

TOWN OF ATKINSON, NEW HAMPSHIRE

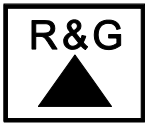
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016

**TOWN OF ATKINSON, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	3
Statement of Activities (Exhibit 2)	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	5
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position (Exhibit 4)	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	8
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	9
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit 8)	10
Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit 9)	11
NOTES TO THE FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Town's Proportionate Share of the Net Pension Liability (Exhibit 10)	29
Schedule of the Town's Pension Contributions (Exhibit 11)	30
Note to the Required Supplementary Information	31
COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 12)	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 13)	33
Major General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 14)	34
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 15)	35
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 16)	37
INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT	38



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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson, as of December 31, 2016, and the respective changes in financial position thereof, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension schedules on pages 29 - 31 be presented to supplement the basic financial statements. Such information, although not a part

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

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 and economic 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. They 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 15, 2017

Roberts & Greene, PLLC

Concord, New Hampshire

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,304,076
Investments	845,509
Intergovernmental receivable	1,091
Other receivables, net of allowance for uncollectibles	657,548
Prepaid items	13,153
Tax deeded property held for resale	885
Capital assets, not being depreciated:	
Land	4,511,917
Capital assets, net of accumulated depreciation:	
Land improvements	151,767
Buildings and building improvements	3,755,623
Machinery, vehicles and equipment	1,449,081
Infrastructure	2,782,711
Total assets	<u>22,473,361</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>790,872</u>
LIABILITIES	
Accounts payable	84,145
Accrued payroll and benefits	84,876
Accrued interest payable	17,596
Intergovernmental payable	6,879,535
Performance and escrow deposits	13,158
Noncurrent obligations:	
Due within one year:	
Bond payable	85,000
Unamortized bond premium	975
Capital leases payable	34,243
Due in more than one year:	
Bond payable	850,000
Unamortized bond premium	9,750
Capital leases payable	72,075
Compensated absences payable	27,888
Net pension liability	2,093,021
Total liabilities	<u>10,252,262</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	46,464
Unearned revenue	21,555
Total deferred inflows of resources	<u>68,019</u>
NET POSITION	
Net investment in capital assets	11,599,056
Restricted for:	
Endowments:	
Nonexpendable	83,313
Expendable	66,006
Other purposes	148,592
Unrestricted	1,046,985
Total net position	<u>\$ 12,943,952</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, 2016

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
General government	\$ 1,008,006	\$ 6,102	\$ -	\$ (1,001,904)
Public safety	1,685,646	71,680	1,091	(1,612,875)
Highways and streets	590,388	-	159,350	(431,038)
Sanitation	467,002	-	-	(467,002)
Health	43,030	-	-	(43,030)
Welfare	10,091	-	-	(10,091)
Culture and recreation	721,892	76,520	-	(645,372)
Conservation	54,297	-	-	(54,297)
Interest on long-term debt	46,511	-	-	(46,511)
Capital outlay	323,779	-	-	(323,779)
Total primary government	<u>\$ 4,950,642</u>	<u>\$ 154,302</u>	<u>\$ 160,441</u>	<u>(4,635,899)</u>
General revenues:				
Property taxes				2,225,990
Other taxes				5,026
Licenses and permits				1,953,859
Grants and contributions not restricted to specific programs				347,591
Miscellaneous				<u>178,666</u>
Total general revenues				<u>4,711,132</u>
Change in net position				75,233
Net position, beginning				<u>12,868,719</u>
Net position, ending				<u>\$ 12,943,952</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, 2016

