

TOWN OF MADISON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

**TOWN OF MADISON, NEW HAMPSHIRE
FINANCIAL REPORT
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DECEMBER 31, 2017**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Madison
Madison, New Hampshire 03849

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Madison, New Hampshire, as of and for the year ended December 31, 2017, which collectively comprise the Town's basic financial statements as listed in the table of contents and the related notes to the financial statements.

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, which 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 of 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 Madison, as of December 31, 2017, and the respective changes in financial position thereof and budget to actual comparison for the General Fund, for the year then ended, in conformity 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 related schedules on pages 27 and 28 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. 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 inquires 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 Madison 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Madison's basic financial statements as a whole. The combining and individual 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

March 23, 2018

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,475,685
Investments	24,338
Receivables, net of allowance for uncollectibles	468,671
Prepaid items	26,073
Tax deeded property held for resale	60,044
Capital assets, not being depreciated:	
Land	1,979,699
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,081,391
Machinery, vehicles and equipment	1,073,344
Infrastructure	1,449,677
Total assets	9,638,922
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	307,498
 LIABILITIES	
Accounts payable	65,678
Accrued payroll and benefits	24,333
Accrued interest payable	2,734
Intergovernmental payable	2,588,338
Performance and escrow deposits	4,826
Noncurrent obligations:	
Due within one year:	
Capital leases payable	88,307
Accrued landfill postclosure care costs	3,500
Due in more than one year:	
Capital leases payable	48,319
Compensated absences payable	33,360
Accrued landfill postclosure care costs	38,500
Net pension liability	1,315,673
Total liabilities	4,213,568
 DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	140,933
Deferred amounts related to pensions	142,687
Total deferred inflows of resources	283,620
 NET POSITION	
Net investment in capital assets	5,447,485
Restricted for:	
Perpetual care:	
Nonexpendable	31,202
Expendable	697
Other purposes	7,053
Unrestricted	(37,205)
Total net position	\$ 5,449,232

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

EXHIBIT 2
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 1,069,948	\$ 3,468	\$ 110	\$ (1,066,370)
Public safety	663,884	6,795	7,097	(649,992)
Highways and streets	651,183	135	188,640	(462,408)
Sanitation	212,977	29,603	-	(183,374)
Health	9,659	-	-	(9,659)
Welfare	29,342	4,868	19	(24,455)
Culture and recreation	120,090	759	8,945	(110,386)
Conservation	14,747	-	-	(14,747)
Interest on long-term debt	4,149	-	-	(4,149)
Capital outlay	7,472	-	-	(7,472)
Total governmental activities	<u>\$ 2,783,451</u>	<u>\$ 45,628</u>	<u>\$ 204,811</u>	<u>(2,533,012)</u>
General revenues:				
Property taxes				1,704,402
Other taxes				135,495
Licenses and permits				591,605
Grants and contributions not restricted to specific programs				132,889
Miscellaneous				51,959
Total general revenues				<u>2,616,350</u>
Change in net position				83,338
Net position, beginning, as restated, see Note III.D.1.				<u>5,365,894</u>
Net position, ending				<u>\$ 5,449,232</u>

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

EXHIBIT 3
TOWN OF MADISON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,901,223	\$ 574,462	\$ 3,475,685
Investments	-	24,338	24,338
Receivables, net of allowance for uncollectibles:			
Taxes	465,896	-	465,896
Accounts	2,775	-	2,775
Interfund receivable	-	2,514	2,514
Prepaid items	26,073	-	26,073
Tax dedeed property held for resale	60,044	-	60,044
Total assets	<u>\$ 3,456,011</u>	<u>\$ 601,314</u>	<u>\$ 4,057,325</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 65,678	\$ -	\$ 65,678
Accrued salaries and benefits	24,333	-	24,333
Intergovernmental payable	2,588,338	-	2,588,338
Interfund payable	2,500	14	2,514
Escrow and performance deposits	4,826	-	4,826
Total liabilities	<u>2,685,675</u>	<u>14</u>	<u>2,685,689</u>
Deferred inflows of resources:			
Deferred revenue	<u>407,280</u>	<u>-</u>	<u>407,280</u>
Fund balances:			
Nonspendable	86,117	37,702	123,819
Restricted	7,965	32,481	40,446
Committed	-	531,117	531,117
Assigned	51,723	-	51,723
Unassigned	217,251	-	217,251
Total fund balances	<u>363,056</u>	<u>601,300</u>	<u>964,356</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,456,011</u>	<u>\$ 601,314</u>	<u>\$ 4,057,325</u>

