

TOWN OF CANAAN, NEW HAMPSHIRE

Financial Statements

December 31, 2015

and

Independent Auditor's Report

**TOWN OF CANAAN, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Canaan, New Hampshire

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities of the Town of Canaan, New Hampshire, as of December 31, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities, each major fund and the aggregate remaining fund information of the Town of Canaan, New Hampshire, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, the schedule of changes in the Town’s proportionate share of the net pension liability, and the schedule of Town contributions on pages i-viii and 28-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Canaan, New Hampshire’s basic financial statements. The combining

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

The combining nonmajor governmental fund financial statements 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 governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Clekner + Company PC

Manchester, New Hampshire
September 15, 2016

EXHIBIT A
TOWN OF CANAAN, NEW HAMPSHIRE
Statement of Net Position
December 31, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,790,005	\$ 70,316	\$ 3,860,321
Investments	1,428,033	2,742	1,430,775
Taxes receivable, net	871,765		871,765
Accounts receivable	963	3,129	4,092
Unbilled charges for services		25,798	25,798
Due from other governments	61,461		61,461
Internal balances	1,320	(1,320)	-
Prepaid expenses	8,734		8,734
Tax deeded property	103,907		103,907
Total Current Assets	<u>6,266,188</u>	<u>100,665</u>	<u>6,366,853</u>
Noncurrent Assets:			
Due from other governments	11,268		11,268
Capital assets:			
Non-depreciable capital assets	402,383	238,341	640,724
Depreciable capital assets, net	3,442,576	3,172,490	6,615,066
Total Noncurrent Assets	<u>3,856,227</u>	<u>3,410,831</u>	<u>7,267,058</u>
Total Assets	<u>10,122,415</u>	<u>3,511,496</u>	<u>13,633,911</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	189,788	6,448	196,236
Total Deferred Outflows of Resources	<u>189,788</u>	<u>6,448</u>	<u>196,236</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	96,827		96,827
Accrued expenses	46,535	51	46,586
Due to other governments	3,598,808		3,598,808
Deposits	300		300
Total Current Liabilities	<u>3,742,470</u>	<u>51</u>	<u>3,742,521</u>
Noncurrent Liabilities:			
Net pension liability	1,528,866	55,884	1,584,750
Total Noncurrent Liabilities	<u>1,528,866</u>	<u>55,884</u>	<u>1,584,750</u>
Total Liabilities	<u>5,271,336</u>	<u>55,935</u>	<u>5,327,271</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned land use tax revenue	2,280		2,280
Deferred inflows related to pension	74,596	2,534	77,130
Total Deferred Inflows of Resources	<u>76,876</u>	<u>2,534</u>	<u>79,410</u>
NET POSITION			
Net investment in capital assets	3,844,959	3,410,831	7,255,790
Restricted	855,212		855,212
Unrestricted	263,820	48,644	312,464
Total Net Position	<u>\$ 4,963,991</u>	<u>\$ 3,459,475</u>	<u>\$ 8,423,466</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 1,053,399	\$ 1,510	\$ 4,323		\$ (1,047,566)		\$ (1,047,566)
Public safety	1,136,431	41,238	77,520	\$ 20,804	(996,869)		(996,869)
Highways and streets	913,891		146,942		(766,949)		(766,949)
Sanitation	215,985	15,928			(200,057)		(200,057)
Health and welfare	96,415	2,467			(93,948)		(93,948)
Culture and recreation	270,662	52,232	34,758		(183,672)		(183,672)
Conservation	932				(932)		(932)
Economic development	6,031				(6,031)		(6,031)
Total governmental activities	<u>3,693,746</u>	<u>113,375</u>	<u>263,543</u>	<u>20,804</u>	<u>(3,296,024)</u>		<u>(3,296,024)</u>
Business-type activities:							
Water	105,732	55,423			(50,309)		(50,309)
Sewer	152,108	82,207			(69,901)		(69,901)
Total business-type activities	<u>257,840</u>	<u>137,630</u>	<u>-</u>	<u>-</u>	<u>(120,210)</u>		<u>(120,210)</u>
Total primary government	<u>\$ 3,951,586</u>	<u>\$ 251,005</u>	<u>\$ 263,543</u>	<u>\$ 20,804</u>	<u>(3,296,024)</u>		<u>(3,416,234)</u>
General revenues:							
Property and other taxes					2,297,411		2,297,411
Licenses and permits					706,351		706,351
Grants and contributions:							
Rooms and meals tax distribution					187,932		187,932
State and federal forest land					131		131
Interest and investment income					3,444	2	3,446
Miscellaneous					36,092		36,092
Gain on disposal of capital asset					8,500		8,500
Transfers, net					(15,844)		-
Total general revenues, gain on capital asset disposal and transfers					3,224,017		3,239,863
Change in net position					(72,007)		(176,371)
Net Position at beginning of year, as restated					5,035,998		8,599,837
Net Position at end of year					\$ 4,963,991		\$ 8,423,466