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,084,833	\$ 219,243	\$ 8,304,076
Investments	53,877	791,632	845,509
Receivables, net of allowance for uncollectibles:			
Taxes	615,103	-	615,103
Accounts	12,000	6,445	18,445
Intergovernmental	1,091	-	1,091
Interfund receivable	-	20,163	20,163
Prepaid items	13,153	-	13,153
Tax deeded property held for resale	885	-	885
Total assets	<u>\$ 8,780,942</u>	<u>\$ 1,037,483</u>	<u>\$ 9,818,425</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 84,145	\$ -	\$ 84,145
Accrued salaries and benefits	82,608	2,268	84,876
Intergovernmental payable	6,879,535	-	6,879,535
Interfund payable	19,629	534	20,163
Escrow and performance deposits	13,158	-	13,158
Total liabilities	<u>7,079,075</u>	<u>2,802</u>	<u>7,081,877</u>
Deferred inflows of resources:			
Deferred revenue	<u>257,815</u>	<u>-</u>	<u>257,815</u>
Fund balances:			
Nonspendable	14,038	83,313	97,351
Restricted	53,877	214,598	268,475
Committed	78,272	736,770	815,042
Assigned	14,041	-	14,041
Unassigned	1,283,824	-	1,283,824
Total fund balances	<u>1,444,052</u>	<u>1,034,681</u>	<u>2,478,733</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,780,942</u>	<u>\$ 1,037,483</u>	<u>\$ 9,818,425</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, 2016

Total fund balances of governmental funds (Exhibit 3)		\$ 2,478,733	
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	\$ 17,710,664		
Less accumulated depreciation	<u>(5,059,565)</u>		
		12,651,099	
Long-term receivables that are not due in the current period are not reported in the funds.			
Long-term accounts receivable			24,000
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.			
Receivables	\$ (20,163)		
Payables	<u>20,163</u>		
			-
Revenues that are not available to pay for current period expenditures are deferred in the funds.			
Deferred tax revenue			236,260
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(17,596)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Bond outstanding	\$ 935,000		
Unamortized bond premium	10,725		
Capital leases outstanding	106,318		
Compensated absences payable	27,888		
Net pension liability	<u>2,093,021</u>		
		(3,172,952)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows of resources related to pensions	\$ 790,872		
Deferred inflows of resources related to pensions	<u>(46,464)</u>		
		744,408	
Total net position of governmental activities (Exhibit 1)		<u>\$ 12,943,952</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, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,303,390	\$ -	\$ 2,303,390
Licenses, permits and fees	1,777,229	-	1,777,229
Intergovernmental	508,083	-	508,083
Charges for services	65,699	88,603	154,302
Miscellaneous	258,209	122,036	380,245
Total revenues	<u>4,912,610</u>	<u>210,639</u>	<u>5,123,249</u>
Expenditures:			
Current:			
General government	967,417	14,971	982,388
Public safety	1,375,052	69,025	1,444,077
Highways and streets	495,264	-	495,264
Sanitation	467,002	-	467,002
Health	43,030	-	43,030
Welfare	10,091	-	10,091
Culture and recreation	667,669	29,939	697,608
Conservation	54,297	-	54,297
Debt service:			
Principal	85,000	-	85,000
Interest	49,300	-	49,300
Capital outlay	398,264	365,778	764,042
Total expenditures	<u>4,612,386</u>	<u>479,713</u>	<u>5,092,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>300,224</u>	<u>(269,074)</u>	<u>31,150</u>
Other financing sources (uses):			
Transfers in	-	125,702	125,702
Transfers out	(125,000)	(702)	(125,702)
Total other financing sources and uses	<u>(125,000)</u>	<u>125,000</u>	<u>-</u>
Net change in fund balances	175,224	(144,074)	31,150
Fund balances, beginning	1,268,828	1,178,755	2,447,583
Fund balances, ending	<u>\$ 1,444,052</u>	<u>\$ 1,034,681</u>	<u>\$ 2,478,733</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, 2016

