

TOWN OF ATKINSON, NEW HAMPSHIRE

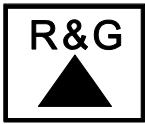
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015

**TOWN OF ATKINSON, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson, as of December 31, 2015, 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.

Change in Accounting Principle

As described in Note I.B.5. to the financial statements, the Town adopted the provisions of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension information on pages 30-31 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 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.

The Town of Atkinson has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Other Information

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

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

August 17, 2016

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,441,066
Investments	1,076,910
Intergovernmental receivable	10,275
Other receivables, net of allowance for uncollectibles	657,987
Prepaid items	16,184
Tax deeded property held for resale	885
Capital assets, not being depreciated:	
Land	4,511,917
Capital assets, net of accumulated depreciation:	
Land improvements	152,105
Buildings and building improvements	3,854,739
Machinery, vehicles and equipment	1,029,856
Infrastructure	2,906,022
Total assets	<u>21,657,946</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>311,505</u>
LIABILITIES	
Accounts payable	25,100
Accrued payroll and benefits	71,895
Accrued interest payable	19,410
Intergovernmental payable	6,249,334
Performance and escrow deposits	25,859
Noncurrent obligations:	
Due within one year:	
Bonds and notes payable	85,000
Unamortized bond premium	975
Capital leases payable	33,106
Due in more than one year:	
Bonds and notes payable	935,000
Unamortized bond premium	10,725
Capital leases payable	106,318
Compensated absences	17,646
Net pension liability	1,317,983
Total liabilities	<u>8,898,351</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	176,479
Unearned revenue	25,902
Total deferred inflows of resources	<u>202,381</u>
NET POSITION	
Net investment in capital assets	11,283,515
Restricted for:	
Endowments:	
Nonexpendable	83,313
Expendable	67,286
Other purposes	42,698
Unrestricted	1,391,907
Total net position	<u>\$ 12,868,719</u>

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

EXHIBIT 2
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2015

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
General government	\$ 1,077,422	\$ 5,710	\$ 2,396	\$ (1,069,316)
Public safety	1,538,923	58,489	30,912	(1,449,522)
Highways and streets	1,152,679	-	297,454	(855,225)
Sanitation	442,557	-	-	(442,557)
Health	49,902	-	-	(49,902)
Welfare	12,460	-	-	(12,460)
Culture and recreation	763,019	63,235	-	(699,784)
Conservation	55,389	-	-	(55,389)
Interest on long-term debt	51,904	-	-	(51,904)
Capital outlay	205,788	-	-	(205,788)
Total primary government	<u>\$ 5,350,043</u>	<u>\$ 127,434</u>	<u>\$ 330,762</u>	<u>(4,891,847)</u>
General revenues:				
Property taxes				2,237,022
Other taxes				56,871
Licenses and permits				1,707,423
Grants and contributions not restricted to specific programs				323,543
Miscellaneous				<u>1,049,580</u>
Total general revenues				<u>5,374,439</u>
Change in net position				482,592
Net position, beginning, as restated, see Note III.E.				<u>12,386,127</u>
Net position, ending				<u>\$ 12,868,719</u>

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

EXHIBIT 3
TOWN OF ATKINSON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,316,996	\$ 124,070	\$ 7,441,066
Investments	32,524	1,044,386	1,076,910
Receivables, net of allowance for uncollectibles:			
Taxes	582,713	-	582,713
Accounts	22,887	3,387	26,274
Intergovernmental	10,275	-	10,275
Interfund receivable	-	4,075	4,075
Prepaid items	11,334	4,850	16,184
Tax deeded property held for resale	885	-	885
Total assets	<u>\$ 7,977,614</u>	<u>\$ 1,180,768</u>	<u>\$ 9,158,382</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 24,095	\$ 1,005	\$ 25,100
Accrued salaries and benefits	71,562	333	71,895
Intergovernmental payable	6,249,334	-	6,249,334
Interfund payable	3,400	675	4,075
Escrow and performance deposits	25,859	-	25,859
Total liabilities	<u>6,374,250</u>	<u>2,013</u>	<u>6,376,263</u>
Deferred inflows of resources:			
Deferred revenue	<u>334,536</u>	<u>-</u>	<u>334,536</u>
Fund balances:			
Nonspendable	12,219	88,163	100,382
Restricted	25,438	124,815	150,253
Committed	130,500	965,777	1,096,277
Unassigned	<u>1,100,671</u>	<u>-</u>	<u>1,100,671</u>
Total fund balances	<u>1,268,828</u>	<u>1,178,755</u>	<u>2,447,583</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,977,614</u>	<u>\$ 1,180,768</u>	<u>\$ 9,158,382</u>