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF CANAAN, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,711,780		\$ 78,225	\$ 3,790,005
Investments	501,516	\$ 796,336	130,181	1,428,033
Taxes receivable, net	871,765			871,765
Accounts receivable			963	963
Due from other governments	55,914			55,914
Due from other funds	18,395		16,546	34,941
Prepaid expenses	8,734			8,734
Tax decided property	103,907			103,907
Total Assets	<u>5,272,011</u>	<u>796,336</u>	<u>225,915</u>	<u>6,294,262</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 5,272,011</u>	<u>\$ 796,336</u>	<u>\$ 225,915</u>	<u>\$ 6,294,262</u>
LIABILITIES				
Accounts payable	\$ 96,827			\$ 96,827
Accrued expenses	46,535			46,535
Due to other governments	3,598,808			3,598,808
Due to other funds	18,034		\$ 15,587	33,621
Deposits	300			300
Total Liabilities	<u>3,760,504</u>	<u>-</u>	<u>15,587</u>	<u>3,776,091</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned land use tax revenue	2,280			2,280
Unearned property tax revenue	748,398			748,398
Total Deferred Inflows of Resources	<u>750,678</u>	<u>-</u>	<u>-</u>	<u>750,678</u>
FUND BALANCES				
Nonspendable	8,734	541,523		550,257
Restricted	58,876	254,813		313,689
Committed	406,232		210,328	616,560
Assigned	171,660			171,660
Unassigned	115,327			115,327
Total Fund Balances	<u>760,829</u>	<u>796,336</u>	<u>210,328</u>	<u>1,767,493</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,272,011</u>	<u>\$ 796,336</u>	<u>\$ 225,915</u>	

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	3,844,959
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	748,398
The long-term state aid grant receivable is recognized on an accrual basis in the statement of net position, not the modified accrual basis	16,815
Deferred outflows of resources and deferred inflows of resources that do not provide or require the use of current financial resources are not reported within the funds.	
Deferred outflow of resources attributable to net pension liability	189,788
Deferred inflow of resources attributable to net pension liability	(74,596)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Net pension liability	(1,528,866)
Net position of governmental activities	<u>\$ 4,963,991</u>

See accompanying notes to the basic financial statements

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

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

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds	
Revenues:					
Taxes	\$ 2,235,687		\$ 4,903	\$ 2,240,590	
Licenses and permits	706,351			706,351	
Intergovernmental	431,825		7,250	439,075	
Charges for services	47,761		65,614	113,375	
Interest and investment income (loss)	205	\$ (6,431)	9,670	3,444	
Miscellaneous	53,328		21,845	75,173	
Total Revenues	<u>3,475,157</u>	<u>(6,431)</u>	<u>109,282</u>	<u>3,578,008</u>	
Expenditures:					
Current operations:					
General government	1,021,643	6,329	324	1,028,296	
Public safety	1,068,610		16,798	1,085,408	
Highways and streets	749,595			749,595	
Sanitation	212,023			212,023	
Health and welfare	92,596			92,596	
Culture and recreation	169,553	188	71,698	241,439	
Conservation			932	932	
Capital outlay	147,124			147,124	
Total Expenditures	<u>3,461,144</u>	<u>6,517</u>	<u>89,752</u>	<u>3,557,413</u>	
Excess revenues over (under) expenditures	14,013	(12,948)	19,530	20,595	
Other financing sources (uses):					
Transfers in	41,598			41,598	
Transfers out	(15,844)	(22,698)	(18,900)	(57,442)	
Total other financing sources (uses)	<u>25,754</u>	<u>(22,698)</u>	<u>(18,900)</u>	<u>(15,844)</u>	
Net change in fund balances	39,767	(35,646)	630	4,751	
Fund balances at beginning of year	721,062	831,982	209,698	1,762,742	
Fund balances at end of year	<u>\$ 760,829</u>	<u>\$ 796,336</u>	<u>\$ 210,328</u>	<u>\$ 1,767,493</u>	
					\$ 4,751
					(140,755)
					56,821
					(5,746)
					4,422
					8,500
					\$ (72,007)

Net Change in Fund Balances--Total Governmental Funds

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, 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 capital outlays in the current period. (140,755)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 56,821