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

EXHIBIT 4
TOWN OF MADISON, 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)		\$ 964,356
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	\$ 7,321,316	
Less accumulated depreciation	<u>(1,737,205)</u>	5,584,111
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (2,514)	
Payables	<u>2,514</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Unavailable tax revenue		266,347
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,734)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases outstanding	\$ 136,626	
Compensated absences payable	33,360	
Accrued landfill postclosure care costs	42,000	
Net pension liability	<u>1,315,673</u>	(1,527,659)
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	\$ 307,498	
Deferred inflows of resources related to pensions	<u>(142,687)</u>	
		<u>164,811</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 5,449,232</u></u>

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

EXHIBIT 5
TOWN OF MADISON, 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	\$ 1,812,959	\$ 23,645	\$ 1,836,604
Licenses, permits and fees	565,767	400	566,167
Intergovernmental	328,626	-	328,626
Charges for services	44,869	1,039	45,908
Miscellaneous	46,933	41,559	88,492
Total revenues	<u>2,799,154</u>	<u>66,643</u>	<u>2,865,797</u>
Expenditures:			
Current:			
General government	1,016,382	14,648	1,031,030
Public safety	827,608	428	828,036
Highways and streets	640,751	20,000	660,751
Sanitation	204,623	-	204,623
Health	9,659	-	9,659
Welfare	29,342	-	29,342
Culture and recreation	101,778	15,341	117,119
Conservation	4,716	10,031	14,747
Debt service:			
Principal and interest on long-term debt	53,274	-	53,274
Interest on tax anticipation note	55	-	55
Capital outlay	103,000	4,472	107,472
Total expenditures	<u>2,991,188</u>	<u>64,920</u>	<u>3,056,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(192,034)</u>	<u>1,723</u>	<u>(190,311)</u>
Other financing sources (uses):			
Transfers in	-	38,286	38,286
Transfers out	(38,281)	(5)	(38,286)
Inception of capital lease	145,000	-	145,000
Total other financing sources and uses	<u>106,719</u>	<u>38,281</u>	<u>145,000</u>
Net change in fund balances	(85,315)	40,004	(45,311)
Fund balances, beginning	448,371	561,296	1,009,667
Fund balances, ending	<u>\$ 363,056</u>	<u>\$ 601,300</u>	<u>\$ 964,356</u>

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

EXHIBIT 6
TOWN OF MADISON, 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)		\$ (45,311)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 378,261	
Depreciation expense	<u>(156,477)</u>	221,784
The effect of the disposal of capital assets decreases net position.		
		(14,126)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (38,286)	
Transfers out	<u>38,286</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue		3,293
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	\$ (145,000)	
Repayment of capital lease principal	<u>100,433</u>	(44,567)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (1,442)	
Decrease in compensated absences payable	<u>2,127</u>	685
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	\$ 115,741	
Cost of benefits earned, net of employee contributions	<u>(154,161)</u>	<u>(38,420)</u>
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 83,338</u></u>