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

EXHIBIT 4
TOWN OF ATKINSON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2015

Total fund balances of governmental funds (Exhibit 3)		\$ 2,447,583
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 17,213,414	
Less accumulated depreciation	<u>(4,758,775)</u>	
		12,454,639
Other long-term receivables are not due in the current period and, therefore, are not reported in the funds.		
Long term accounts receivable		49,000
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (4,075)	
Payables	<u>4,075</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue		308,634
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(19,410)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 1,020,000	
Unamortized bond premium	11,700	
Capital leases outstanding	139,424	
Compensated absences payable	17,646	
Net pension liability	<u>1,317,983</u>	
		(2,506,753)
Deferred outflows and inflows of resources related to pensionis are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 311,505	
Deferred inflows of resources related to pensions	<u>(176,479)</u>	
		135,026
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 12,868,719</u></u>

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

EXHIBIT 5
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,577,595	\$ -	\$ 2,577,595
Licenses, permits and fees	1,710,423	-	1,710,423
Intergovernmental	623,393	30,912	654,305
Charges for services	62,280	65,154	127,434
Miscellaneous	210,890	17,312	228,202
Total revenues	<u>5,184,581</u>	<u>113,378</u>	<u>5,297,959</u>
Expenditures:			
Current:			
General government	1,046,312	1,035	1,047,347
Public safety	1,350,277	98,562	1,448,839
Highways and streets	912,235	-	912,235
Sanitation	442,557	-	442,557
Health	49,902	-	49,902
Welfare	24,763	-	24,763
Culture and recreation	658,025	26,686	684,711
Conservation	55,389	-	55,389
Debt service:			
Principal	85,000	-	85,000
Interest	53,550	-	53,550
Capital outlay	360,083	26,261	386,344
Total expenditures	<u>5,038,093</u>	<u>152,544</u>	<u>5,190,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>146,488</u>	<u>(39,166)</u>	<u>107,322</u>
Other financing sources (uses):			
Transfers in	-	15,353	15,353
Transfers out	(15,000)	(353)	(15,353)
Inception of capital leases	177,350	-	177,350
Total other financing sources and uses	<u>162,350</u>	<u>15,000</u>	<u>177,350</u>
Net change in fund balances	308,838	(24,166)	284,672
Fund balances, beginning	959,990	1,202,921	2,162,911
Fund balances, ending	<u>\$ 1,268,828</u>	<u>\$ 1,178,755</u>	<u>\$ 2,447,583</u>

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

EXHIBIT 6
TOWN OF ATKINSON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances of governmental funds (Exhibit 5)		\$ 284,672
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	\$ 1,057,050	
Depreciation expense	<u>(506,069)</u>	550,981
The net effect of transactions involving disposals of capital assets is to decrease net position.		(10,953)
Revenue that is reported in the governmental funds from long-term receivables was previously reported in the governmental activities.		
Reduction of long-term receivable		(13,000)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (15,353)	
Transfers out	<u>15,353</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue		(283,702)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Inception of capital lease	\$ (177,350)	
Repayment of bond note principal	85,000	
Amortization of bond premium	975	
Repayment of capital lease principal	<u>37,926</u>	(53,449)
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	\$ 671	
Decrease in compensated absences payable	<u>(5,225)</u>	(4,554)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
Town pension contributions	\$ 142,508	
Cost of benefits earned, net of employee contributions	<u>(129,911)</u>	12,597
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 482,592</u></u>