Revenues in the governmental fund financial statements that reduce long-term assets recorded on the statement of net position are not reported as revenues in the statement of activities. (5,746)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense reflects the change in the net pension liability and related deferred outflows and inflows of resources, and do not require the use of current financial resources. This is the amount by which pension contributions exceeded pension expense in the current period. 4,422

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets. 8,500

Change in Net Position of Governmental Activities \$ (72,007)

EXHIBIT E
TOWN OF CANAAN, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 70,316		\$ 70,316
Investments	2,742		2,742
Accounts receivable	1,836	\$ 1,293	3,129
Unbilled charges for services	13,294	12,504	25,798
Due from other funds	84,383	1,488	85,871
Total Current Assets	<u>172,571</u>	<u>15,285</u>	<u>187,856</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets		238,341	238,341
Depreciable capital assets, net	1,048,507	2,123,983	3,172,490
Total Noncurrent Assets	<u>1,048,507</u>	<u>2,362,324</u>	<u>3,410,831</u>
Total Assets	<u>1,221,078</u>	<u>2,377,609</u>	<u>3,598,687</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	3,224	3,224	6,448
Total Deferred Outflows of Resources	<u>3,224</u>	<u>3,224</u>	<u>6,448</u>
LIABILITIES			
Current Liabilities:			
Accrued expenses	31	20	51
Due to other funds	2,808	84,383	87,191
Total Current Liabilities	<u>2,839</u>	<u>84,403</u>	<u>87,242</u>
Noncurrent Liabilities:			
Net pension liability	27,942	27,942	55,884
Total Noncurrent Liabilities	<u>27,942</u>	<u>27,942</u>	<u>55,884</u>
Total Liabilities	<u>30,781</u>	<u>112,345</u>	<u>143,126</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	1,267	1,267	2,534
Total Deferred Inflows of Resources	<u>1,267</u>	<u>1,267</u>	<u>2,534</u>
NET POSITION			
Net investment in capital assets	1,048,507	2,362,324	3,410,831
Unrestricted (deficit)	143,747	(95,103)	48,644
Total Net Position	<u>\$ 1,192,254</u>	<u>\$ 2,267,221</u>	<u>\$ 3,459,475</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF CANAAN, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 55,423	\$ 82,207	\$ 137,630
Total operating revenues	<u>55,423</u>	<u>82,207</u>	<u>137,630</u>
Operating expenses:			
Personnel services	30,927	30,925	61,852
Contractual services	6,150	1,180	7,330
Repairs and maintenance	9,241	10,152	19,393
Materials and supplies	3,458	4,974	8,432
Utilities	6,404	23,427	29,831
Depreciation	49,552	80,925	130,477
Total operating expenses	<u>105,732</u>	<u>151,583</u>	<u>257,315</u>
Operating loss	<u>(50,309)</u>	<u>(69,376)</u>	<u>(119,685)</u>
Non-operating revenues (expenses):			
Interest revenue	2		2
Interest expense		(525)	(525)
Net non-operating revenues (expenses)	<u>2</u>	<u>(525)</u>	<u>(523)</u>
Loss before transfers	(50,307)	(69,901)	(120,208)
Transfers in		15,844	15,844
Change in net position	(50,307)	(54,057)	(104,364)
Net Position at beginning of year, as restated	<u>1,242,561</u>	<u>2,321,278</u>	<u>3,563,839</u>
Net Position at end of year	<u>\$ 1,192,254</u>	<u>\$ 2,267,221</u>	<u>\$ 3,459,475</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF CANAAN, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities		
	Water Department	Sewer Department	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 54,835	\$ 82,608	\$ 137,443
Cash paid to suppliers	(32,109)	(46,548)	(78,657)
Cash paid to employees	(23,363)	(23,363)	(46,726)
Net cash provided (used) by operating activities	<u>(637)</u>	<u>12,697</u>	<u>12,060</u>
Cash flows from capital financing activities:			
Transfers from other funds		15,844	15,844
Principal paid on long-term debt		(15,000)	(15,000)
Interest paid on long-term debt		(844)	(844)
Net cash used for capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(637)	12,697	12,060
Cash and cash equivalents (deficiency) at beginning of year	152,528	(95,592)	56,936
Cash and cash equivalents (deficiency) at end of year	<u>\$ 151,891</u>	<u>\$ (82,895)</u>	<u>\$ 68,996</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (50,309)	\$ (69,376)	\$ (119,685)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	49,552	80,925	130,477
Change in deferred outflows related to pension	(590)	(590)	(1,180)
Change in deferred inflows related to pension	(1,972)	(1,972)	(3,944)
Changes in assets and liabilities:			
Accounts receivable	(363)	(23)	(386)
Unbilled charges for services	(225)	424	199
Prepaid expenses	635	635	1,270
Accrued expenses	6	45	51
Net pension liability	2,629	2,629	5,258
Net cash provided (used) by operating activities	<u>\$ (637)</u>	<u>\$ 12,697</u>	<u>\$ 12,060</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF CANAAN, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Agency Funds
ASSETS	
Investments	\$ 797,676
Total Assets	<u>\$ 797,676</u>
LIABILITIES	
Due to other governments	\$ 797,676
Total Liabilities	<u>\$ 797,676</u>