Net change in fund balances of governmental funds (Exhibit 5)		\$ 31,150
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	\$ 497,250	
Depreciation expense	<u>(300,790)</u>	
		196,460
Revenues from long-term receivables was previously reported in the governmental activities.		
Reduction in long-term receivable		(25,000)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (125,702)	
Transfers out	<u>125,702</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		(72,374)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 85,000	
Amortization of bond premium	975	
Repayment of capital lease principal	<u>33,106</u>	
		119,081
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 1,814	
Increase in compensated absences payable	<u>(10,242)</u>	
		(8,428)
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	\$ 78,007	
Cost of benefits earned, net of employee contributions	<u>(243,663)</u>	
		(165,656)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 75,233</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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 2,219,650	\$ 2,231,016	\$ 11,366
Licenses, permits and fees	1,851,069	1,978,859	127,790
Intergovernmental	522,476	508,083	(14,393)
Charges for services	67,033	65,699	(1,334)
Miscellaneous	33,658	37,210	3,552
Total revenues	<u>4,693,886</u>	<u>4,820,867</u>	<u>126,981</u>
EXPENDITURES			
Current:			
General government	1,098,956	971,087	127,869
Public safety	1,347,139	1,290,350	56,789
Highways and streets	936,601	843,697	92,904
Sanitation	433,055	467,002	(33,947)
Health	45,980	43,030	2,950
Welfare	105,851	98,071	7,780
Culture and recreation	680,764	668,332	12,432
Conservation	9,027	4,907	4,120
Debt service:			
Principal	85,000	85,000	-
Interest	49,300	49,300	-
Capital outlay	4,721	3,103	1,618
Total expenditures	<u>4,796,394</u>	<u>4,523,879</u>	<u>272,515</u>
Excess (deficiency) of revenues over (under) expenditures	(102,508)	296,988	399,496
Other financing uses:			
Transfers out	<u>(184,390)</u>	<u>(184,390)</u>	<u>-</u>
Net change in fund balance	<u>\$ (286,898)</u>	112,598	<u>\$ 399,496</u>
Increase in nonspendable fund balance		(1,819)	
Unassigned fund balance, beginning		<u>1,409,305</u>	
Unassigned fund balance, ending		<u>\$ 1,520,084</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, 2016

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ -	\$ 296,050
Investments	7,474	-
Total assets	<u>7,474</u>	<u>296,050</u>
Liabilities:		
Accounts payable	500	6,240
Due to other governmental units	-	51,900
Due to developers	-	237,910
Total liabilities	<u>500</u>	<u>296,050</u>
Net position:		
Held in trust for specific purposes	<u>\$ 6,974</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, 2016

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 41
Deductions:	
Trust distributions	1,000
Change in net position	(959)
Net position, beginning	7,933
Net position, ending	\$ 6,974

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, 2016**

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, 2016.

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, 2016**

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, 2016**

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.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.

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

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

deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments are 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.

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 the acquisition cost 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.

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.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

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 and drug forfeiture 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.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed, and assigned balances.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

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 2016, \$286,898 of the fund balance from 2015 was used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments or assignments 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.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 4,820,867
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	308,634
Tax revenue deferred in the current year	(236,260)
Perspective difference:	
Revenue from Expendable Trust Fund	19,369
Per Exhibit 5 (GAAP basis)	<u>\$ 4,912,610</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 4,708,269
Adjustments:	
Basis difference:	
Encumbrances, beginning	130,500
Encumbrances, ending	(92,313)
Perspective difference:	
Transfers to Expendable Trust Fund	(59,390)
Expenditures of Expendable Trust Fund	50,320
Per Exhibit 5 (GAAP basis)	<u>\$ 4,737,386</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,520,084
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(236,260)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,283,824</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. 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

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

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 2015 property taxes on July 18th.

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, 2016, upon which the 2016 property tax levy was based was:

For the New Hampshire education tax	\$ 931,089,554
For all other taxes	\$ 940,591,454

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

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$2.47	\$ 2,316,018
School portion:		
State of New Hampshire	\$2.20	2,047,461
Local	\$12.20	11,479,074
County portion	\$1.01	954,318
Total property taxes assessed		<u>\$ 16,796,871</u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2016	\$ 560,280
Unredeemed (under tax lien):	
Levy of 2015	120,959
Levy of 2014	53,499
Levy of 2013	40,603
Levies of 2012 and prior	176,762
Less: allowance for estimated uncollectible taxes	(337,000)
Net taxes receivable	<u>\$ 615,103</u>

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

Deferred Revenue

Deferred revenue of \$257,815 at December 31, 2016 represents \$236,260 of 2016 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$21,555 in prepayments collected in advance of the 2017 property tax levy. In the governmental activities, only the prepayments are recorded as unearned revenue.