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

EXHIBIT 7
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 2,417,025	\$ 2,293,893	\$ (123,132)
Licenses, permits and fees	1,851,207	1,710,423	(140,784)
Intergovernmental	653,673	623,393	(30,280)
Charges for services	74,252	62,280	(11,972)
Miscellaneous	9,952	189,457	179,505
Total revenues	<u>5,006,109</u>	<u>4,879,446</u>	<u>(126,663)</u>
EXPENDITURES			
Current:			
General government	1,052,559	1,046,312	6,247
Public safety	1,418,305	1,350,277	68,028
Highways and streets	857,341	912,235	(54,894)
Sanitation	471,123	442,557	28,566
Health	53,552	49,902	3,650
Welfare	18,500	9,548	8,952
Culture and recreation	674,996	658,025	16,971
Conservation	9,027	5,999	3,028
Debt service:			
Principal	85,000	85,000	-
Interest	53,500	53,550	(50)
Capital outlay	<u>252,816</u>	<u>247,946</u>	<u>4,870</u>
Total expenditures	<u>4,946,719</u>	<u>4,861,351</u>	<u>85,368</u>
Excess of revenues over expenditures	59,390	18,095	(41,295)
Other financing uses:			
Transfers out	<u>(66,890)</u>	<u>(66,890)</u>	<u>-</u>
Net change in fund balance	<u>\$ (7,500)</u>	<u>(48,795)</u>	<u>\$ (41,295)</u>
Increase in nonspendable fund balance		(495)	
Unassigned fund balance, beginning		<u>1,458,595</u>	
Unassigned fund balance, ending		<u>\$ 1,409,305</u>	

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

EXHIBIT 8
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ -	\$ 192,789
Investments	8,933	-
Total assets	<u>8,933</u>	<u>192,789</u>
Liabilities:		
Accounts payable	1,000	-
Due to other governmental units	-	28,887
Due to developers	-	163,902
Total liabilities	<u>1,000</u>	<u>192,789</u>
Net position:		
Held in trust for specific purposes	<u>\$ 7,933</u>	<u>\$ -</u>

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

EXHIBIT 9
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2015

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 6
Deductions:	
Trust distributions	<u>1,000</u>
Change in net position	(994)
Net position, beginning	<u>8,927</u>
Net position, ending	<u><u>\$ 7,933</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Atkinson (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2015.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Atkinson is a municipal corporation governed by a board of selectmen consisting of five members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major governmental fund is reported in separate columns with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. However, for purposes of setting the tax rate, property tax revenues are recognized when committed, and no deferral is made.

Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

The Town also reports seven nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Agency Funds – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's agency funds are used to account for performance bonds held in escrow; and amounts held for school impact fees belonging to the Timberlane Regional School District.

I.B.5. *Change in Accounting Principle*

The Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended December 31, 2015. This resulted in the inclusion of pension related liability and deferred inflows and outflows of resources in governmental activities. The prior year's net position was restated as shown in Note III.E.

I.C. *Assets, Liabilities, and Net Position or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

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

Investments are stated at fair value based on quoted market prices. Investments include amounts held by the New Hampshire Public Deposit Investment Pool, which is an external investment pool regulated by the New Hampshire Bank Commissioner and the Commissioner's Advisory Committee. Participation in the Pool is voluntary and the fair value of its investments is the same as the value of pool shares. The Town library also has an investment in a 24-month certificate of deposit held at Pentucket Bank, a mutual chartered bank of New Hampshire and Massachusetts.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or 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 monies 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.