See accompanying notes to the basic financial statements

**TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Canaan, New Hampshire conform to accounting principles generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Canaan, New Hampshire (the Town) was incorporated on July 9, 1761. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other elected officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary, and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following are the Town's major proprietary funds:

The *Water and Sewer Funds* account for all revenues and expenses pertaining to the Town's water and wastewater operations, respectively. The Water and Sewer Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category has one classification: agency fund. The Town's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The Town's agency fund accounts for the capital reserve funds of the Mascoma Valley Regional School District, which are held by the Town's Trustees of Trust Funds in accordance with State law.

**TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015**

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 10). Revenue from grants,

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as unearned revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	Water Fund	Sewer Fund	Totals
Cash	\$ 70,316		\$ 70,316
Due from other funds	84,383	\$ 1,488	85,871
Due to other funds	<u>(2,808)</u>	<u>(84,383)</u>	<u>(87,191)</u>
Totals	<u>\$ 151,891</u>	<u>\$ (82,895)</u>	<u>\$ 68,996</u>

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2015 are recorded as receivables net of reserves for estimated uncollectibles of \$57,175.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, water purification and distribution system, sewer collection and treatment system, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is also capitalized.

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks) or its intangible assets. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	30-50
	Buildings and improvements	10-40
	Land improvements	7-15
	Vehicles and equipment	3-25

Compensated Absences

Full time employees may accumulate sick leave days at a rate of one day per month, cumulative to a maximum of sixty days. No payment for unused sick leave is made upon termination. Employees earn vacation dependent on the length of service. Vacation time is calculated on the anniversary date of hire. Five days of accumulated time may be carried into the next anniversary year. Upon retirement, termination, or death, employees are compensated for unused vacation at their current rates of pay. Unused vacation has been included as a liability in the governmental funds in these fund financial statements.

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Accrued Liabilities and Long-Term Obligations

Except for the obligation for other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Pensions

During the year ended December 31, 2015, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Policy

As of December 31, 2015, the Town has not adopted a formal fund balance policy. Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance***: Amounts that are not in a spendable form or are required to be maintained intact.
- ***Restricted Fund Balance***: Amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation. Restrictions may be changed or lifted only upon the consent of the external resource provider or enabling legislation.

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

- *Committed Fund Balance*: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority (Annual Town Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance*: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the water fund and sewer fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town has not implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 45 were required to be implemented by the Town during the year ended December 31, 2009.

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 3,860,321
Investments	1,430,775
Statement of Fiduciary Net Position:	
Investments	<u>797,676</u>
	<u>\$ 6,088,772</u>

Deposits and investments as of December 31, 2015 consist of the following:

Cash on hand	\$ 100
Deposits with financial institutions	248,850
Investments	<u>5,839,822</u>
Total cash and investments	<u>\$ 6,088,772</u>

The Town's investment policy for governmental and proprietary fund types requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law (RSA 197:23-a). Town funds may also be deposited into solvent banks within the State of New Hampshire, short-term obligations of United States government agency, or repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized by United States Treasury Bills.

Responsibility for the investments of the expendable trust funds, permanent funds, and agency funds is with the Board of Trustees. The Trustees of Trust Funds have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a). Investments of the library funds are at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time.

The Town's investment policy for the General Fund, other governmental funds and proprietary funds indicates that investments shall be limited to instruments maturing within one year at the time of purchase or the NHPDIP. The Trustees of Trust Funds and the Library Trustees have no policy with respect to interest rate risk.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (In Years)</u>			
	<u>Fair Value</u>	<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
U.S. Treasury notes	\$ 553,412	\$ 99,734	\$ 453,678	
Federal agency securities	65,715	79	33,228	\$ 32,408
Municipal obligations	139,261		51,333	87,928
Corporate bonds	284,278	10,025	205,244	69,009
	<u>\$1,042,666</u>	<u>\$ 109,838</u>	<u>\$ 743,483</u>	<u>\$ 189,345</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town's policy states that the Treasurer may place any excess funds into obligations of the United States government maturing in less than one year or the NHPDIP. The investment policy of the Trustees of Trust Funds states that all investments should be undertaken in a manner that seeks to preserve capital. The Library Trustees have no policy with respect to credit risk.

