

TOWN OF ATKINSON, NEW HAMPSHIRE

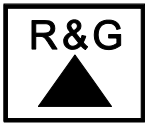
FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

**TOWN OF ATKINSON, NEW HAMPSHIRE
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson, as of December 31, 2017, 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 - 30 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.

Roberts & Greene, PLLC

Concord, New Hampshire
July 30, 2018

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF ATKINSON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,593,656
Investments	995,171
Receivables, net of allowance for uncollectibles	493,362
Prepaid items	17,909
Tax deeded property held for resale	126,161
Capital assets, not being depreciated:	
Land	4,511,917
Construction in progress	54,880
Capital assets, net of accumulated depreciation:	
Land improvements	144,342
Buildings and building improvements	3,601,122
Machinery, vehicles and equipment	1,658,642
Infrastructure	2,553,249
Total assets	<u>22,750,411</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>519,899</u>
LIABILITIES	
Accounts payable	66,391
Accrued payroll and benefits	81,408
Accrued interest payable	17,368
Intergovernmental payable	6,962,097
Performance and escrow deposits	21,994
Noncurrent obligations:	
Due within one year:	
Bond payable	85,000
Unamortized bond premium	975
Capital leases payable	50,683
Compensated absences payable	4,385
Due in more than one year:	
Bond payable	765,000
Unamortized bond premium	8,775
Capital leases payable	86,672
Compensated absences payable	22,168
Net pension liability	1,917,052
Total liabilities	<u>10,089,968</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	186,506
Deferred amounts related to pensions	74,477
Total deferred inflows of resources	<u>260,983</u>
NET POSITION	
Net investment in capital assets	11,527,047
Restricted for:	
Endowments:	
Nonexpendable	83,313
Expendable	64,604
Other purposes	213,585
Unrestricted	1,030,810
Total net position	<u><u>\$ 12,919,359</u></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, 2017

		Program Revenues			Net (Expense)
		Charges	Operating	Capital	Revenue and
		for	Grants and	Grants and	Changes in
	Expenses	Services	Contributions	Contributions	Net Position
Governmental activities:					
General government	\$ 1,085,666	\$ 12,805	\$ -	\$ -	\$ (1,072,861)
Public safety	1,761,252	92,082	-	-	(1,669,170)
Highways and streets	1,149,627	-	160,011	136,794	(852,822)
Sanitation	442,965	-	-	-	(442,965)
Health	38,553	-	-	-	(38,553)
Welfare	8,528	-	-	-	(8,528)
Culture and recreation	851,105	66,229	-	-	(784,876)
Conservation	52,764	-	-	-	(52,764)
Interest on long-term debt	43,847	-	-	-	(43,847)
Capital outlay	8,867	-	-	-	(8,867)
Total primary government	<u>\$ 5,443,174</u>	<u>\$ 171,116</u>	<u>\$ 160,011</u>	<u>\$ 136,794</u>	<u>(4,975,253)</u>
General revenues:					
Property taxes					2,250,543
Other taxes					41,256
Licenses and permits					1,852,609
Grants and contributions not restricted to specific programs					347,847
Miscellaneous					296,716
Total general revenues					<u>4,788,971</u>
Change in net position					(186,282)
Net position, beginning, as restated, see Note III.D.					<u>13,105,641</u>
Net position, ending					<u>\$ 12,919,359</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, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,326,955	\$ 266,701	\$ 8,593,656
Investments	47,519	947,652	995,171
Receivables, net of allowance for uncollectibles:			
Taxes	488,542	-	488,542
Accounts	-	4,820	4,820
Interfund receivable	-	617	617
Prepaid items	17,909	-	17,909
Tax dedeed property held for resale	126,161	-	126,161
Total assets	<u>\$ 9,007,086</u>	<u>\$ 1,219,790</u>	<u>\$ 10,226,876</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 66,391	\$ -	\$ 66,391
Accrued salaries and benefits	80,492	916	81,408
Intergovernmental payable	6,962,097	-	6,962,097
Interfund payable	-	617	617
Escrow and performance deposits	21,994	-	21,994
Total liabilities	<u>7,130,974</u>	<u>1,533</u>	<u>7,132,507</u>
Deferred inflows of resources:			
Deferred revenue	<u>480,535</u>	<u>-</u>	<u>480,535</u>
Fund balances:			
Nonspendable	144,070	83,313	227,383
Restricted	75,517	202,672	278,189
Committed	140,665	932,272	1,072,937
Assigned	15,241	-	15,241
Unassigned	1,020,084	-	1,020,084
Total fund balances	<u>1,395,577</u>	<u>1,218,257</u>	<u>2,613,834</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,007,086</u>	<u>\$ 1,219,790</u>	<u>\$ 10,226,876</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, 2017