I.C.2. Capital Assets and Depreciation

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Land improvements	25
Buildings and building improvements	15-40
Machinery, vehicles and equipment	3-20
Infrastructure	15-50

I.C.3. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

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I.C.4. *Compensated Absences*

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are only permitted to accrue an amount equal to ten days over their annual entitlement. Employees are entitled to their vacation leave upon termination.

Compensated absences are reported as accrued in the governmental activities' financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.5. *Equity*

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the balance of the permanent funds whose principal balance is required to be retained in perpetuity and whose income balance is to be used for Town purposes in accordance with trust specifications.
- Restricted for other purposes, which consists of the balance of the library funds.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent funds, and prepaid items and tax deeded property in the general fund.
- Restricted, which represents the expendable income from permanent funds and the library fund and drug forfeiture fund, whose uses are limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted and committed balances.

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I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2015, \$7,500 of the fund balance from 2014 was used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

The notes continue on the following page.

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II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 4,879,446
Adjustments:	
Basis difference:	
Capital lease inception	177,350
Tax revenue deferred in the prior year	592,336
Tax revenue deferred in the current year	(308,634)
Perspective difference:	
Revenue from Expendable Trust Fund	21,433
Per Exhibit 5 (GAAP basis)	<u>\$ 5,361,931</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 4,928,241
Adjustments:	
Basis difference:	
Encumbrances, beginning	65,287
Encumbrances, ending	(130,500)
Capital lease inception	177,350
Perspective difference:	
Transfers to Expendable Trust Fund	(51,890)
Expenditures of Expendable Trust Fund	64,605
Per Exhibit 5 (GAAP basis)	<u>\$ 5,053,093</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,409,305
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(308,634)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,100,671</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Cash and Cash Equivalents

Custodial Credit Risks for Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of December 31, 2015, \$121,260 of the Town of Atkinson's bank balances of \$7,802,862 was exposed to custodial credit risk as uninsured and uncollateralized.

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III.A.2. *Receivables, Uncollectible Accounts and Deferred Revenue*

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien should be deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2014 property taxes on June 8th.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Timberlane Regional School District, and Rockingham County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

The net assessed valuation as of April 1, 2015, upon which the 2015 property tax levy was based was:

For the New Hampshire education tax	\$ 841,139,785
For all other taxes	\$ 851,119,685

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

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$3.10	\$ 2,639,671
School portion:		
State of New Hampshire	\$2.45	2,057,117
Local	\$12.48	10,621,217
County portion	\$1.07	913,930
Total property taxes assessed		<u>\$ 16,231,935</u>

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The following details the taxes receivable at year-end:

Property:	
Levy of 2015	\$ 543,361
Unredeemed (under tax lien):	
Levy of 2014	91,356
Levy of 2013	62,647
Levy of 2012	50,622
Levies of 2011 and prior	167,727
Less: allowance for estimated uncollectible taxes	(333,000)
Net taxes receivable	<u>\$ 582,713</u>

Deferred Revenue

Deferred revenue of \$334,536 at December 31, 2015 represents \$308,634 of 2015 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$25,902 in prepayments collected in advance of the 2016 property tax levy. In the governmental activities, only the prepayments are recorded as unearned revenue.

The notes continue on the next page.

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III.A.3. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 4,511,917	\$ -	\$ -	\$ 4,511,917
Being depreciated:				
Land improvements	192,947	-	-	192,947
Buildings and building improvements	5,995,018	11,995	-	6,007,013
Machinery, vehicles and equipment	1,969,282	253,055	(44,115)	2,178,222
Infrastructure	3,531,315	792,000	-	4,323,315
Total capital assets being depreciated	11,688,562	1,057,050	(44,115)	12,701,497
Total all capital assets	16,200,479	1,057,050	(44,115)	17,213,414
Less accumulated depreciation:				
Land improvements	(33,417)	(7,425)	-	(40,842)
Buildings and building improvements	(2,000,035)	(152,239)	-	(2,152,274)
Machinery, vehicles and equipment	(1,064,585)	(116,943)	33,162	(1,148,366)
Infrastructure	(1,187,831)	(229,462)	-	(1,417,293)
Total accumulated depreciation	(4,285,868)	(506,069)	33,162	(4,758,775)
Net book value, capital assets being depreciated	7,402,694	550,981	(10,953)	7,942,722
Net book value, all capital assets	\$ 11,914,611	\$ 550,981	\$ (10,953)	\$ 12,454,639