III.A.2. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 4,511,917	\$ -	\$ 4,511,917
Being depreciated:			
Land improvements	194,692	-	194,692
Buildings and building improvements	5,961,793	45,232	6,007,025
Machinery, vehicles and equipment	2,221,697	452,018	2,673,715
Infrastructure	4,323,315	-	4,323,315
Total capital assets being depreciated	12,701,497	497,250	13,198,747
Total all capital assets	17,213,414	497,250	17,710,664
Less accumulated depreciation:			
Land improvements	(40,842)	(2,083)	(42,925)
Buildings and building improvements	(2,152,274)	(99,128)	(2,251,402)
Machinery, vehicles and equipment	(1,148,366)	(76,268)	(1,224,634)
Infrastructure	(1,417,293)	(123,311)	(1,540,604)
Total accumulated depreciation	(4,758,775)	(300,790)	(5,059,565)
Net book value, capital assets being depreciated	7,942,722	196,460	8,139,182
Net book value, all capital assets	\$ 12,454,639	\$ 196,460	\$ 12,651,099

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

Depreciation Expense

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

Governmental activities:	
General government	\$ 22,724
Public safety	91,836
Highways and streets	138,953
Culture and recreation	47,277
Total depreciation expense	<u>\$ 300,790</u>

III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2016 consists of \$6,879,535 due to the Timberlane Regional School District for the balance of the 2016-2017 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 12/31/2016	Current Portion
General obligation bond payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 935,000	\$ 85,000
Unamortized bond premium					<u>10,725</u>	<u>975</u>
Capital leases payable:						
Backhoe	\$ 88,500	2015	2020	2.0	53,084	17,315
Dump truck and plow	\$ 88,850	2015	2019	2.2	53,234	16,928
					<u>106,318</u>	<u>34,243</u>
Compensated absences payable:						
Accrued vacation leave					27,888	-
Net pension liability					<u>2,093,021</u>	<u>-</u>
					<u>\$ 3,172,952</u>	<u>\$ 120,218</u>

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

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2016:

	General Obligation Bond Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Net Pension Liability	Total
Balance, beginning	\$ 1,020,000	\$ 11,700	\$ 139,424	\$ 17,646	\$ 1,317,983	\$ 2,506,753
Additions	-	-	-	10,242	775,038	785,280
Reductions	(85,000)	(975)	(33,106)	-	-	(119,081)
Balance, ending	<u>\$ 935,000</u>	<u>\$ 10,725</u>	<u>\$ 106,318</u>	<u>\$ 27,888</u>	<u>\$ 2,093,021</u>	<u>\$ 3,172,952</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
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	85,000	28,262	113,262
2022-2026	425,000	80,750	505,750
2027	85,000	4,038	89,038
Totals	<u>\$ 935,000</u>	<u>\$ 267,750</u>	<u>\$ 1,202,750</u>

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

Year Ending December 31,	Principal	Interest	Total
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>\$ 106,318</u>	<u>\$ 7,462</u>	<u>\$ 113,780</u>

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

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 was \$19,629 due to the Nonmajor Funds from the General Fund, representing amounts received by the General Fund for police details, and \$534 due to one Nonmajor Fund from another Nonmajor Fund, representing accrued interest in the Permanent Fund that will be paid to the Library Fund when the investment matures.

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 \$125,000 from the General Fund represents voted appropriations. The \$702 transferred to the Kimball Library Fund from the Permanent Fund represents accrued interest earned in an endowment fund.

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

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	13,153	-
Tax deeded property	885	-
Total nonspendable	<u>14,038</u>	<u>83,313</u>
Restricted:		
General government	53,877	66,006
Public safety	-	105,583
Culture and recreation	-	43,009
Total restricted	<u>53,877</u>	<u>214,598</u>
Committed:		
Public safety	-	23,806
Highways and streets	2,619	-
Culture and recreation	-	18,191
Conservation	-	280,103
Capital outlay	75,653	414,670
Total committed	<u>78,272</u>	<u>736,770</u>
Assigned:		
General government	4,600	-
Public safety	3,278	-
Highways and streets	5,500	-
Culture and recreation	663	-
Total assigned	<u>14,041</u>	<u>-</u>
Unassigned	1,283,824	-
Total fund balance	<u><u>\$ 1,444,052</u></u>	<u><u>\$ 1,034,681</u></u>

III.E. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$149,319 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures, \$43,009 representing library funds and \$105,583 representing drug forfeiture funds, both whose use is restricted by law.