Total fund balances of governmental funds (Exhibit 3)		\$ 2,613,834
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	\$ 18,034,326	
Less accumulated depreciation	<u>(5,510,174)</u>	
		12,524,152
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (617)	
Payables	<u>617</u>	
		-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue		294,029
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(17,368)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond outstanding	\$ 850,000	
Unamortized bond premium	9,750	
Capital leases outstanding	137,355	
Compensated absences payable	26,553	
Net pension liability	<u>1,917,052</u>	
		(2,940,710)
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	\$ 519,899	
Deferred inflows of resources related to pensions	<u>(74,477)</u>	
		445,422
Total net position of governmental activities (Exhibit 1)		<u>\$ 12,919,359</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, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,194,530	\$ 39,500	\$ 2,234,030
Licenses, permits and fees	2,046,122	-	2,046,122
Intergovernmental	644,652	-	644,652
Charges for services	67,052	104,064	171,116
Miscellaneous	111,636	55,773	167,409
Total revenues	<u>5,063,992</u>	<u>199,337</u>	<u>5,263,329</u>
Expenditures:			
Current:			
General government	1,029,012	3,871	1,032,883
Public safety	1,433,295	124,250	1,557,545
Highways and streets	975,635	-	975,635
Sanitation	442,965	-	442,965
Health	38,553	-	38,553
Welfare	8,528	-	8,528
Culture and recreation	707,444	39,936	747,380
Conservation	52,764	-	52,764
Debt service:			
Principal	85,000	-	85,000
Interest	45,050	-	45,050
Capital outlay	224,901	500	225,401
Total expenditures	<u>5,043,147</u>	<u>168,557</u>	<u>5,211,704</u>
Excess of revenues over expenditures	<u>20,845</u>	<u>30,780</u>	<u>51,625</u>
Other financing sources (uses):			
Transfers in	22,204	175,583	197,787
Transfers out	(175,000)	(22,787)	(197,787)
Inception of capital lease	83,476	-	83,476
Total other financing sources and uses	<u>(69,320)</u>	<u>152,796</u>	<u>83,476</u>
Net change in fund balances	(48,475)	183,576	135,101
Fund balances, beginning	1,444,052	1,034,681	2,478,733
Fund balances, ending	<u>\$ 1,395,577</u>	<u>\$ 1,218,257</u>	<u>\$ 2,613,834</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, 2017