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Depreciation Expense

Depreciation expense was charged to functions of the Town as follows:

Governmental activities:	
General government	\$ 42,432
Public safety	142,579
Highways and streets	241,499
Culture and recreation	79,559
Total depreciation expense	<u>\$ 506,069</u>

III.A.4. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$150,599 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures.

III.B. Liabilities

III.B.1 Intergovernmental Payable

The amount due to other governments at December 31, 2015 consists of \$6,249,334 due to the Timberlane Regional School District for the balance of the 2015-2016 school district assessment.

III.B.2 Long-Term Debt

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the Town. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2015	Current Portion
General obligation bonds payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 1,020,000	\$ 85,000
Unamortized bond premium					<u>11,700</u>	<u>975</u>
Capital leases payable:						
Backhoe	\$ 88,500	2015	2020	2.0	70,030	16,946
Dump truck and plow	\$ 88,850	2015	2019	2.2	<u>69,394</u>	<u>16,160</u>
					<u>139,424</u>	<u>33,106</u>
Compensated absences payable:						
Accrued vacation leave					<u>17,646</u>	<u>-</u>
Net pension liability					<u>1,317,983</u>	<u>-</u>
					<u>\$ 2,506,753</u>	<u>\$ 119,081</u>

TOWN OF ATKINSON, NEW HAMPSHIRE
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Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	General Obligation Bonds and Notes Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Net Pension Liability	Total
Governmental activities:						
Balance, beginning	\$ 1,105,000	\$ 12,675	\$ -	\$ 12,421	\$ 1,086,285	\$ 2,216,381
Additions	-	-	177,350	5,225	231,698	414,273
Reductions	(85,000)	(975)	(37,926)	-	-	(123,901)
Balance, ending	<u>\$ 1,020,000</u>	<u>\$ 11,700</u>	<u>\$ 139,424</u>	<u>\$ 17,646</u>	<u>\$ 1,317,983</u>	<u>\$ 2,506,753</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bond outstanding as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 85,000	\$ 49,300	\$ 134,300
2017	85,000	45,050	130,050
2018	85,000	40,800	125,800
2019	85,000	36,550	121,550
2020	85,000	32,300	117,300
2021-2025	425,000	100,938	525,938
2026-2027	170,000	12,113	182,113
Totals	<u>\$ 1,020,000</u>	<u>\$ 317,051</u>	<u>\$ 1,337,051</u>

The future minimum lease obligations for the capital leases are as follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 33,106	\$ 4,820	\$ 37,926
2017	34,243	3,684	37,927
2018	35,424	2,503	37,927
2019	36,650	1,275	37,925
2020	1	-	1
Totals	<u>\$ 139,424</u>	<u>\$ 12,282</u>	<u>\$ 151,706</u>

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III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

There is \$675 due to the Nonmajor Funds from the Nonmajor Funds, representing accrued interest on the Permanent Fund that will be paid to the Library Fund when the investment matures, and there is \$3,400 in grant proceeds deposited into the General Fund that is due to the Conservation Commission Fund.

III.C.2. *Transfers*

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The amount transferred to the nonmajor Capital Reserves Fund of \$15,000 from the General Fund represents voted appropriations. The \$353 transferred to the Kimball Library Fund from the Permanent Fund represents accrued interest earned in an endowment fund.