The following is the actual rating at year end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>				
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Unrated</u>
Municipal obligations	\$ 139,261		\$ 139,261			
Corporate bonds	284,278		105,996	\$ 64,709	\$ 103,548	\$ 10,025
Money market funds	821,706					821,706
State investment pool	63,583	\$ 63,583				
	<u>\$ 1,308,828</u>	<u>\$ 63,583</u>	<u>\$ 245,257</u>	<u>\$ 64,709</u>	<u>\$ 103,548</u>	<u>\$ 831,731</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

The Town's policy for governmental and proprietary funds states that deposits shall be fully collateralized with the delivery of United States government obligations, United States government agency obligations, or obligations of the State of New Hampshire in market value at least equal to 100% of the cash deposit. The Trustees of Trust Funds policy states that its investments shall be diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, industry or specific issuer. The Trustees shall also use prudence in the selection of securities. The Library Trustees have no policy with respect to custodial credit risk.

The Town has no deposits with financial institutions at year end that are exposed to custodial credit risk. As of December 31, 2015, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury notes	\$ 553,412
Federal agency securities	65,715
Municipal obligations	139,261
Corporate bonds	284,278
Equity securities	300,497
Overnight repurchase agreement	3,611,370
	<u>\$ 4,954,533</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 4—CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets in the governmental activities:

	<u>Balance 01/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 402,383			\$ 402,383
Construction in progress	22,713		\$ (22,713)	-
Total capital assets not being depreciated	<u>425,096</u>	<u>\$ -</u>	<u>(22,713)</u>	<u>402,383</u>

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Other capital assets:				
Infrastructure	1,727,671	22,713		1,750,384
Buildings and improvements	1,758,563			1,758,563
Land improvements	13,100			13,100
Vehicles and equipment	<u>2,391,502</u>	<u>130,072</u>	<u>(43,395)</u>	<u>2,478,179</u>
Total other capital assets at historical cost	<u>5,890,836</u>	<u>152,785</u>	<u>(43,395)</u>	<u>6,000,226</u>
Less accumulated depreciation for:				
Infrastructure	(122,823)	(44,426)		(167,249)
Buildings and improvements	(817,356)	(60,449)		(877,805)
Land improvements	(2,693)	(873)		(3,566)
Vehicles and equipment	<u>(1,395,846)</u>	<u>(156,579)</u>	<u>43,395</u>	<u>(1,509,030)</u>
Total accumulated depreciation	<u>(2,338,718)</u>	<u>(262,327)</u>	<u>43,395</u>	<u>(2,557,650)</u>
Total other capital assets, net	<u>3,552,118</u>	<u>(109,542)</u>	<u>-</u>	<u>3,442,576</u>
Total capital assets, net	<u>\$ 3,977,214</u>	<u>\$ (109,542)</u>	<u>\$ (22,713)</u>	<u>\$ 3,844,959</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 13,919
Public safety	55,637
Highways and streets	153,295
Sanitation	4,237
Culture and recreation	29,208
Economic development	<u>6,031</u>
Total governmental activities depreciation expense	<u>\$ 262,327</u>

Business-Type Activities

The following is a summary of changes in capital assets in the business-type activities:

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 238,341			\$ 238,341
Total capital assets not being depreciated	<u>238,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>238,341</u>
Other capital assets:				
Infrastructure	5,619,767			5,619,767
Buildings and improvements	67,970			67,970
Land improvements	22,395			22,395
Vehicles and equipment	<u>212,627</u>			<u>212,627</u>
Total other capital assets at historical cost	<u>5,922,759</u>	<u>-</u>	<u>-</u>	<u>5,922,759</u>

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Less accumulated depreciation for:				
Infrastructure	(2,432,244)	(112,396)		(2,544,640)
Buildings and improvements	(48,931)	(1,359)		(50,290)
Land improvements	(9,597)	(3,199)		(12,796)
Vehicles and equipment	(129,020)	(13,523)		(142,543)
Total accumulated depreciation	<u>(2,619,792)</u>	<u>(130,477)</u>	<u>-</u>	<u>(2,750,269)</u>
Total other capital assets, net	<u>3,302,967</u>	<u>(130,477)</u>	<u>-</u>	<u>3,172,490</u>
Total capital assets, net	<u>\$ 3,541,308</u>	<u>\$ (130,477)</u>	<u>\$ -</u>	<u>\$ 3,410,831</u>