Net change in fund balances of governmental funds (Exhibit 5)		\$ 135,101
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 307,037	
Depreciation expense	<u>(553,967)</u>	(246,930)
The net effect of the disposal of capital assets is to decrease net position.		(41,706)
Revenues from long-term receivables was previously reported in the governmental activities.		
Reduction in long-term receivable		(24,000)
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		57,769
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	\$ (83,476)	
Repayment of bond principal	85,000	
Amortization of bond premium	975	
Repayment of capital lease principal	<u>52,439</u>	54,938
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	\$ 228	
Decrease in compensated absences payable	<u>1,335</u>	1,563
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	\$ 169,321	
Cost of benefits earned, net of employee contributions	<u>(292,338)</u>	(123,017)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (186,282)</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 2,200,855	\$ 2,200,855	\$ 2,252,299	\$ 51,444
Licenses, permits and fees	2,010,071	2,010,071	2,046,122	36,051
Intergovernmental	517,860	654,654	644,652	(10,002)
Charges for services	63,072	63,072	67,052	3,980
Miscellaneous	47,188	47,188	48,644	1,456
Total revenues	<u>4,839,046</u>	<u>4,975,840</u>	<u>5,058,769</u>	<u>82,929</u>
EXPENDITURES				
Current:				
General government	1,075,768	1,075,768	1,026,002	49,766
Public safety	1,533,021	1,533,021	1,437,518	95,503
Highways and streets	917,129	1,053,923	1,044,533	9,390
Sanitation	445,368	445,368	446,715	(1,347)
Health	47,011	47,011	38,553	8,458
Welfare	17,500	17,500	7,065	10,435
Culture and recreation	719,766	719,766	688,194	31,572
Conservation	9,027	9,027	4,274	4,753
Debt service:				
Principal	85,000	85,000	85,000	-
Interest	40,050	40,050	45,050	(5,000)
Capital outlay	102,908	102,908	99,618	3,290
Total expenditures	<u>4,992,548</u>	<u>5,129,342</u>	<u>4,922,522</u>	<u>206,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(153,502)</u>	<u>(153,502)</u>	<u>136,247</u>	<u>289,749</u>
Other financing sources (uses):				
Transfers in	28,000	28,000	22,204	(5,796)
Transfers out	<u>(234,390)</u>	<u>(234,390)</u>	<u>(234,390)</u>	<u>-</u>
Total other financing sources and uses	<u>(206,390)</u>	<u>(206,390)</u>	<u>(212,186)</u>	<u>(5,796)</u>
Net change in fund balance	<u>\$ (359,892)</u>	<u>\$ (359,892)</u>	<u>(75,939)</u>	<u>\$ 283,953</u>
Increase in nonspendable fund balance			(130,032)	
Increase in restricted fund balance			-	
Unassigned fund balance, beginning			1,520,084	
Unassigned fund balance, ending			<u>\$ 1,314,113</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, 2017

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ -	\$ 327,035
Investments	7,040	-
Total assets	<u>7,040</u>	<u>327,035</u>
Liabilities:		
Accounts payable	1,000	4,013
Due to other governmental units	-	63,954
Due to developers	-	259,068
Total liabilities	<u>1,000</u>	<u>327,035</u>
Net position:		
Held in trust for specific purposes	<u>\$ 6,040</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, 2017

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 66
Deductions:	
Trust distributions	<u>1,000</u>
Change in net position	(934)
Net position, beginning	<u>6,974</u>
Net position, ending	<u><u>\$ 6,040</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, 2017**

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, 2017.

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; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. 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, 2017**

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, 2017**

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

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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.

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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 balance of the additional highway block grant, 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, 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.

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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 2017, \$349,892 of the fund balance from 2016 was so used, and \$10,000 was appropriated from fund balance.

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

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II.B. General Fund GAAP to Budgetary Basis Reconciliation

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 5,080,973
Adjustments:	
Basis difference:	
Capital lease inception	83,476
Tax revenue deferred in the prior year	236,260
Tax revenue deferred in the current year	(294,029)
Perspective difference:	
Revenue from Expendable Trust Fund	62,992
Per Exhibit 5 (GAAP basis)	<u>\$ 5,169,672</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 5,081,395
Adjustments:	
Basis difference:	
Encumbrances, beginning	92,313
Encumbrances, ending	(108,387)
Capital lease inception	83,476
Perspective difference:	
Transfer to Expendable Trust Fund	(59,390)
Expenditures of Expendable Trust Fund	128,740
Per Exhibit 5 (GAAP basis)	<u>\$ 5,218,147</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 1,314,113
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(294,029)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,020,084</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

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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 2016 property taxes on April 3rd.