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III.D. Fund Equity

The components of fund balance, as described in note I.C.5, are classified for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 83,313
Prepaid items	11,334	4,850
Tax deeded property	885	-
Total nonspendable	<u>12,219</u>	<u>88,163</u>
Restricted:		
General government	25,438	67,286
Public safety	-	14,831
Culture and recreation	-	42,698
Total restricted	<u>25,438</u>	<u>124,815</u>
Committed:		
Public safety	-	7,695
Culture and recreation	-	13,059
Conservation	-	278,846
Capital outlay	130,500	666,177
Total committed	<u>130,500</u>	<u>965,777</u>
Unassigned	1,100,671	-
Total fund balance	<u><u>\$ 1,268,828</u></u>	<u><u>\$ 1,178,755</u></u>

III.E. Restatement of Beginning Equity

Beginning equity at January 1, 2015 was restated as follows:

	Governmental Activities
To record net pension liability and related deferrals	\$ (1,195,554)
To record long-term receivable	62,000
Net position, as previously reported	13,519,681
Net position, as restated	<u><u>\$ 12,386,127</u></u>

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the Property-Liability Trust, Inc., which

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is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Property-Liability Trust, Inc. (the Trust) – This Trust was organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shared in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage ran from July 1 to June 30.

Contributions paid in 2015 for fiscal year 2016, ending June 30, 2016, to be recorded as an insurance expenditure/expense totaled \$62,349. There were no unpaid contributions for the year ending June 30, 2016 and due in 2015. The Town paid \$62,024 for workers' compensation for the year ended December 31, 2015. The Town also paid \$6,520 for unemployment compensation for the year. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers and other employees are 11.55% and 7%, respectively, of gross earnings. The rates of contribution from the Town for the period January 1 to June 30th were 25.30% for police officers and 10.77% for other employees increasing for the period July 1 to December 31st to 26.38% for police officers and 11.17% for other employees. The rates are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2013, 2014 and 2015 were \$105,412, \$116,660 and \$142,508, respectively. The amounts are paid on a monthly basis as due.

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Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2015, the Town reported a liability of \$1,317,983 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2015, the Town's proportion was 0.0333%, which was an increase of 0.0044% from its proportion measured as of June 30, 2014.

For 2015, the Town recognized pension expense of \$129,911. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 149,326	\$ 27,718
Net differences between projected and actual earnings on pension plan investments	84,614	119,839
Differences between expected and actual experience	-	28,922
Town contributions subsequent to the measurement date	77,565	-
	<u>\$ 311,505</u>	<u>\$ 176,479</u>

The Town reported \$77,565 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ended June 30,	
2016	\$ 925
2017	925
2018	925
2019	43,890
2020	10,796
	<u>\$ 57,461</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	5.8% average, including inflation
Investment rate of return	7.75% per year

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

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of net pension liability	\$ 1,734,953	\$ 1,317,983	\$ 962,513

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

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IV.C. Contingent Liabilities

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF ATKINSON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2015	2014
Town's proportion of net pension liability	0.0333%	0.0289%
Town's proportionate share of the net pension liability	\$ 1,317,983	\$ 1,086,285
Town's covered-employee payroll	\$ 806,891	\$ 634,599
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	163.34%	171.18%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	66.32%

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

EXHIBIT 11
TOWN OF ATKINSON, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System

	2015	2014
Contractually required contribution	\$ 111,615	\$ 93,888
Contribution in relation to the contractually required contribution	(111,615)	(93,888)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 806,891	\$ 634,599
Contributions as a percentage of covered-employee payroll	13.83%	14.79%

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

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NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
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The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of Town Pension Contributions are meant to present related information for ten years. Because this is the first year that the Town has adopted GASB Statement No. 68 and presented the pension schedules, only two years are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 12
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2015