Depreciation expense was charged to proprietary funds as follows:

Water fund	\$ 49,552
Sewer fund	<u>80,925</u>
Total business-type activities depreciation expense	<u>\$ 130,477</u>

NOTE 5—DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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

Benefits Provided

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

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

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

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

Funding Policy

Covered police officers are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers and general employees were 21.35% and 10.44%, respectively, through June 30, 2015 and 22.54% and 10.86%, respectively, thereafter. The Town contributes 100% of the employer cost for police officers and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. Contributions to the pension plan for the Town were \$139,951 for the year ended December 31, 2015.

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

At December 31, 2015, the Town reported a liability of \$1,584,750 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2014. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2015, the Town's proportion was approximately 0.0400 percent, which was an increase of 0.0018 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$133,845. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience		\$ 34,776
Net difference between projected and actual earnings on pension plan investments		42,354
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 124,298	
Town contributions subsequent to the measurement date	<u>71,938</u>	<u> </u>
Total	<u>\$ 196,236</u>	<u>\$ 77,130</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$119,106. The Town reported \$71,938 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>December 31</u>	
2016	\$ 939
2017	939
2018	939
2019	42,038
2020	<u>2,313</u>
	<u>\$ 47,168</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to 2015 measurements:

Inflation	3.0 percent
Wage inflation	3.75 percent
Salary increases	5.8 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Mortality rates were based on the RP-2000 mortality table projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2011 pursuant to an experience study of the period July 1, 2005 -- June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Net of inflation assumption of 3.0%)</u>
Fixed income	25%	(1.00)-0.28%
Domestic equity	30%	3.00%
International equity	20%	4.00-6.00%
Real estate	10%	3.50%
Private equity	5%	5.50%
Private debt	5%	4.50%
Opportunistic	5%	2.75%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's proportionate share of the net pension liability	\$ 2,086,117	\$ 1,584,750	\$ 1,157,331

**TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015**

NOTE 6—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town’s long-term obligations for the year ended December 31, 2015 are as follows:

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due Within One Year
<i>Business-type activities:</i>					
Bonds payable	\$ 15,000		\$ (15,000)	\$ -	\$ -
Total business-type activities	\$ 15,000	\$ -	\$ (15,000)	\$ -	\$ -

Payments on the general obligation bonds of the business-type activities are paid out of the General Fund and recognized as a transfer to the Sewer Fund.

NOTE 7—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Interfund balances at December 31, 2015 are as follows:

	General Fund	Due to			Totals
		Nonmajor Governmental Funds	Water Fund	Sewer Fund	
General Fund		\$ 16,546		\$ 1,488	\$ 18,034
Nonmajor Governmental Funds	\$ 15,587				15,587
Water Fund	2,808				2,808
Sewer Fund			\$ 84,383		84,383
Totals	\$ 18,395	\$ 16,546	\$ 84,383	\$ 1,488	\$ 120,812

During the year, several interfund transactions occurred between funds. The various transfers between the funds were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2015 are as follows:

	General Fund	Transfer from		Totals
		Permanent Funds	Nonmajor Governmental Funds	
General Fund		\$ 22,698	\$ 18,900	\$ 41,598
Sewer Fund	\$ 15,844			15,844
	\$ 15,844	\$ 22,698	\$ 18,900	\$ 57,442

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

NOTE 8—RESTRICTED NET POSITION

Net position is restricted for specific purposes as follows:

Permanent Fund - Principal	\$ 541,523
Permanent Fund - Income	254,813
Library	<u>58,876</u>
	<u>\$ 855,212</u>

NOTE 9—COMPONENTS OF FUND BALANCE

The Town's fund balance components are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Permanent Funds - Principal		\$ 541,523		\$ 541,523
Prepaid expenses	\$ 8,734			8,734
Restricted for:				
Permanent Funds - Income		254,813		254,813
Library	58,876			58,876
Committed for:				
Capital Reserves	406,232			406,232
Conservation			\$ 56,520	56,520
Expendable Trusts			83,523	83,523
Transfer Station			12,783	12,783
Police Outside Details			35,854	35,854
Recreation			21,648	21,648
Assigned for:				
Designated for subsequent year expenditures	160,000			160,000
Encumbrances	11,660			11,660
Unassigned:				
Unassigned - General operations	<u>115,327</u>			<u>115,327</u>
	<u>\$ 760,829</u>	<u>\$ 796,336</u>	<u>\$ 210,328</u>	<u>\$ 1,767,493</u>

NOTE 10—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$322,692,823 as of April 1, 2015) and are due in two installments on July 1, 2015 and December 1, 2015. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax dedeed to the Town.

