inflows of resources related to pensions	<u>(73,670)</u>	263,650
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (21,780)	
Payables	<u>21,780</u>	-
Tax receivables not collected within 60 days are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the funds.		
		78,835
Allowances for uncollectible taxes are eliminated on the Statement of Net Position due to the 60-day rule.		
		(40,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(1,470)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Note	\$ 12,500	
Capital lease	56,930	
Compensated absences	54,955	
Net pension liability	<u>1,253,503</u>	(1,377,888)
Net position of governmental activities (Exhibit A)		<u><u>\$ 2,991,007</u></u>

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

EXHIBIT C-3
TOWN OF PLAINFIELD, 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	\$ 1,465,389	\$ 18,980	\$ 1,484,369
Licenses and permits	639,421	-	639,421
Intergovernmental	243,212	-	243,212
Charges for services	47,002	-	47,002
Investment earnings	61,090	34,794	95,884
Miscellaneous	2,134	8,948	11,082
Total revenues	<u>2,458,248</u>	<u>62,722</u>	<u>2,520,970</u>
EXPENDITURES			
Current:			
General government	445,574	-	445,574
Public safety	604,757	-	604,757
Highways and streets	873,541	-	873,541
Sanitation	211,598	-	211,598
Health	16,842	-	16,842
Welfare	13,240	-	13,240
Culture and recreation	180,460	-	180,460
Conservation	359	10,700	11,059
Debt service:			
Principal	25,000	-	25,000
Interest	716	-	716
Total expenditures	<u>2,372,087</u>	<u>10,700</u>	<u>2,382,787</u>
Excess of revenues over expenditures	<u>86,161</u>	<u>52,022</u>	<u>138,183</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	21,286	-	21,286
Transfers out	-	(21,286)	(21,286)
Capital leases	29,982	-	29,982
Total other financing sources (uses)	<u>51,268</u>	<u>(21,286)</u>	<u>29,982</u>
Net change in fund balances	137,429	30,736	168,165
Fund balances, beginning	1,363,348	439,965	1,803,313
Fund balances, ending	<u>\$ 1,500,777</u>	<u>\$ 470,701</u>	<u>\$ 1,971,478</u>

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

EXHIBIT C-4
TOWN OF PLAINFIELD, 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)		\$ 168,165
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 depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 29,982	
Depreciation expense	<u>(154,006)</u>	(124,024)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (21,286)	
Transfers out	<u>21,286</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		59,031
The repayment of principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net		
Proceeds of capital lease	\$ (29,982)	
Repayment of note principal	25,000	
Repayment of capital leases	<u>13,053</u>	8,071
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (393)	
Changes related to GASB Statement No. 68	(56,313)	
Increase in compensated absences payable	<u>(7,229)</u>	(63,935)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 47,308</u>

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

EXHIBIT D
TOWN OF PLAINFIELD, 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

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,476,201	\$ 1,476,201	\$ 1,524,420	\$ 48,219
Licenses and permits	608,000	608,000	639,421	31,421
Intergovernmental	239,917	239,917	243,212	3,295
Charges for services	38,500	38,500	47,002	8,502
Investment earnings	1,500	1,500	3,807	2,307
Miscellaneous	5,000	5,000	8,715	3,715
Total revenues	<u>2,369,118</u>	<u>2,369,118</u>	<u>2,466,577</u>	<u>97,459</u>
EXPENDITURES				
Current:				
General government	421,542	435,834	431,574	4,260
Public safety	562,046	570,669	574,775	(4,106)
Highways and streets	832,744	893,463	873,541	19,922
Sanitation	214,810	214,810	211,598	3,212
Health	18,985	18,985	16,842	2,143
Welfare	10,000	10,000	13,240	(3,240)
Culture and recreation	168,266	168,603	166,586	2,017
Conservation	500	500	359	141
Debt service:				
Principal	25,000	25,000	25,000	-
Interest	725	725	716	9
Capital outlay	7,000	7,000	7,000	-
Total expenditures	<u>2,261,618</u>	<u>2,345,589</u>	<u>2,321,231</u>	<u>24,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,500</u>	<u>23,529</u>	<u>145,346</u>	<u>121,817</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	91,971	100,916	8,945
Transfers out	(167,500)	(167,500)	(167,500)	-
Total other financing sources (uses)	<u>(159,500)</u>	<u>(75,529)</u>	<u>(66,584)</u>	<u>8,945</u>
Net change in fund balances	<u>\$ (52,000)</u>	<u>\$ (52,000)</u>	78,762	<u>\$ 130,762</u>
Unassigned fund balance, beginning			704,092	
Unassigned fund balance, ending			<u>\$ 782,854</u>	