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, 2017, upon which the 2017 property tax levy was based was:

For the New Hampshire education tax	\$ 945,653,954
For all other taxes	\$ 954,294,754

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

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$2.42	\$ 2,309,705
School portion:		
State of New Hampshire	\$2.24	2,118,244
Local	\$12.62	12,046,853
County portion	\$1.02	969,437
Total property taxes assessed		<u><u>\$ 17,444,239</u></u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2017	\$ 453,633
Unredeemed (under tax lien):	
Levy of 2016	94,241
Levy of 2015	45,868
Levy of 2014	31,586
Levies of 2013 and prior	98,214
Less: allowance for estimated uncollectible taxes	(235,000)
Net taxes receivable	<u><u>\$ 488,542</u></u>

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Deferred Revenue

Deferred revenue of \$480,535 at December 31, 2017 represents \$294,029 of 2017 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles, and \$186,506 in prepayments collected in advance of the 2018 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	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 4,511,917	\$ -	\$ -	\$ 4,511,917
Construction in progress	-	54,880	-	54,880
Total capital assets not being depreciated	<u>4,511,917</u>	<u>54,880</u>	<u>-</u>	<u>4,566,797</u>
Being depreciated:				
Land improvements	194,692	-	-	194,692
Buildings and building improvements	6,007,025	-	-	6,007,025
Machinery, vehicles and equipment	2,850,640	252,157	(160,300)	2,942,497
Infrastructure	4,323,315	-	-	4,323,315
Total capital assets being depreciated	<u>13,375,672</u>	<u>252,157</u>	<u>(160,300)</u>	<u>13,467,529</u>
Total all capital assets	<u>17,887,589</u>	<u>307,037</u>	<u>(160,300)</u>	<u>18,034,326</u>
Less accumulated depreciation:				
Land improvements	(42,925)	(7,425)	-	(50,350)
Buildings and building improvements	(2,251,402)	(154,501)	-	(2,405,903)
Machinery, vehicles and equipment	(1,239,870)	(162,579)	118,594	(1,283,855)
Infrastructure	(1,540,604)	(229,462)	-	(1,770,066)
Total accumulated depreciation	<u>(5,074,801)</u>	<u>(553,967)</u>	<u>118,594</u>	<u>(5,510,174)</u>
Net book value, capital assets being depreciated	<u>8,300,871</u>	<u>(301,810)</u>	<u>(41,706)</u>	<u>7,957,355</u>
Net book value, all capital assets	<u>\$ 12,812,788</u>	<u>\$ (246,930)</u>	<u>\$ (41,706)</u>	<u>\$ 12,524,152</u>

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Depreciation Expense

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

Governmental activities:	
General government	\$ 44,451
Public safety	171,678
Highways and streets	252,510
Culture and recreation	85,328
Total depreciation expense	<u>\$ 553,967</u>

III.B. Liabilities

III.B.1. Intergovernmental Payable

The amount due to other governments at December 31, 2017 consists of \$6,962,097 due to the Timberlane Regional School District for the balance of the 2017-2018 school district assessment.

III.B.2. Long-Term Liabilities

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 12/31/2017	Current Portion
Governmental activities:						
General obligation bond payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 850,000	\$ 85,000
Unamortized bond premium					<u>9,750</u>	<u>975</u>
Capital leases payable:						
Backhoe	\$ 88,500	2015	2020	2.0	35,769	17,692
Dump truck and plow	\$ 88,850	2015	2019	2.2	36,306	17,732
Ford F-550	\$ 83,476	2017	2021	4.5	<u>65,280</u>	<u>15,259</u>
					<u>137,355</u>	<u>50,683</u>
Compensated absences payable:						
Accrued vacation leave					<u>26,553</u>	<u>4,385</u>
Net pension liability					<u>1,917,052</u>	<u>-</u>
					<u>\$ 2,940,710</u>	<u>\$ 141,043</u>

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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, 2016:

	General Obligation Bond Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Net Pension Liability	Total
Balance, beginning	\$ 935,000	\$ 10,725	\$ 106,318	\$ 27,888	\$ 2,093,021	\$ 3,172,952
Additions	-	-	83,476	-	-	83,476
Reductions	(85,000)	(975)	(52,439)	(1,335)	(175,969)	(315,718)
Balance, ending	<u>\$ 850,000</u>	<u>\$ 9,750</u>	<u>\$ 137,355</u>	<u>\$ 26,553</u>	<u>\$ 1,917,052</u>	<u>\$ 2,940,710</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
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	85,000	24,225	109,225
2023-2027	425,000	60,563	485,563
Totals	<u>\$ 850,000</u>	<u>\$ 222,700</u>	<u>\$ 1,072,700</u>