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

EXHIBIT 7
TOWN OF MADISON, 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	\$ 1,798,375	\$ 1,798,375	\$ 1,816,252	\$ 17,877
Licenses, permits and fees	517,617	517,617	565,767	48,150
Intergovernmental	234,601	325,531	328,626	3,095
Charges for services	24,500	24,500	44,869	20,369
Miscellaneous	36,577	36,577	46,933	10,356
Total revenues	<u>2,611,670</u>	<u>2,702,600</u>	<u>2,802,447</u>	<u>99,847</u>
EXPENDITURES				
Current:				
General government	1,052,922	1,052,922	1,028,385	24,537
Public safety	688,238	692,238	709,123	(16,885)
Highways and streets	534,707	621,637	650,476	(28,839)
Sanitation	222,369	222,369	204,623	17,746
Health	10,028	10,028	9,659	369
Welfare	29,990	29,990	29,342	648
Culture and recreation	108,091	108,091	102,273	5,818
Conservation	4,550	4,550	4,716	(166)
Debt service:				
Principal and interest on long-term debt	53,274	53,274	53,274	-
Interest on tax anticipation note	1	1	55	(54)
Capital outlay	103,000	103,000	103,000	-
Total expenditures	<u>2,807,170</u>	<u>2,898,100</u>	<u>2,894,926</u>	<u>3,174</u>
Deficiency of revenues under expenditures	(195,500)	(195,500)	(92,479)	103,021
Other financing uses:				
Transfers out	(38,281)	(38,281)	(38,281)	-
Net change in fund balance	<u>\$ (233,781)</u>	<u>\$ (233,781)</u>	(130,760)	<u>\$ 103,021</u>
Increase in nonspendable fund balance			(26,138)	
Unassigned fund balance, beginning			640,496	
Unassigned fund balance, ending			<u>\$ 483,598</u>	

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

EXHIBIT 8
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 10,740	\$ 417,222
Liabilities:		
School and Village District funds	-	417,222
Net position:		
Held in trust for specific purposes	<u>\$ 10,740</u>	<u>\$ -</u>

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

EXHIBIT 9
TOWN OF MADISON, 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	\$ 37
Net position, beginning	<u>10,703</u>
Net position, ending	<u><u>\$ 10,740</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOWN OF MADISON, 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 Madison (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 year ended December 31, 2017.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

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

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

Government-Wide Financial Statements

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

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

**TOWN OF MADISON, 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 individual, governmental fund is reported in separate columns with composite columns for the 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 governmental activities 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.

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 sixty days of the end of the fiscal year. However, property taxes are not deferred on the budgetary basis, or when reporting to the State of New Hampshire in accordance with directions of the New Hampshire Department of Revenue Administration.

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 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. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**TOWN OF MADISON, 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 nine 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 the various capital reserve accounts held by the trustees of trust funds on behalf of the local school and village districts.

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.

Investments are stated at fair value based on quoted market prices. 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.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. Capital Assets and Depreciation

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The Town normally capitalizes assets with a 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:

	Years
Buildings and building improvements	10-150
Machinery, vehicles and equipment	5-35
Infrastructure	30-50

I.C.3. Long-Term Liabilities

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. Included in long-term liabilities are capital leases; compensated absences representing amounts for vacation and compensatory time that have been earned by employees and are carried over to be used in the future; an accrual for landfill postclosure care costs expected to be incurred in the future; and the net pension liability.

I.C.4. 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, reduced by outstanding debt used to acquire those assets.
- Restricted for perpetual care, which represents the balance of permanent funds for which income earned must be used for cemetery care. This amount is segregated between

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

nonexpendable representing principal that must be retained, and expendable representing investment income that can be used.

- Restricted for other purposes, which represents other permanent funds.
- Unrestricted, which consists of the remaining balance of net position.

The governmental fund financial statements report the following components of fund balance:

- Nonspendable, which represents the balance of tax deeded property and prepaid expenditures in the General Fund; and the principal portion of the Permanent Fund.
- Restricted, which represents the expendable income in the Permanent Fund; the Library Fund, whose use is limited by law; and the unspent portion of the additional highway block grant which must be used for highway projects.
- Committed, which consists of the balances of the Special Revenue and Capital Projects Fund.
- Assigned, which consists of other appropriations encumbered by the Board of Selectmen for future obligations.
- Unassigned, which represents the remaining fund balance of the General Fund.

I.C.5. *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and notes. Accordingly, actual results could 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, \$230,500 of the General Fund unassigned fund balance from 2016 was so used, and \$3,281 was appropriated from surplus.