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

EXHIBIT E-1
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
December 31, 2017

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 3,696	\$ -
Investments	204,579	512,433
Total assets	208,275	512,433
LIABILITIES		
Intergovernmental payable	-	512,433
NET POSITION		
Held in trust for specific purposes	\$ 208,275	\$ -

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

EXHIBIT E-2
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended December 31, 2017

	Private Purpose Trust
ADDITIONS	
Interest	\$ 6,030
Change in fair market value	20,882
Total additions	26,912
DEDUCTIONS	
Trust income distributions	737
Change in net position	26,175
Net position, beginning	182,100
Net position, ending	\$ 208,275

TOWN OF PLAINFIELD, 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 PLAINFIELD, 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 Plainfield, 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 Plainfield is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B 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 non-major 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 PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

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 funds:

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

Additionally, the Town reports the following fund types:

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

Permanent Fund - is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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.

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.

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.

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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. Most of the Town's directly held marketable equity securities would be examples of Level 1 investments.

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

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, 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.

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.

1-F Capital Assets

Capital assets include property, plant, and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) which are reported in the governmental activities column 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.

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

	<u>Years</u>
Capital Asset Classes:	
Buildings	150
Equipment and vehicles	5 - 25
Infrastructure	12 - 30

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” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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

1-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 22 and October 10, and due on July 6 and December 4, respectively. 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, Plainfield School District, and Sullivan 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	\$ 262,255,594
For all other taxes	\$ 269,238,594

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

	<u>Per \$1,000 of Assessed Valuation</u>	<u>Property Taxes Assessed</u>
Municipal portion	\$5.74	\$ 1,544,594
School portion:		
State of New Hampshire	\$2.33	610,662
Local	\$17.15	4,617,329
County portion	\$3.03	817,136
Total		<u>\$ 7,589,721</u>

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.

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

Fund Balance Classifications – 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.

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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 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.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5-10% of the total property tax commitment.

1-O 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 and impairment 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, \$52,000 of the beginning general fund unassigned fund balance was applied for this purpose.

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2-B Budgetary Reconciliation to GAAP Basis

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

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,567,493
Adjustment:	
Basis difference:	
Inception of capital lease	29,982
GASB Statement No. 54:	
To record expendable trust revenues during the year	15,747
To record library revenues during the year	34,955
To record permanent fund contribution to library fund	2,800
To eliminate transfers between general and blended funds	(82,430)
Change in deferred tax revenue relating to 60-day revenue recognition	(59,031)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,509,516</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,488,731
Adjustment:	
Basis differences:	
Encumbrances, beginning	11,000
Encumbrances, ending	(4,000)
Inception of capital lease	29,982
GASB Statement No. 54:	
To record library expenditures during the year	13,874
To eliminate transfers between blended general and expendable trust funds	(167,500)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,372,087</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$3,726,960 and the bank balances totaled \$3,673,505. Petty cash totaled \$296.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 3,723,264
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	3,696
Total cash and cash equivalents	<u>\$ 3,726,960</u>

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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 as of December 31, 2017:

Certificate of deposit	\$ 1,117,793
New Hampshire Public Deposit Investment Pool	97,341
Fixed income mutual funds	510,345
Total fair value	<u><u>\$ 1,725,479</u></u>