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

In accordance with State law, the Town collects taxes for the Mascoma Valley Regional School District and Grafton County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$7,011,947 and \$574,272 for the Mascoma Valley Regional School District and Grafton County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes. At December 31, 2015, the balance of the property tax appropriation due to the Mascoma Valley Regional School District is \$3,598,808.

NOTE 11—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2015, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2015.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

NOTE 12—COMMITMENTS AND CONTINGENCIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

NOTE 13—RESTATEMENT OF EQUITY

Government-Wide Statements

During the year ended December 31, 2015, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*, as described in Note 1 of these financial statements. The impact of the restatement on net position of the Governmental and Business-type Activities as of January 1, 2015 is as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net Position - January 1, 2015 (as previously reported)	\$ 6,454,094	\$ 3,615,675
Amount of restatement due to:		
Net pension liability	(1,385,009)	(50,626)
Deferred outflows related to pension	144,126	5,268
Deferred inflows related to pension	<u>(177,213)</u>	<u>(6,478)</u>
Net Position - January 1, 2015, as restated	<u>\$ 5,035,998</u>	<u>\$ 3,563,839</u>

Proprietary Funds

The impact of the above restatement on net position of the Water and Sewer Funds as of January 1, 2015 is as follows:

	Water <u>Fund</u>	Sewer <u>Fund</u>
Net Position - January 1, 2015 (as previously reported)	\$ 1,268,479	\$ 2,347,196
Amount of restatement due to:		
Net pension liability	(25,313)	(25,313)
Deferred outflows related to pension	2,634	2,634
Deferred inflows related to pension	<u>(3,239)</u>	<u>(3,239)</u>
Net Position - January 1, 2015, as restated	<u>\$ 1,242,561</u>	<u>\$ 2,321,278</u>

SCHEDULE 1
TOWN OF CANAAN, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 2,243,436	\$ 2,243,436	\$ 2,292,508	\$ 49,072
Licenses and permits	642,280	642,280	706,351	64,071
Intergovernmental	409,593	430,437	431,825	1,388
Charges for services	42,500	42,500	47,761	5,261
Interest income	350	350	1,353	1,003
Miscellaneous	13,000	23,000	30,966	7,966
Total Revenues	<u>3,351,159</u>	<u>3,382,003</u>	<u>3,510,764</u>	<u>128,761</u>
Expenditures:				
Current operations:				
General government	1,077,742	1,077,742	996,176	81,566
Public safety	1,022,572	1,043,416	1,037,094	6,322
Highways and streets	856,144	866,144	759,065	107,079
Sanitation	168,173	168,173	210,531	(42,358)
Health and welfare	88,119	88,119	92,096	(3,977)
Culture and recreation	12,047	12,047	13,003	(956)
Capital outlay	303,821	143,821	125,391	18,430
Debt service:				
Interest and fiscal charges	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Expenditures	<u>3,528,619</u>	<u>3,399,463</u>	<u>3,233,356</u>	<u>166,107</u>
Excess revenues over (under) expenditures	<u>(177,460)</u>	<u>(17,460)</u>	<u>277,408</u>	<u>294,868</u>
Other financing sources (uses):				
Transfers in	323,000	163,000	145,270	(17,730)
Transfers out	<u>(335,540)</u>	<u>(335,540)</u>	<u>(335,544)</u>	<u>(4)</u>
Total other financing sources (uses)	<u>(12,540)</u>	<u>(172,540)</u>	<u>(190,274)</u>	<u>(17,734)</u>
Net change in fund balance	(190,000)	(190,000)	87,134	277,134
Fund balance at beginning of year				
- Budgetary Basis	<u>967,932</u>	<u>967,932</u>	<u>967,932</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 777,932</u>	<u>\$ 777,932</u>	<u>\$ 1,055,066</u>	<u>\$ 277,134</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF CANAAN, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2015

	For the Measurement Period Ended June 30:		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the net pension liability (asset)	0.0400%	0.0382%	0.0359%
Town's proportionate share of the net pension liability (asset)	\$ 1,584,750	\$ 1,435,635	\$ 1,547,025
Town's covered-employee payroll	\$ 931,817	\$ 860,676	\$ 781,213
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	170.07%	166.80%	198.03%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	66.32%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF CANAAN, NEW HAMPSHIRE
Schedule of Town Contributions
For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 139,951	\$ 125,738	\$ 109,018
Contributions in relation to the contractually required contribution	<u>(139,951)</u>	<u>(125,738)</u>	<u>(109,018)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 934,352	\$ 879,027	\$ 839,363
Contributions as a percentage of covered-employee payroll	14.98%	14.30%	12.99%