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

II.B. Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 2,802,447
Adjustments:	
Basis difference:	
Capital lease inception	145,000
Tax revenue deferred in the prior year	263,054
Tax revenue deferred in the current year	(266,347)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,944,154</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,933,207
Adjustments:	
Basis difference:	
Encumbrances, beginning	10,950
Encumbrances, ending	(59,688)
Capital lease inception	145,000
Per Exhibit 5 (GAAP basis)	<u>\$ 3,029,469</u>
Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 483,598
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(266,347)
Per Exhibit 3 (GAAP basis)	<u>\$ 217,251</u>

**TOWN OF MADISON, NEW HAMPSHIRE
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III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of 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 liened taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2016 property taxes on April 10.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Madison School District, the Village District of Eidelweiss and Carroll 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 deeding, 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	\$ 467,525,686
For all other taxes	\$ 479,720,886

This note continues on the following page.

**TOWN OF MADISON, NEW HAMPSHIRE
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The tax rates and amounts assessed for the year ended December 31, 2017 were as follow:

	Per \$1,000 of Assessed Valuation	
Municipal portion	\$3.76	\$ 1,807,531
School portion:		
State of New Hampshire	\$2.22	1,038,479
Local	\$9.49	4,550,312
County portion	\$1.43	683,888
Precinct portion:		
Village District of Eidelweiss	\$5.43	508,720
Total property taxes assessed		\$ 8,588,930

The following details the taxes receivable at year-end:

Property:	
Levy of 2017	\$ 347,266
Unredeemed (under tax lien):	
Levy of 2016	85,756
Levy of 2015	50,694
Levy of 2014	1,729
Levy of 2013	1,580
Timber	3,871
Less: allowance for estimated uncollectible taxes	(25,000)
Net taxes receivable	\$ 465,896

Deferred Revenue

Deferred revenue of \$407,280 at December 31, 2017 consists of \$266,347 of taxes that were not collected within sixty days of year-end, and \$140,933 of prepaid taxes to be applied to the next year's levy. In the Governmental Activities, only the prepaid amounts are reported as unearned revenue.

The notes continue on the following page.

**TOWN OF MADISON, NEW HAMPSHIRE
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III.A.2. Capital Assets

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,979,699	\$ -	\$ -	\$ 1,979,699
Being depreciated:				
Buildings and building improvements	1,447,956	-	-	1,447,956
Machinery, vehicles and equipment	2,139,559	186,121	(48,841)	2,276,839
Infrastructure	1,424,682	192,140	-	1,616,822
Total capital assets being depreciated	<u>5,012,197</u>	<u>378,261</u>	<u>(48,841)</u>	<u>5,341,617</u>
Total all capital assets	<u>6,991,896</u>	<u>378,261</u>	<u>(48,841)</u>	<u>7,321,316</u>
Less accumulated depreciation:				
Buildings and building improvements	(342,819)	(23,746)	-	(366,565)
Machinery, vehicles and equipment	(1,144,886)	(93,324)	34,715	(1,203,495)
Infrastructure	(127,738)	(39,407)	-	(167,145)
Total accumulated depreciation	<u>(1,615,443)</u>	<u>(156,477)</u>	<u>34,715</u>	<u>(1,737,205)</u>
Net book value, capital assets being depreciated	<u>3,396,754</u>	<u>221,784</u>	<u>(14,126)</u>	<u>3,604,412</u>
Net book value, all capital assets	<u>\$ 5,376,453</u>	<u>\$ 221,784</u>	<u>\$ (14,126)</u>	<u>\$ 5,584,111</u>

Depreciation Expense

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

General government	\$ 15,025
Public safety	44,514
Highways and streets	84,359
Sanitation	9,608
Culture and recreation	2,971
Total depreciation expense	<u>\$ 156,477</u>

III.A.3. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$38,952 for public trust funds reported as restricted for perpetual care or other purposes. These designations reflect purpose restrictions contained in trust indentures.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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III.B. Liabilities

III.B.1. Intergovernmental Payables

The amount due to other governments at December 31, 2017 consists of the balance of the 2017 – 2018 district assessment due to the Madison School District in the amount of \$2,584,791 and fees due to the State of New Hampshire in the amount of \$3,547.