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 1,008,467
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	717,012
Total investments	<u><u>\$ 1,725,479</u></u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2017. The amount has been reduced by an allowance for an estimated uncollectible amount of \$40,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2017	\$ 266,894	\$ 266,894
Unredeemed (under tax lien):		
Levy of 2016	114,416	114,416
Levy of 2015	69,187	69,187
Levies of 2014 and prior	16,336	16,336
Less: allowance for estimated uncollectible taxes	(40,000) *	-
Total taxes receivable	<u><u>\$ 426,833</u></u>	<u><u>\$ 466,833</u></u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2017, consisted of accounts (refuse charges) and intergovernmental amounts (fuel usage). Receivables are recorded on the Town’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 7 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$921,002	\$ -	\$ -	\$ 921,002
Construction in progress	149,647	-	#####	-
Total capital assets not being depreciated	<u><u>#####</u></u>	<u><u>-</u></u>	<u><u>#####</u></u>	<u><u>921,002</u></u>

(continued)

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Capital assets continued:

	Balance, <u>beginning</u>	Additions	Disposals	Balance, <u>ending</u>
Being depreciated:				
Buildings	190,692	#####	\$ -	340,339
Equipment and vehicles	#####	29,982	(28,093)	1,326,828
Infrastructure	969,084	-	-	969,084
Total capital assets being depreciated	<u>#####</u>	<u>#####</u>	<u>(28,093)</u>	<u>2,636,251</u>
Total all capital assets	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>3,557,253</u>
Less accumulated depreciation:				
Buildings	(96,234)	(2,222)	-	(98,456)
Equipment and vehicles	(791,092)	(92,349)	28,093	(855,348)
Infrastructure	(447,612)	(59,435)	-	(507,047)
Total accumulated depreciation	<u>#####</u>	<u>#####</u>	<u>28,093</u>	<u>(1,460,851)</u>
Net book value, capital assets being depreciated	<u>#####</u>	<u>25,623</u>	<u>-</u>	<u>1,175,400</u>
Net book value, all capital assets	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>\$ 2,096,402</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	\$ 116
Public safety	17,748
Highways and streets	134,475
Culture and recreation	1,667
Total depreciation expense	<u>\$154,006</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>
Nonmajor	General	<u>\$ 21,780</u>

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

Interfund Transfers - The composition of interfund transfers in the amount of \$21,286 for the year ended December 31, 2017 consists of a transfer from the nonmajor funds to the general fund.

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

NOTE 9 – INTERGOVERNMENTAL PAYABLES

Intergovernmental payables for the year ended December 31, 2017 are as follows:

General fund:	
Balance of 2017-18 district assessment due to the Plainfield School District	<u>\$ 2,827,991</u>
Agency fund:	
Balance of the expendable trust funds due to the Plainfield School District	307,556
Balance of the expendable trust funds due to the Meriden Village Water District	171,676
Balance of the expendable trust funds due to the Plainfield Village Water District	33,201
Total agency fund	<u>512,433</u>
Total intergovernmental payables due	<u>\$ 3,340,424</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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Deferred outflows of resources of \$337,320 in the governmental activities at December 31, 2017 consists of amounts related to pensions.

Deferred inflows at December 31, 2017 are as follows:

	Governmental Activities (Exhibit A)	Governmental Funds (Exhibit C-1)
Amounts related to pensions	73,670	-
Prepaid property taxes collected in advance of the 2018 first half warrant being issued	191,110	191,110
Amounts related to property taxes not collected within 60 days of fiscal year-end	-	78,835
Highway block grant (SB38) money received in advance of expenditures being made	99,291	99,291
Total deferred inflows of resources	<u>\$ 364,071</u>	<u>\$ 369,236</u>

See Note 13 for further disclosure related to deferred outflows and inflows related to pensions.

NOTE 11 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2017
Capital lease obligations:		
Police Cruisers	2.50%	<u>\$ 56,930</u>

The annual requirements to amortize the capital lease payable as of December 31, 2017, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2018	\$ 15,167
2019	15,166
2020	15,166
2021	15,166
Total requirements	60,664
Less: interest	3,734
Present value of remaining payments	<u>\$ 56,930</u>

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

NOTE 12 – LONG-TERM LIABILITIES

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

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Note payable	\$ 37,500	\$ -	\$ (25,000)	\$ 12,500	\$ 12,500
Capital leases	40,000	29,982	(13,053)	56,930	13,702
Compensated absences	47,726	7,229	-	54,955	-
Net pension liability	1,170,236	83,267	-	1,253,503	-
Total long-term liabilities	<u>\$ 1,295,462</u>	<u>\$ 120,478</u>	<u>\$ (38,053)</u>	<u>\$ 1,377,888</u>	<u>\$ 26,202</u>