See accompanying notes to the required supplementary information

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2015

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town under state regulations. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Expenditures were adjusted for accrued vacation, which is budgeted on a “pay as you go” basis, and encumbrances. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary revenues and expenditures and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 3,516,755	\$ 3,476,988
Difference in property taxes meeting susceptible to accrual criteria	56,821	
Accrued vacation - December 31, 2015		(28,601)
Accrued vacation - December 31, 2014		30,956
Encumbrances - December 31, 2015		11,660
Encumbrances - December 31, 2014		(41,591)
Non-budgetary revenues and expenditures	(21,214)	(200,212)
Budgetary transfers in and out	<u>103,672</u>	<u>319,700</u>
Per Schedule 1	<u>\$ 3,656,034</u>	<u>\$ 3,568,900</u>

NOTE 2—BUDGETARY FUND BALANCES

The components of the budgetary fund balance for the General Fund are as follows:

Nonspendable:	
Prepaid expenses	\$ 8,734
Tax deeded property	103,907
Assigned for:	
Designated for subsequent year expenditures	160,000
Unassigned:	
Unassigned - General operations	<u>782,425</u>
	<u>\$ 1,055,066</u>

TOWN OF CANAAN, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2015

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

SCHEDULE A
TOWN OF CANAAN, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2015

	Conservation Fund	Expendable Trust Funds	Transfer Station Fund	Police Outside Detail Fund	Recreation Revolving Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 46,658	\$ 83,523	\$ 28,370	\$ 32,704	\$ 17,151	\$ 78,225
Investments				963		130,181
Accounts receivable	9,862			2,187	4,497	963
Due from other funds	56,520	83,523	28,370	35,854	21,648	16,546
Total Assets						225,915
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 56,520	\$ 83,523	\$ 28,370	\$ 35,854	\$ 21,648	\$ 225,915
LIABILITIES						
Due to other funds			\$ 15,587			\$ 15,587
Total Liabilities	\$ -	\$ -	15,587	\$ -	\$ -	15,587
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Committed		83,523	12,783	35,854	21,648	210,328
Total Fund Balances	56,520	83,523	12,783	35,854	21,648	210,328
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 56,520	\$ 83,523	\$ 28,370	\$ 35,854	\$ 21,648	\$ 225,915

SCHEDULE B
TOWN OF CANAAN, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2015

	Conservation Fund	Expendable Trust Funds	Transfer Station Fund	Police Outside Detail Fund	Recreation Revolving Fund	Total Nonmajor Governmental Funds
Revenues:						
Taxes	\$ 4,903			\$ 7,250		\$ 4,903
Intergovernmental				11,069	\$ 52,232	7,250
Charges for services	34	\$ 9,590	\$ 2,313	15		65,614
Interest and investment income		4,323	20		11	9,670
Miscellaneous				18,334	17,522	21,845
Total Revenues	<u>4,937</u>	<u>13,913</u>	<u>2,333</u>	<u>18,334</u>	<u>69,765</u>	<u>109,282</u>
Expenditures:						
Current operations:						
General government		324		16,798		324
Public safety					65,487	16,798
Culture and recreation		6,211				71,698
Conservation	932			16,798		932
Total Expenditures	<u>932</u>	<u>6,535</u>	<u>-</u>	<u>16,798</u>	<u>65,487</u>	<u>89,752</u>
Excess revenues over expenditures	<u>4,005</u>	<u>7,378</u>	<u>2,333</u>	<u>1,536</u>	<u>4,278</u>	<u>19,530</u>
Other financing uses:						
Transfers out		(1,000)	(17,900)			(18,900)
Total other financing uses	<u>-</u>	<u>(1,000)</u>	<u>(17,900)</u>	<u>-</u>	<u>-</u>	<u>(18,900)</u>
Net change in fund balances	4,005	6,378	(15,567)	1,536	4,278	630
Fund balances at beginning of year	<u>52,515</u>	<u>77,145</u>	<u>28,350</u>	<u>34,318</u>	<u>17,370</u>	<u>209,698</u>
Fund balances at end of year	<u>\$ 56,520</u>	<u>\$ 83,523</u>	<u>\$ 12,783</u>	<u>\$ 35,854</u>	<u>\$ 21,648</u>	<u>\$ 210,328</u>