III.B.2. Long-Term Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2017	Current Portion
Capital leases payable:						
Police vehicle	\$28,006	2015	2018	3.49	\$ 7,117	\$ 7,117
Highway truck	\$135,527	2015	2018	2.69	34,320	34,320
SCBA air packs	\$145,000	2017	2019	3.09	95,189	46,870
					<u>136,626</u>	<u>88,307</u>
Compensated absences payable:						
Accrued vacation leave					33,360	-
Accrued landfill postclosure care costs					42,000	3,500
Net pension liability					1,315,673	-
					<u>\$ 1,527,659</u>	<u>\$ 91,807</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Balance, beginning	\$ 92,059	\$ 35,487	\$ 42,000	\$ 1,588,273	\$ 1,757,819
Additions	145,000	-	-	-	145,000
Reductions	(100,433)	(2,127)	-	(272,600)	(375,160)
Balance, ending	<u>\$ 136,626</u>	<u>\$ 33,360</u>	<u>\$ 42,000</u>	<u>\$ 1,315,673</u>	<u>\$ 1,527,659</u>

**TOWN OF MADISON, NEW HAMPSHIRE
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Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 88,307	\$ 4,113	\$ 92,420
2019	48,319	1,493	49,812
Totals	<u>\$ 136,626</u>	<u>\$ 5,606</u>	<u>\$ 142,232</u>

Accrued Landfill Postclosure Care Costs

State and federal laws and regulations require that the Town continue to perform certain maintenance and monitoring functions at the landfill site. The estimated total cost of postclosure care is \$42,000. The actual cost may be different due to inflation, changes in technology, or changes in laws or regulations. The Town plans to pay for postclosure care costs by annual appropriation.

III.C. Balances and Transfers 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 and 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.”

The interfund balances consist of \$2,500 due to the Conservation Commission Fund from the General Fund representing land use change taxes collected, and \$14 due to the Library from the Permanent Fund representing investment earnings.

III.C.2. *Transfers – Payments Within the Reporting Entity*

Transfers within the reporting entity were substantially for the purposes of funding capital reserve and expendable trust funds (\$38,281); and transferring interest (\$5) earned in the Permanent Fund to the Library Fund. The government-wide statement of activities eliminates transfers reported within the activities columns.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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III.D. Equity

III.D.1. Restatement of Beginning Equity

The beginning equity of the Governmental Activities was restated as follows:

To correct accumulated depreciation	\$ 9,288
Net position, as previously reported	<u>5,356,606</u>
Net position, as restated	<u><u>\$ 5,365,894</u></u>

III.D.2. Components of Fund Balances

The following reports components of fund balance, as described in Note I.C.4.:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 37,702
Prepaid items	26,073	-
Tax deeded property	60,044	-
Total nonspendable	<u>86,117</u>	<u>37,702</u>
Restricted:		
General government	-	697
Highways and streets	7,965	-
Culture and recreation	-	31,784
Total restricted	<u>7,965</u>	<u>32,481</u>
Committed:		
Public safety	-	5,758
Culture and recreation	-	46,231
Conservation	-	238,236
Capital outlay	-	240,892
Total committed	<u>-</u>	<u>531,117</u>
Assigned:		
General government	16,500	-
Public safety	32,968	-
Highways and streets	1,760	-
Culture and recreation	495	-
Total assigned	<u>51,723</u>	<u>-</u>
Unassigned		
Total fund balance	<u><u>\$ 363,056</u></u>	<u><u>\$ 601,300</u></u>

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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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 year, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Property/Liability and Workers' Compensation programs. These programs are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

The Primex's Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Primex provided statutory workers' compensation coverage, \$2,000,000 of coverage for each liability loss, and various amounts of coverage for property losses.

Contributions billed for 2017 to be recorded as an insurance expenditure/expense totaled \$71,248 for property/liability, and \$25,769 for workers' compensation. The management agreement permits 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

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 Town's police officers and other employees are members of the NHRS. The NHRS provides service, disability, death and vested retirement benefits for the members 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 were 11.55% and 7.0% of gross earnings, respectively. During the first six months of 2017, the rates of contribution from the Town for the pension and medical subsidy were 26.38% for police and 11.17% for other employees, increasing effective July 1 to 29.43% and 11.38%, respectively, which 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 \$109,132, \$113,274 and \$115,741, respectively.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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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 \$1,315,673 in governmental activities 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 0.0268%, which was a decrease of 0.0031% from its proportion measured as of June 30, 2016.