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Police Special Duty	Conservation Commission	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
ASSETS								
Cash and cash equivalents	\$ 42,023	\$ 4,641	\$ 49,516	\$ 13,059	\$ 14,831	\$ -	\$ -	\$ 124,070
Investments	-	-	225,930	-	-	666,177	152,279	1,044,386
Accounts receivable	-	3,387	-	-	-	-	-	3,387
Interfund receivable	675	-	3,400	-	-	-	-	4,075
Prepaid items	-	-	-	4,850	-	-	-	4,850
Total assets	<u>\$ 42,698</u>	<u>\$ 8,028</u>	<u>\$ 278,846</u>	<u>\$ 17,909</u>	<u>\$ 14,831</u>	<u>\$ 666,177</u>	<u>\$ 152,279</u>	<u>\$ 1,180,768</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,005	\$ 1,005
Accrued salaries and benefits	-	333	-	-	-	-	-	333
Interfund payable	-	-	-	-	-	-	675	675
Total liabilities	<u>-</u>	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,680</u>	<u>2,013</u>
Fund balances:								
Nonspendable	-	-	-	4,850	-	-	83,313	88,163
Restricted	42,698	-	-	-	14,831	-	67,286	124,815
Committed	-	7,695	278,846	13,059	-	666,177	-	965,777
Total fund balances	<u>42,698</u>	<u>7,695</u>	<u>278,846</u>	<u>17,909</u>	<u>14,831</u>	<u>666,177</u>	<u>150,599</u>	<u>1,178,755</u>
Total liabilities and fund balance	<u>\$ 42,698</u>	<u>\$ 8,028</u>	<u>\$ 278,846</u>	<u>\$ 17,909</u>	<u>\$ 14,831</u>	<u>\$ 666,177</u>	<u>\$ 152,279</u>	<u>\$ 1,180,768</u>

EXHIBIT 13
TOWN OF ATKINSON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Police Special Duty	Conservation Commission	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 30,912	\$ -	\$ -	\$ 30,912
Charges for services	-	58,489	-	6,665	-	-	-	65,154
Miscellaneous	16,131	-	232	-	24	499	426	17,312
Total revenues	16,131	58,489	232	6,665	30,936	499	426	113,378
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	1,035	1,035
Public safety	-	72,746	-	-	25,816	-	-	98,562
Culture and recreation	20,021	-	-	6,665	-	-	-	26,686
Capital outlay	-	-	-	-	-	26,261	-	26,261
Total expenditures	20,021	72,746	-	6,665	25,816	26,261	1,035	152,544
Excess (deficiency) of revenues over (under) expenditures	(3,890)	(14,257)	232	-	5,120	(25,762)	(609)	(39,166)
Other financing sources (uses):								
Transfers in	353	-	-	-	-	15,000	-	15,353
Transfers out	-	-	-	-	-	-	(353)	(353)
Total other financing sources and uses	353	-	-	-	-	15,000	(353)	15,000
Net change in fund balances	(3,537)	(14,257)	232	-	5,120	(10,762)	(962)	(24,166)
Fund balances, beginning	46,235	21,952	278,614	17,909	9,711	676,939	151,561	1,202,921
Fund balances, ending	\$ 42,698	\$ 7,695	\$ 278,846	\$ 17,909	\$ 14,831	\$ 666,177	\$ 150,599	\$ 1,178,755

EXHIBIT 14
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,371,600	\$ 2,237,022	\$ (134,578)
Timber	72	72	-
Interest and penalties on delinquent taxes	45,353	56,799	11,446
Total taxes	<u>2,417,025</u>	<u>2,293,893</u>	<u>(123,132)</u>
Licenses, permits and fees:			
Business licenses and permits	35	5,185	5,150
Motor vehicle permits	1,484,185	1,518,554	34,369
Building permits	59,914	69,295	9,381
Other	307,073	117,389	(189,684)
Total licenses, permits and fees	<u>1,851,207</u>	<u>1,710,423</u>	<u>(140,784)</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	323,543	323,543	-
Highway block grant	147,665	147,665	-
Railroad tax and other state grants	18,202	2,396	(15,806)
Federal sources:			
FEMA	164,263	149,789	(14,474)
Total intergovernmental	<u>653,673</u>	<u>623,393</u>	<u>(30,280)</u>
Charges for services:			
Income from departments	<u>74,252</u>	<u>62,280</u>	<u>(11,972)</u>
Miscellaneous:			
Sale of property	7,380	7,650	270
Interest on investments	2,572	2,140	(432)
Fines and forfeits	-	14,965	14,965
Insurance dividends and reimbursements	-	15,025	15,025
Other	-	149,677	149,677
Total miscellaneous	<u>9,952</u>	<u>189,457</u>	<u>179,505</u>
Total revenues and other financing sources	5,006,109	<u>\$ 4,879,446</u>	<u>\$ (126,663)</u>
Use of fund balance to reduce taxes	7,500		
Total revenues, other financing sources and use of fund balance	<u>\$ 5,013,609</u>		