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

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 NH Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities. Primex's Workers' Compensation and Property and Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. The membership and coverage run from July 1 to June 30.

Contributions paid in 2016 to be recorded as an insurance expenditure/expense totaled \$31,163 for property/liability and \$20,863 for workers' compensation. The Town also paid \$1,003 for unemployment compensation. There were no unpaid contributions for the year ending June 30, 2017 and due in 2016. The member agreements permit Primex to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, Primex 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% of gross earnings, respectively. The rates of contribution from the Town were 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 2014, 2015, and 2016 were \$116,660, \$142,508, and \$157,861 respectively. The amounts are paid on a monthly basis as due.

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

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

At December 31, 2016, the Town reported a liability of \$2,093,021 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2016, the Town's proportion was 0.0394%, which was an increase of 0.0061% from its proportion measured as of June 30, 2015.

For 2016, the Town recognized pension expense of \$243,663. 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	\$ 318,515	\$ 20,034
Net differences between projected and actual earnings on pension plan investments	130,950	-
Changes in assumptions	257,584	-
Differences between expected and actual experience	5,816	26,430
Town contributions subsequent to the measurement date	78,007	-
	<u>\$ 790,872</u>	<u>\$ 46,464</u>

The Town reported \$78,007 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.

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

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

Year Ended June 30,	
2017	\$ 148,373
2018	148,373
2019	198,650
2020	162,420
2021	8,585
	<u>\$ 666,401</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

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

Mortality rates were based on the RP-2014 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 7.25%, 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability	\$ 2,689,390	\$ 2,093,021	\$ 1,598,428

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

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

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

For the year ended December 31,	Town's proportion of net pension liability	Town's proportionate share of the net pension liability	Town's covered- employee payroll	Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.0289%	\$ 1,086,285	\$ 634,599	171.18%	66.32%
2015	0.0333%	\$ 1,317,983	\$ 806,891	163.34%	65.47%
2016	0.0394%	\$ 2,093,021	\$ 1,274,718	164.19%	58.30%

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

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

For the year ended December 31,	Contractually required contribution	Contribution in relation to the contractually required contribution	Contribution deficiency	Town's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2014	\$ 93,888	\$ (93,888)	\$ -	\$ 634,599	14.79%
2015	\$ 111,615	\$ (111,615)	\$ -	\$ 806,891	13.83%
2016	\$ 140,941	\$ (140,941)	\$ -	\$ 1,274,718	11.06%

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

**TOWN OF ATKINSON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

The Schedule of the Town's Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions are meant to present related information for ten years. Because this is the second year that the Town has presented the pension schedules, only three 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, 2016

	Special Revenue Funds					Capital Project Fund		
	Kimball Library	Police Special Detail	Conservation Commission	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
ASSETS								
Cash and cash equivalents	\$ 42,475	\$ -	\$ 52,994	\$ 18,191	\$ 105,583	\$ -	\$ -	\$ 219,243
Investments	-	-	227,109	-	-	414,670	149,853	791,632
Accounts receivable	-	6,445	-	-	-	-	-	6,445
Interfund receivable	534	19,629	-	-	-	-	-	20,163
Total assets	<u>\$ 43,009</u>	<u>\$ 26,074</u>	<u>\$ 280,103</u>	<u>\$ 18,191</u>	<u>\$ 105,583</u>	<u>\$ 414,670</u>	<u>\$ 149,853</u>	<u>\$ 1,037,483</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accrued salaries and benefits	\$ -	\$ 2,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,268
Interfund payable	-	-	-	-	-	-	534	534
Total liabilities	<u>-</u>	<u>2,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534</u>	<u>2,802</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	83,313	83,313
Restricted	43,009	-	-	-	105,583	-	66,006	214,598
Committed	-	23,806	280,103	18,191	-	414,670	-	736,770
Total fund balances	<u>43,009</u>	<u>23,806</u>	<u>280,103</u>	<u>18,191</u>	<u>105,583</u>	<u>414,670</u>	<u>149,319</u>	<u>1,034,681</u>
Total liabilities and fund balances	<u>\$ 43,009</u>	<u>\$ 26,074</u>	<u>\$ 280,103</u>	<u>\$ 18,191</u>	<u>\$ 105,583</u>	<u>\$ 414,670</u>	<u>\$ 149,853</u>	<u>\$ 1,037,483</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, 2016