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The long-term note is comprised of the following:

	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding at December 31, 2017</u>
General obligation note payable:					
Library expansion refinancing	\$ 125,000	2013	2018	2.28%	<u>\$ 12,500</u>

The annual requirements to amortize the general obligation note outstanding as of December 31, 2017, including interest payments, are as follows:

<u>Fiscal Year Ending December 31, 2018</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$ 12,500</u>	<u>\$ 143</u>	<u>\$ 12,643</u>

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

NOTE 13 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is 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.

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 ¼ 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.

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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 \$82,537, \$91,352, and \$111,091, 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 \$1,253,503 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 0.02548811% which was an increase of 0.00348124% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$153,851. 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	\$ 130,221	\$ 41,753
Changes in assumption	125,868	-
Net difference between projected and actual investment earnings on pension plan investments	-	14,964
Difference between actual and expected experience	2,842	15,953
Contributions subsequent to the measurement date	78,389	-
Total	<u>\$ 337,320</u>	<u>\$ 72,670</u>

The \$78,389 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	\$ 43,957
2019	72,550
2020	59,764
2021	8,990
Totals	<u>\$ 185,261</u>

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.

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

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>30.0%</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>100.00%</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.

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	\$ 1,651,428	\$ 1,253,503	\$ 927,420
June 30, 2016	\$ 1,503,674	\$ 1,170,236	\$ 893,703

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

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

	Governmental Activities
Net investment in capital assets:	
Net property, buildings, and equipment	\$ 2,096,402
Less:	
Capital lease payable	(56,930)
Note payable	(12,500)
Total net investment in capital assets	2,026,972
Restricted net position:	
Library	249,916
Perpetual care (principal balance)	287,380
Perpetual care (income balance)	67,727
Total restricted net position	605,023
Unrestricted	359,012
Total net position	\$ 2,991,007

NOTE 15 – GOVERNMENTAL FUND BALANCES

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

Nonspendable:		
Nonmajor fund:		
Permanent - principal portion	\$	287,380
Restricted:		
Major fund:		
General:		
Library	\$	249,916
Nonmajor fund:		
Permanent - income balance		67,727
Total restricted fund balance		317,643
Committed:		
Major fund:		
General:		
Expendable trust	\$	502,842
Nonmajor funds:		
Conservation Commission - Operating		87,034
Conservation Commission - Forestry		19,070
Land use change		9,490
Total committed fund balance		618,436
Assigned:		
Major fund:		
General:		
Encumbrances		4,000
Unassigned:		
Major fund:		
General		744,019
Total governmental fund balances	\$	1,971,478

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

NOTE 16 – 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 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 Plainfield billed and paid for the year ended December 31, 2017 was \$25,311 for workers' compensation and \$23,539 for property/liability.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through June 27, 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 PLAINFIELD, 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 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	July 1, 2017	0.02548811%	\$ 1,253,503	\$ 679,091	184.59%	62.66%
December 31, 2016	July 1, 2016	0.02200687%	\$ 1,170,236	\$ 567,054	206.37%	58.30%
December 31, 2015	July 1, 2015	0.02311973%	\$ 915,894	\$ 564,553	162.23%	65.47%
December 31, 2014	July 1, 2014	0.02385101%	\$ 895,268	\$ 551,929	162.21%	66.32%
December 31, 2013	July 1, 2013	0.02318325%	\$ 997,757	\$ 526,395	189.55%	59.81%

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

EXHIBIT G
TOWN OF PLAINFIELD, 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	July 1, 2017	\$ 93,374	\$ 93,374	\$ -	\$ 679,091	13.75%
December 31, 2016	July 1, 2016	\$ 78,802	\$ 78,802	\$ -	\$ 567,054	13.90%
December 31, 2015	July 1, 2015	\$ 77,564	\$ 77,564	\$ -	\$ 564,553	13.74%
December 31, 2014	July 1, 2014	\$ 77,378	\$ 77,378	\$ -	\$ 551,929	14.02%
December 31, 2013	July 1, 2013	\$ 57,646	\$ 57,646	\$ -	\$ 526,395	10.95%