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 50,683	\$ 5,440	\$ 56,123
2019	52,595	3,526	56,121
2020	16,664	1,533	18,197
2021	17,413	783	18,196
Totals	<u>\$ 137,355</u>	<u>\$ 11,282</u>	<u>\$ 148,637</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 was \$617 due to one Nonmajor Fund from another Nonmajor Fund, representing \$117 of interest in the Permanent Fund that will be paid to the Library Fund when the investment matures and \$500 withdrawn from the wrong account due from the Capital Project Fund to the Permanent 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 \$175,000 from the General Fund represents voted appropriations. The \$583 transferred to the Kimball Library Fund from the Permanent Fund represents 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	17,909	-
Tax deeded property	126,161	-
Total nonspendable	<u>144,070</u>	<u>83,313</u>
Restricted:		
General government	-	64,604
Public safety	-	105,177
Highways and streets	75,517	-
Culture and recreation	-	32,891
Total restricted	<u>75,517</u>	<u>202,672</u>
Committed:		
Public safety	-	19,576
Culture and recreation	-	14,130
Conservation	-	328,166
Capital outlay	140,665	570,400
Total committed	<u>140,665</u>	<u>932,272</u>
Assigned:		
General government	1,590	-
Public safety	7,501	-
Highways and streets	1,500	-
Sanitation	3,750	-
Conservation	900	-
Total assigned	<u>15,241</u>	<u>-</u>
Unassigned	<u>1,020,084</u>	<u>-</u>
Total fund balance	<u><u>\$ 1,395,577</u></u>	<u><u>\$ 1,218,257</u></u>

III.E. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$213,585 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures, \$32,891 for library funds, \$105,177 representing drug forfeiture funds and \$75,517 representing additional highway block grant monies, all whose use is restricted by law.

**TOWN OF ATKINSON, NEW HAMPSHIRE
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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 January 1 to December 31.

Contributions paid in 2017 to be recorded as an insurance expenditure/expense totaled \$64,445 for property/liability and \$43,478 for workers' compensation. The Town also paid \$2,006 for unemployment compensation. There were no unpaid contributions for the year ending December 31, 2017. 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 for the first half of the year, increasing on July 1st to 29.43% for police and 11.38% 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 2015, 2016, and 2017 were \$142,508, \$157,861 and \$169,321, 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, 2017, the Town reported a liability of \$1,917,052 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward. 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, 2017, the Town's proportion was 0.0389%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2016.

For 2017, the Town recognized pension expense of \$292,338. 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	\$ 234,674	\$ 25,663
Net differences between projected and actual earnings on pension plan investments	-	24,415
Changes in assumptions	192,497	-
Differences between expected and actual experience	4,347	24,399
Town contributions subsequent to the measurement date	88,381	-
	<u>\$ 519,899</u>	<u>\$ 74,477</u>

The Town reported \$88,381 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 December 31,	
2018	\$ 108,127
2019	157,948
2020	121,914
2021	(30,948)
	<u>\$ 357,041</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, 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, 2016 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 Healthy Annuitant and Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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	\$ 2,525,620	\$ 1,917,052	\$ 1,418,355

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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 Postion 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%
2017	0.0389%	\$ 1,917,052	\$ 937,348	204.52%	62.66%

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%
2017	\$ 169,321	\$ (169,321)	\$ -	\$ 937,348	18.06%

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
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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 third year that the Town has presented the pension schedules, only four 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, 2017