For the year 2017, the Town recognized pension expense of \$154,161. 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
	<u>Resources</u>	<u>Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 108,294	\$ 109,186
Differences between expected and actual experience	2,983	16,745
Changes in assumptions	132,111	-
Net difference between projected and actual earnings on pension plan investments	-	16,756
Town contributions subsequent to the measurement date	64,110	-
	<u>\$ 307,498</u>	<u>\$ 142,687</u>

The Town reported \$64,110 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 year 2018.

**TOWN OF MADISON, NEW HAMPSHIRE
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Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year	
2018	\$ 41,193
2019	68,555
2020	38,243
2021	(47,290)
	\$ 100,701

Actuarial Assumptions

The collective total pension liability was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using the following actuarial assumptions:

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

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on 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	\$1,733,333	\$1,315,673	\$973,417

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. Potential Liabilities

The Town has a few claims pending against it which arose in the normal course of affairs. At this time, management has no indication that any of these will result in any significant financial liability.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of net pension liability	0.0268%	0.0299%	0.0278%	0.0259%
Town's proportionate share of the net pension liability	\$1,315,673	\$1,588,273	\$1,100,351	\$970,409
Town's covered-employee payroll	\$695,679	\$695,737	\$680,864	\$646,599
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	189.12%	228.29%	161.61%	150.08%
Plan fiduciary net position as a percentage of the total pension liability	62.3%	58.3%	65.5%	66.3%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 115,741	\$ 113,274	\$ 109,126	\$ 102,923
Contribution in relation to the contractually required contribution	<u>(115,741)</u>	<u>(113,274)</u>	<u>(109,126)</u>	<u>(102,923)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$695,679	\$695,737	\$680,864	\$646,599
Contributions as a percentage of covered-employee payroll	16.64%	16.28%	16.03%	15.92%

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

**TOWN OF MADISON, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

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 reported. An additional year's information will be added each year until there are ten years shown.

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 12
TOWN OF MADISON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue Funds						Capital Projects Fund	Permanent Fund	Total	
	Madison Library	Old Home Week	Madison PEG TV	Forest Maintenance	Conservation Commission	Police Equipment	Recreation			Expendable Trust
ASSETS										
Cash and cash equivalents	\$ 6,879	\$ 19,369	\$ 2,224	\$ 52,097	\$ 183,639	\$ 3,534	\$ 26,862	\$ 240,892	\$ 38,966	\$ 574,462
Investments	24,338	-	-	-	-	-	-	-	-	24,338
Interfund receivable	14	-	-	-	2,500	-	-	-	-	2,514
Total assets	<u>\$ 31,231</u>	<u>\$ 19,369</u>	<u>\$ 2,224</u>	<u>\$ 52,097</u>	<u>\$ 186,139</u>	<u>\$ 3,534</u>	<u>\$ 26,862</u>	<u>\$ 240,892</u>	<u>\$ 38,966</u>	<u>\$ 601,314</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 14
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	37,702	37,702
Restricted	31,231	-	-	-	-	-	-	-	1,250	32,481
Committed	-	19,369	2,224	52,097	186,139	3,534	26,862	240,892	-	531,117
Total fund balances	<u>31,231</u>	<u>19,369</u>	<u>2,224</u>	<u>52,097</u>	<u>186,139</u>	<u>3,534</u>	<u>26,862</u>	<u>240,892</u>	<u>38,952</u>	<u>601,300</u>
Total liabilities and fund balances	<u>\$ 31,231</u>	<u>\$ 19,369</u>	<u>\$ 2,224</u>	<u>\$ 52,097</u>	<u>\$ 186,139</u>	<u>\$ 3,534</u>	<u>\$ 26,862</u>	<u>\$ 240,892</u>	<u>\$ 38,966</u>	<u>\$ 601,314</u>