	Special Revenue Funds					Capital Project Fund		
	Kimball Library	Police Special Detail	Conservation Commission	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
REVENUES								
Charges for services	\$ -	\$ 71,680	\$ -	\$ 16,923	\$ -	\$ -	\$ -	\$ 88,603
Miscellaneous	12,907	-	1,257	-	104,208	2,484	1,180	122,036
Total revenues	12,907	71,680	1,257	16,923	104,208	2,484	1,180	210,639
EXPENDITURES								
Current:								
General government	-	-	-	-	-	13,213	1,758	14,971
Public safety	-	55,569	-	-	13,456	-	-	69,025
Culture and recreation	13,298	-	-	16,641	-	-	-	29,939
Capital outlay	-	-	-	-	-	365,778	-	365,778
Total expenditures	13,298	55,569	-	16,641	13,456	378,991	1,758	479,713
Excess (deficiency) of revenues over (under) expenditures	(391)	16,111	1,257	282	90,752	(376,507)	(578)	(269,074)
Other financing sources (uses):								
Transfers in	702	-	-	-	-	125,000	-	125,702
Transfers out	-	-	-	-	-	-	(702)	(702)
Total other financing sources and uses	702	-	-	-	-	125,000	(702)	125,000
Net change in fund balances	311	16,111	1,257	282	90,752	(251,507)	(1,280)	(144,074)
Fund balances, beginning	42,698	7,695	278,846	17,909	14,831	666,177	150,599	1,178,755
Fund balances, ending	\$ 43,009	\$ 23,806	\$ 280,103	\$ 18,191	\$ 105,583	\$ 414,670	\$ 149,319	\$ 1,034,681