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

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

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 F and G represent the actuarial determined costs associated with the Town’s pension plan at December 31, 2017, and preceding 4 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 PLAINFIELD, 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	\$ 1,393,101	\$ 1,435,730	\$ 42,629
Land use change	5,100	-	(5,100)
Yield	22,000	30,903	8,903
Excavation	-	139	139
Payment in lieu of taxes	1,000	-	(1,000)
Interest and penalties on taxes	55,000	57,648	2,648
Total from taxes	<u>1,476,201</u>	<u>1,524,420</u>	<u>48,219</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	6,000	6,542	542
Motor vehicle permit fees	520,000	547,595	27,595
Other	82,000	85,284	3,284
Total from licenses, permits, and fees	<u>608,000</u>	<u>639,421</u>	<u>31,421</u>
Intergovernmental:			
State:			
Meals and rental tax distribution	123,662	126,362	2,700
Highway block grant	116,184	116,182	(2)
State and federal forest land reimbursement	71	242	171
Other	-	426	426
Total from intergovernmental	<u>239,917</u>	<u>243,212</u>	<u>3,295</u>
Charges for services:			
Income from departments	<u>38,500</u>	<u>47,002</u>	<u>8,502</u>
Miscellaneous:			
Sale of municipal property	3,000	2,150	(850)
Interest on investments	1,500	3,807	2,307
Rent of property	-	600	600
Other	2,000	5,965	3,965
Total from miscellaneous	<u>6,500</u>	<u>12,522</u>	<u>6,022</u>
Other financing sources:			
Transfers in	<u>91,971</u>	<u>100,916</u>	<u>8,945</u>
Total revenues and other financing sources	2,461,089	<u>\$ 2,567,493</u>	<u>\$ 106,404</u>
Unassigned fund balance used to reduce tax rate	52,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 2,513,089</u>		

SCHEDULE 2
TOWN OF PLAINFIELD, 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	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 200,887	\$ 203,239	\$ -	\$ (2,352)
Election and registration	-	15,330	15,472	-	(142)
Financial administration	-	68,100	64,069	-	4,031
Revaluation of property	-	12,000	14,414	-	(2,414)
Legal	-	14,000	12,765	-	1,235
Personnel administration	-	8,500	9,775	-	(1,275)
Planning and zoning	-	1,000	1,564	-	(564)
General government buildings	7,000	31,317	28,057	-	10,260
Cemeteries	-	28,100	31,209	-	(3,109)
Insurance, not otherwise allocated	-	50,500	52,387	-	(1,887)
Advertising and regional associations	-	6,100	5,623	-	477
Total general government	<u>7,000</u>	<u>435,834</u>	<u>438,574</u>	<u>-</u>	<u>4,260</u>
Public safety:					
Police	-	396,419	400,519	-	(4,100)
Ambulance	-	30,500	29,085	-	1,415
Fire	-	99,500	98,251	-	1,249
Building inspection	-	8,900	11,313	-	(2,413)
Emergency management	-	250	-	-	250
Dispatching	-	35,100	35,607	-	(507)
Total public safety	<u>-</u>	<u>570,669</u>	<u>574,775</u>	<u>-</u>	<u>(4,106)</u>
Highways and streets:					
Public works garage	-	18,050	21,826	-	(3,776)
Highways and streets	-	747,457	760,625	-	(13,168)
Street lighting	-	12,000	10,315	-	1,685
Other	-	115,956	80,775	-	35,181
Total highways and streets	<u>-</u>	<u>893,463</u>	<u>873,541</u>	<u>-</u>	<u>19,922</u>
Sanitation:					
Solid waste collection	-	163,000	162,188	-	812
Solid waste disposal	-	51,810	49,410	-	2,400
Total sanitation	<u>-</u>	<u>214,810</u>	<u>211,598</u>	<u>-</u>	<u>3,212</u>
Health:					
Administration	-	18,485	16,375	-	2,110
Pest control	-	500	467	-	33
Total health	<u>-</u>	<u>18,985</u>	<u>16,842</u>	<u>-</u>	<u>2,143</u>
Welfare:					
Administration	-	4,250	5,012	-	(762)
Direct assistance	-	5,750	8,228	-	(2,478)
Total welfare	<u>-</u>	<u>10,000</u>	<u>13,240</u>	<u>-</u>	<u>(3,240)</u>
Culture and recreation:					
Parks and recreation	-	19,000	18,488	-	512
Library	4,000	148,603	146,263	4,000	2,340
Patriotic purposes	-	1,000	1,835	-	(835)
Total culture and recreation	<u>4,000</u>	<u>168,603</u>	<u>166,586</u>	<u>4,000</u>	<u>2,017</u>
Conservation	-	500	359	-	141