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Police Special Detail	Conservation Commission	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
ASSETS								
Cash and cash equivalents	\$ 32,774	\$ 15,672	\$ 98,948	\$ 14,130	\$ 105,177	\$ -	\$ -	\$ 266,701
Investments	-	-	229,218	-	-	570,900	147,534	947,652
Accounts receivable	-	4,820	-	-	-	-	-	4,820
Interfund receivable	117	-	-	-	-	-	500	617
Total assets	<u>\$ 32,891</u>	<u>\$ 20,492</u>	<u>\$ 328,166</u>	<u>\$ 14,130</u>	<u>\$ 105,177</u>	<u>\$ 570,900</u>	<u>\$ 148,034</u>	<u>\$ 1,219,790</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accrued salaries and benefits	\$ -	\$ 916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 916
Interfund payable	-	-	-	-	-	500	117	617
Total liabilities	<u>-</u>	<u>916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>117</u>	<u>1,533</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	83,313	83,313
Restricted	32,891	-	-	-	105,177	-	64,604	202,672
Committed	-	19,576	328,166	14,130	-	570,400	-	932,272
Total fund balances	<u>32,891</u>	<u>19,576</u>	<u>328,166</u>	<u>14,130</u>	<u>105,177</u>	<u>570,400</u>	<u>147,917</u>	<u>1,218,257</u>
Total liabilities and fund balances	<u>\$ 32,891</u>	<u>\$ 20,492</u>	<u>\$ 328,166</u>	<u>\$ 14,130</u>	<u>\$ 105,177</u>	<u>\$ 570,900</u>	<u>\$ 148,034</u>	<u>\$ 1,219,790</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, 2017

	Special Revenue Funds					Capital Projects Fund		
	Kimball Library	Police Special Detail	Conservation Commission	Recreation Revolving	Drug Forfeiture	Capital Reserves	Permanent Fund	Total
REVENUES								
Taxes	\$ -	\$ -	\$ 39,500	\$ -	\$ -	\$ -	\$ -	\$ 39,500
Charges for services	-	92,082	-	11,982	-	-	-	104,064
Miscellaneous	13,192	-	8,563	-	27,532	4,984	1,502	55,773
Total revenues	13,192	92,082	48,063	11,982	27,532	4,984	1,502	199,337
EXPENDITURES								
Current:								
General government	-	-	-	-	-	1,550	2,321	3,871
Public safety	-	96,312	-	-	27,938	-	-	124,250
Culture and recreation	23,893	-	-	16,043	-	-	-	39,936
Capital outlay	-	-	-	-	-	500	-	500
Total expenditures	23,893	96,312	-	16,043	27,938	2,050	2,321	168,557
Excess (deficiency) of revenues over (under) expenditures	(10,701)	(4,230)	48,063	(4,061)	(406)	2,934	(819)	30,780
Other financing sources (uses):								
Transfers in	583	-	-	-	-	175,000	-	175,583
Transfers out	-	-	-	-	-	(22,204)	(583)	(22,787)
Total other financing sources and uses	583	-	-	-	-	152,796	(583)	152,796
Net change in fund balances	(10,118)	(4,230)	48,063	(4,061)	(406)	155,730	(1,402)	183,576
Fund balances, beginning	43,009	23,806	280,103	18,191	105,583	414,670	149,319	1,034,681
Fund balances, ending	\$ 32,891	\$ 19,576	\$ 328,166	\$ 14,130	\$ 105,177	\$ 570,400	\$ 147,917	\$ 1,218,257