EXHIBIT 13
TOWN OF MADISON, 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	Permanent Fund	Total
	Madison Library	Old Home Week	Madison PEG TV	Forest Maintenance	Conservation Commission	Police Equipment	Recreation		
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 23,645	\$ -	\$ -	\$ -	\$ 23,645
Licenses, permits and fees	-	-	-	-	-	400	-	-	400
Charges for services	759	-	-	-	-	280	-	-	1,039
Miscellaneous	10,197	15,049	25	15,185	17	119	3	830	134
Total revenues	<u>10,956</u>	<u>15,049</u>	<u>25</u>	<u>15,185</u>	<u>23,662</u>	<u>799</u>	<u>3</u>	<u>830</u>	<u>134</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	14,648	-
Public safety	-	-	-	-	-	428	-	-	-
Highways and streets	-	-	-	-	-	-	-	20,000	-
Culture and recreation	4,785	10,231	-	-	-	-	-	325	-
Conservation	-	-	-	7,996	2,035	-	-	-	-
Capital outlay	1,057	-	-	-	-	3,415	-	-	-
Total expenditures	<u>5,842</u>	<u>10,231</u>	<u>-</u>	<u>7,996</u>	<u>2,035</u>	<u>3,843</u>	<u>-</u>	<u>34,973</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,114</u>	<u>4,818</u>	<u>25</u>	<u>7,189</u>	<u>21,627</u>	<u>(3,044)</u>	<u>3</u>	<u>(34,143)</u>	<u>134</u>
Other financing sources (uses):									
Transfers in	5	-	-	-	-	-	-	38,281	-
Transfers out	-	-	-	-	-	-	-	-	(5)
Total other financing sources and uses	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,281</u>	<u>(5)</u>
Net change in fund balances	5,119	4,818	25	7,189	21,627	(3,044)	3	4,138	129
Fund balances, beginning	26,112	14,551	2,199	44,908	164,512	6,578	26,859	236,754	38,823
Fund balances, ending	<u>\$ 31,231</u>	<u>\$ 19,369</u>	<u>\$ 2,224</u>	<u>\$ 52,097</u>	<u>\$ 186,139</u>	<u>\$ 3,534</u>	<u>\$ 26,862</u>	<u>\$ 240,892</u>	<u>\$ 38,952</u>

EXHIBIT 14
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	\$ 1,692,287	\$ 1,704,402	\$ 12,115
Land use change	53,290	23,645	(29,645)
Timber	14,685	18,693	4,008
Excavation	3,635	3,622	(13)
Payments in lieu of taxes	15,328	15,329	1
Interest and penalties on delinquent taxes	19,150	50,561	31,411
Total taxes	<u>1,798,375</u>	<u>1,816,252</u>	<u>17,877</u>
Licenses, permits and fees:			
Motor vehicle permits	485,500	528,556	43,056
Building permits	25,850	32,212	6,362
Other	6,267	4,999	(1,268)
Total licenses, permits and fees	<u>517,617</u>	<u>565,767</u>	<u>48,150</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	132,889	132,889	-
Highway block grant	101,712	101,710	(2)
Additional highway block grant	86,930	86,930	-
Federal sources:			
Police grant	-	1,568	1,568
Emergency management performance grant	4,000	4,000	-
Volunteer fire assistance grant	-	1,529	1,529
Total intergovernmental	<u>325,531</u>	<u>328,626</u>	<u>3,095</u>
Charges for services:			
Income from departments	<u>24,500</u>	<u>44,869</u>	<u>20,369</u>
Miscellaneous:			
Sale of property	10,902	15,466	4,564
Interest on investments	275	61	(214)
Other	25,400	31,406	6,006
Total miscellaneous	<u>36,577</u>	<u>46,933</u>	<u>10,356</u>
Total revenues	2,702,600	<u>\$ 2,802,447</u>	<u>\$ 99,847</u>
Appropriated from fund balance	3,281		
Use of fund balance to reduce taxes	230,500		
Total revenues and use of fund balance	<u>\$ 2,936,381</u>		