(Continued)

SCHEDULE 2 (Continued)
TOWN OF PLAINFIELD, 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	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	25,000	25,000	-	-
Interest on long-term debt	-	725	716	-	9
Total debt service	-	25,725	25,716	-	9
Capital outlay	-	7,000	7,000	-	-
Other financing uses:					
Transfers out	-	167,500	167,500	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 11,000	\$ 2,513,089	\$ 2,495,731	\$ 4,000	\$ 24,358

SCHEDULE 3
TOWN OF PLAINFIELD, 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, Exhibit D)		\$ 704,092
Changes:		
Unassigned fund balance used to reduce tax rate		(52,000)
Budget summary:		
Revenue surplus (Schedule 1)	\$ 106,404	
Unexpended balance of appropriations (Schedule 2)	24,358	
Budget surplus		130,762
Unassigned fund balance, ending (Non-GAAP Budgetary Basis, Exhibit D)		782,854
<i>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis</i>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(78,835)
Elimination of the allowance for uncollectible taxes		40,000
Unassigned fund balance, ending (GAAP basis, Exhibit C-1)		\$ 744,019

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

	Special Revenue Funds					Total
	Plainfield	Conservation Commission		Land	Permanent	
	History	Operating	Forestry	Use Change	Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,302	\$ 6,302
Investments	-	74,744	19,070	-	348,805	442,619
Interfund receivable	-	12,290	-	9,490	-	21,780
Total assets	<u>\$ -</u>	<u>\$ 87,034</u>	<u>\$ 19,070</u>	<u>\$ 9,490</u>	<u>\$ 355,107</u>	<u>\$ 470,701</u>
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 287,380	\$ 287,380
Restricted	-	-	-	-	67,727	67,727
Committed	-	87,034	19,070	9,490	-	115,594
Total fund balances	<u>\$ -</u>	<u>\$ 87,034</u>	<u>\$ 19,070</u>	<u>\$ 9,490</u>	<u>\$ 355,107</u>	<u>\$ 470,701</u>

SCHEDULE 5
TOWN OF PLAINFIELD, 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					Total
	Plainfield History	Conservation Commission		Land Use Change	Permanent Fund	
		Operating	Forestry			
REVENUES						
Taxes	\$ -	\$ 9,490	\$ -	\$ 9,490	\$ -	\$ 18,980
Investment earnings	-	698	176	-	33,920	34,794
Miscellaneous	25	-	-	-	8,923	8,948
Total revenues	<u>25</u>	<u>10,188</u>	<u>176</u>	<u>9,490</u>	<u>42,843</u>	<u>62,722</u>
EXPENDITURES						
Current:						
Conservation	-	10,700	-	-	-	10,700
Excess (deficiency) of revenues over (under) expenditures	<u>25</u>	<u>(512)</u>	<u>176</u>	<u>9,490</u>	<u>42,843</u>	<u>52,022</u>
OTHER FINANCING USES						
Transfers out	(1,541)	-	-	(13,145)	(6,600)	(21,286)
Net change in fund balances	(1,516)	(512)	176	(3,655)	36,243	30,736
Fund balances, beginning	1,516	87,546	18,894	13,145	318,864	439,965
Fund balances, ending	<u>\$ -</u>	<u>\$ 87,034</u>	<u>\$ 19,070</u>	<u>\$ 9,490</u>	<u>\$ 355,107</u>	<u>\$ 470,701</u>