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, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,105,724	\$ 2,201,562	\$ 95,838
Timber	2,082	1,756	(326)
Interest and penalties on delinquent taxes	93,049	48,981	(44,068)
Total taxes	<u>2,200,855</u>	<u>2,252,299</u>	<u>51,444</u>
Licenses, permits and fees:			
Business licenses and permits	7,520	498	(7,022)
Motor vehicle permits	1,645,949	1,712,700	66,751
Building permits	139,594	102,637	(36,957)
Other	217,008	230,287	13,279
Total licenses, permits and fees	<u>2,010,071</u>	<u>2,046,122</u>	<u>36,051</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	347,841	347,841	-
Highway block grant	160,013	160,011	(2)
Additional highway block grant	136,794	136,794	-
Other	10,006	6	(10,000)
Total intergovernmental	<u>654,654</u>	<u>644,652</u>	<u>(10,002)</u>
Charges for services:			
Income from departments	<u>63,072</u>	<u>67,052</u>	<u>3,980</u>
Miscellaneous:			
Sale of property	8,721	9,351	630
Interest on investments	8,503	9,546	1,043
Contributions and donations	19,930	19,930	-
Other	10,034	9,817	(217)
Total miscellaneous	<u>47,188</u>	<u>48,644</u>	<u>1,456</u>
Other financing sources:			
Transfers in:			
Nonmajor funds	<u>28,000</u>	<u>22,204</u>	<u>(5,796)</u>
Total revenues and other financing sources	5,003,840	<u>\$ 5,080,973</u>	<u>\$ 77,133</u>
Use of fund balance	359,892		
Total revenues, other financing sources and use of fund balance	<u>\$ 5,363,732</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, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 4,600	\$ 255,423	\$ 251,399	\$ -	\$ 8,624
Election and registration	-	172,235	165,191	-	7,044
Financial administration	-	284,866	267,808	590	16,468
Legal	-	39,500	28,681	-	10,819
Personnel administration	-	45,484	45,484	-	-
Planning and zoning	-	22,700	17,082	-	5,618
General government buildings	-	128,455	124,675	-	3,780
Cemeteries	-	56,005	57,004	-	(999)
Insurance, not otherwise allocated	-	64,445	65,033	1,000	(1,588)
Advertising and regional associations	-	6,655	6,655	-	-
Total general government	4,600	1,075,768	1,029,012	1,590	49,766
Public safety:					
Police	3,278	1,007,497	952,715	2,568	55,492
Ambulance	-	96,094	92,550	-	3,544
Fire	-	302,235	261,153	4,933	36,149
Building inspection	-	83,745	83,427	-	318
Emergency management	-	650	650	-	-
Other	-	42,800	42,800	-	-
Total public safety	3,278	1,533,021	1,433,295	7,501	95,503
Highways and streets:					
Administration	-	541,843	535,671	-	6,172
Highways and streets	44,051	472,080	396,383	112,949	6,799
Street lighting	-	40,000	43,581	-	(3,581)
Total highways and streets	44,051	1,053,923	975,635	112,949	9,390
Sanitation:					
Solid waste disposal	-	33,093	26,673	3,750	2,670
Solid waste clean-up	-	412,275	416,292	-	(4,017)
Total sanitation	-	445,368	442,965	3,750	(1,347)
Health:					
Administration	-	7,029	4,139	-	2,890
Health agencies and hospitals	-	23,277	23,275	-	2
Other	-	16,705	11,139	-	5,566
Total health	-	47,011	38,553	-	8,458
Welfare:					
Administration and direct assistance	-	17,500	7,065	-	10,435

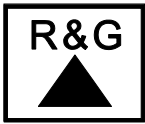
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EXHIBIT 15 (continued)
TOWN OF ATKINSON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	194,294	180,191	-	14,103
Public library	-	447,319	447,619	-	(300)
Patriotic purposes	-	3,775	3,252	-	523
Other	663	74,378	57,795	-	17,246
Total culture and recreation	663	719,766	688,857	-	31,572
Conservation	-	9,027	3,374	900	4,753
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	40,050	45,050	-	(5,000)
Total debt service	-	125,050	130,050	-	(5,000)
Capital outlay:					
Machinery, vehicles and equipment	35,000	102,908	79,618	55,000	3,290
Buildings	4,721	-	2,507	2,214	-
Total capital outlay	39,721	102,908	82,125	57,214	3,290
Other financing uses:					
Transfers out:					
Expendable trust funds	-	234,390	234,390	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 92,313	\$ 5,363,732	\$ 5,065,321	\$ 108,387	\$ 282,337

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, 2017

Unassigned fund balance, beginning		\$	1,520,084
Changes:			
Unassigned fund balance used to reduce tax rate			(349,892)
Unassigned fund balance appropriated			(10,000)
Budget summary:			
Revenue surplus (Exhibit 14)	\$	77,133	
Unexpended balance of appropriations (Exhibit 15)		<u>206,820</u>	
Budget surplus			283,953
Increase in nonspendable fund balance			<u>(130,032)</u>
Unassigned fund balance, ending		\$	<u><u>1,314,113</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, 2017, 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) – Repeat Comment

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. We are aware that the Town has taken steps to obtain a measurement valuation in order to meet the requirements for the year ending December 31, 2018.

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.

Roberts & Greene, PLLC

Concord, New Hampshire
July 30, 2018

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