EXHIBIT 15
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 176,265	\$ 252,691	\$ -	\$ (76,426)
Election and registration	-	180,869	175,626	-	5,243
Financial administration	-	345,407	242,809	-	102,598
Legal	-	36,000	33,516	-	2,484
Personnel administration	-	54,000	60,622	-	(6,622)
Planning and zoning	-	22,153	17,290	-	4,863
General government buildings	-	123,443	148,140	-	(24,697)
Cemeteries	-	45,952	46,767	-	(815)
Insurance, not otherwise allocated	-	62,000	62,388	-	(388)
Advertising and regional associations	-	6,470	6,463	-	7
Total general government	-	1,052,559	1,046,312	-	6,247
Public safety:					
Police	-	931,564	877,140	-	54,424
Ambulance	-	87,919	94,373	-	(6,454)
Fire	-	302,230	287,263	-	14,967
Building inspection	-	54,274	49,703	-	4,571
Emergency management	-	650	130	-	520
Other	-	41,668	41,668	-	-
Total public safety	-	1,418,305	1,350,277	-	68,028
Highways and streets:					
Administration	-	112,025	155,997	-	(43,972)
Highways and streets	-	702,779	716,923	-	(14,144)
Street lighting	-	42,537	39,315	-	3,222
Total highways and streets	-	857,341	912,235	-	(54,894)
Sanitation:					
Solid waste collection	-	31,021	24,867	-	6,154
Solid waste disposal	-	440,102	417,690	-	22,412
Total sanitation	-	471,123	442,557	-	28,566
Health:					
Administration	-	5,723	5,474	-	249
Pest control	-	16,705	13,304	-	3,401
Health agencies and hospitals	-	31,124	31,124	-	-
Total health	-	53,552	49,902	-	3,650
Welfare:					
Administration and direct assistance	-	18,500	9,548	-	8,952

(continued)

EXHIBIT 15 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	191,474	180,987	-	10,487
Public library	-	424,424	427,017	-	(2,593)
Patriotic purposes	-	2,730	2,490	-	240
ACTV	-	56,368	47,531	-	8,837
Total culture and recreation	-	674,996	658,025	-	16,971
Conservation	-	9,027	5,999	-	3,028
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	53,500	53,550	-	(50)
Total debt service	-	138,500	138,550	-	(50)
Capital outlay:					
Machinery, vehicles and equipment	65,287	252,816	182,733	130,500	4,870
Other financing uses:					
Transfers out:					
Expendable trust funds	-	66,890	66,890	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 65,287	\$ 5,013,609	\$ 4,863,028	\$ 130,500	\$ 85,368

EXHIBIT 16
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

Unassigned fund balance, beginning		\$ 1,458,595
Changes:		
Unassigned fund balance used to reduce tax rate		(7,500)
Budget summary:		
Revenue shortfall (Exhibit 14)	\$ (126,663)	
Unexpended balance of appropriations (Exhibit 15)	<u>85,368</u>	
Budget deficit		(41,295)
Increase in nonspendable fund balance		<u>(495)</u>
Unassigned fund balance, ending		<u><u>\$ 1,409,305</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

August 17, 2016

Roberts & Greene, PLLC