EXHIBIT 15
TOWN OF MADISON, 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	\$ -	\$ 121,379	\$ 120,429	\$ -	\$ 950
Election and registration	-	7,900	5,800	-	2,100
Financial administration	-	141,528	130,284	-	11,244
Revaluation of property	-	22,682	29,979	-	(7,297)
Legal	-	18,100	13,321	-	4,779
Personnel administration	-	544,923	544,152	-	771
Planning and zoning	-	22,710	13,909	-	8,801
General government buildings	4,497	76,683	61,491	16,500	3,189
Insurance, not otherwise allocated	-	97,017	97,017	-	-
Total general government	<u>4,497</u>	<u>1,052,922</u>	<u>1,016,382</u>	<u>16,500</u>	<u>24,537</u>
Public safety:					
Police	2,904	309,123	340,604	6,221	(34,798)
Ambulance	-	85,340	85,340	-	-
Fire	2,761	224,003	194,197	26,747	5,820
Building inspection	-	39,433	35,582	-	3,851
Emergency management	-	8,901	7,820	-	1,081
PEG-TV	788	25,438	19,065	-	7,161
Total public safety	<u>6,453</u>	<u>692,238</u>	<u>682,608</u>	<u>32,968</u>	<u>(16,885)</u>
Highways and streets:					
Highways and streets	-	530,807	557,810	1,760	(28,763)
Street lighting	-	3,900	3,976	-	(76)
Boulder and Colby Hill roads	-	86,930	78,965	7,965	-
Total highways and streets	<u>-</u>	<u>621,637</u>	<u>640,751</u>	<u>9,725</u>	<u>(28,839)</u>
Sanitation:					
Solid waste disposal	-	222,369	204,623	-	17,746
Health:					
Animal control	-	1,875	1,506	-	369
Health agencies	-	8,153	8,153	-	-
Total health	<u>-</u>	<u>10,028</u>	<u>9,659</u>	<u>-</u>	<u>369</u>
Welfare:					
Administration	-	3,025	1,807	-	1,218
Direct assistance	-	12,000	12,570	-	(570)
Fuel assistance	-	5,000	5,000	-	-
Welfare agencies	-	9,965	9,965	-	-
Total welfare	<u>-</u>	<u>29,990</u>	<u>29,342</u>	<u>-</u>	<u>648</u>
Culture and recreation:					
Parks and recreation	-	31,275	29,583	495	1,197
Public library	-	75,791	71,335	-	4,456
Patriotic purposes	-	1,025	860	-	165
Total culture and recreation	<u>-</u>	<u>108,091</u>	<u>101,778</u>	<u>495</u>	<u>5,818</u>
Conservation	-	4,550	4,716	-	(166)

(continued)

EXHIBIT 15 (continued)
TOWN OF MADISON, 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)
Debt service:					
Principal and interest on long-term debt	-	53,274	53,274	-	-
Interest on tax anticipation note	-	1	55	-	(54)
Total debt service	-	<u>53,275</u>	<u>53,329</u>	-	<u>(54)</u>
Capital outlay:					
Land	-	100,000	100,000	-	-
Machinery, vehicles and equipment	-	3,000	3,000	-	-
Total capital outlay	-	<u>103,000</u>	<u>103,000</u>	-	-
Other financing uses:					
Transfers out:					
Expendable trust fund	-	38,281	38,281	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 10,950</u>	<u>\$ 2,936,381</u>	<u>\$ 2,884,469</u>	<u>\$ 59,688</u>	<u>\$ 3,174</u>

EXHIBIT 16
TOWN OF MADISON, 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		\$ 640,496
Changes:		
Unassigned fund balance appropriated	\$ (3,281)	
Unassigned fund balance used to reduce tax rate	<u>(230,500)</u>	(233,781)
Budget summary:		
Revenue surplus (Exhibit 14)	\$ 99,847	
Unexpended balance of appropriations (Exhibit 15)	<u>3,174</u>	
Budget surplus		103,021
Increase in nonspendable fund balance		<u>(26,138)</u>
Unassigned fund balance, ending		<u><u>\$ 483,598</u></u>