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, 2016

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,118,767	\$ 2,142,687	\$ 23,920
Timber	5,166	5,026	(140)
Interest and penalties on delinquent taxes	95,717	83,303	(12,414)
Total taxes	<u>2,219,650</u>	<u>2,231,016</u>	<u>11,366</u>
Licenses, permits and fees:			
Business licenses and permits	-	5,256	5,256
Motor vehicle permits	1,540,870	1,621,872	81,002
Building permits	74,926	87,962	13,036
Other	235,273	263,769	28,496
Total licenses, permits and fees	<u>1,851,069</u>	<u>1,978,859</u>	<u>127,790</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	347,591	347,591	-
Highway block grant	159,350	159,350	-
Railroad tax	51	51	-
Federal sources:			
FEMA	15,484	-	(15,484)
Department of Safety grant	-	1,091	1,091
Total intergovernmental	<u>522,476</u>	<u>508,083</u>	<u>(14,393)</u>
Charges for services:			
Income from departments	<u>67,033</u>	<u>65,699</u>	<u>(1,334)</u>
Miscellaneous:			
Sale of property	29,960	27,650	(2,310)
Interest on investments	3,698	4,351	653
Rent of property	-	5,209	5,209
Total miscellaneous	<u>33,658</u>	<u>37,210</u>	<u>3,552</u>
Total revenues and other financing sources	4,693,886	<u>\$ 4,820,867</u>	<u>\$ 126,981</u>
Use of fund balance to reduce taxes	286,898		
Total revenues, other financing sources and use of fund balance	<u>\$ 4,980,784</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, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 255,750	\$ 238,961	\$ 4,600	\$ 12,189
Election and registration	-	176,441	177,528	-	(1,087)
Financial administration	-	275,658	263,448	-	12,210
Legal	-	36,250	36,100	-	150
Personnel administration	-	72,210	25,488	-	46,722
Planning and zoning	-	22,153	19,866	-	2,287
General government buildings	-	120,731	116,229	-	4,502
Cemeteries	-	56,953	49,437	-	7,516
Insurance, not otherwise allocated	-	76,284	32,904	-	43,380
Advertising and regional associations	-	6,526	6,526	-	-
Total general government	-	1,098,956	966,487	4,600	127,869
Public safety:					
Police	-	933,737	900,620	3,278	29,839
Ambulance	-	1	-	-	1
Fire	-	303,553	276,170	-	27,383
Building inspection	-	67,483	68,567	-	(1,084)
Emergency management	-	650	-	-	650
Other	-	41,715	41,715	-	-
Total public safety	-	1,347,139	1,287,072	3,278	56,789
Highways and streets:					
Administration	-	164,537	171,400	-	(6,863)
Highways and streets	-	720,552	587,416	44,051	89,085
Street lighting	-	51,512	40,830	-	10,682
Total highways and streets	-	936,601	799,646	44,051	92,904
Sanitation:					
Solid waste collection	-	22,553	29,457	-	(6,904)
Solid waste disposal	-	410,502	437,545	-	(27,043)
Total sanitation	-	433,055	467,002	-	(33,947)
Health:					
Administration	-	5,685	6,158	-	(473)
Pest control	-	16,705	13,284	-	3,421
Health agencies and hospitals	-	23,590	23,588	-	2
Total health	-	45,980	43,030	-	2,950
Welfare:					
Administration and direct assistance	-	16,500	10,091	-	6,409
Vendor payments	-	89,351	87,980	-	1,371
Total welfare	-	105,851	98,071	-	7,780

(continued)

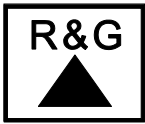
EXHIBIT 15 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	187,979	187,713	-	266
Public library	-	432,610	434,529	-	(1,919)
Patriotic purposes	-	4,730	3,456	-	1,274
Other	-	55,445	41,971	663	12,811
Total culture and recreation	-	680,764	667,669	663	12,432
Conservation	-	9,027	4,907	-	4,120
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	49,300	49,300	-	-
Total debt service	-	134,300	134,300	-	-
Capital outlay:					
Machinery, vehicles and equipment	130,500	-	93,882	35,000	1,618
Buildings	-	4,721	-	4,721	-
Total capital outlay	130,500	4,721	93,882	39,721	1,618
Other financing uses:					
Transfers out:					
Expendable trust funds	-	184,390	184,390	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 130,500</u>	<u>\$ 4,980,784</u>	<u>\$ 4,746,456</u>	<u>\$ 92,313</u>	<u>\$ 272,515</u>

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, 2016

Unassigned fund balance, beginning		\$ 1,409,305
Changes:		
Unassigned fund balance used to reduce tax rate		(286,898)
Budget summary:		
Revenue surplus (Exhibit 14)	\$ 126,981	
Unexpended balance of appropriations (Exhibit 15)	<u>272,515</u>	
Budget surplus		399,496
Increase in nonspendable fund balance		<u>(1,819)</u>
Unassigned fund balance, ending		<u><u>\$ 1,520,084</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, 2016, 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. We do want to discuss the following other matter:

Other Postemployment Benefits (OPEB)

The Town does not report its liability or annual cost for postemployment benefits other than pensions in its governmental activities because of the immaterial nature of the balance. The amount is determined to be immaterial because the Governmental Accounting Standards Board (GASB) Statement No. 45 only requires reporting the Town's annual cost less contributions made. However, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which takes effect for the Town in the year ending December 31, 2018, will require the Town to report the Actuarial Accrued Liability, an amount that is likely to be material to the financial statements. We recommend that the Town investigate the benefits and costs associated with obtaining a measurement valuation in order to determine the Town's unfunded accrued liability and comply with the requirements of GASB Statement No. 75.

This communication is intended solely for the information and use of 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 15, 2017

Roberts & Greene, PLLC

Concord, New Hampshire