

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Financial Statements**  
**With Schedule of Expenditures of Federal Awards**  
**December 31, 2014**  
**and**  
**Independent Auditor's Report**

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance**

**Schedule of Findings and Questioned Costs**

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**December 31, 2014**

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FINANCIAL STATEMENTS  
December 31, 2014**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Belmont, 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 Belmont, New Hampshire (the Town), as of and for the year ended December 31, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, New Hampshire, as of December 31, 2014, 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, and the schedule of funding progress for other post-employment benefits on pages i-vii and 29-32 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.

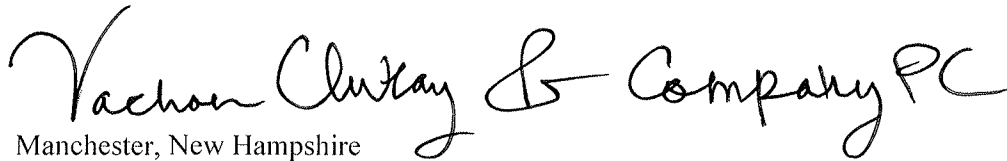
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Belmont, New Hampshire's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, 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 schedule of expenditures of federal awards and 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 schedule of expenditures of federal awards and the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2015 on our consideration of the Town of Belmont, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Belmont, New Hampshire's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Vachon Cloutay & Company PC". The signature is written in a cursive, flowing style.

Manchester, New Hampshire  
September 9, 2015

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

Presented herewith, please find the Management Discussion and Analysis Report for the Town of Belmont, New Hampshire for the year ended December 31, 2014. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the Town's financial position, including the results of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the Town's financial activities have been included.

The Town's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the Town of Belmont, New Hampshire using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Town of Belmont, New Hampshire's financial statements. The basic financial statements are comprised of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the remaining difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

The government-wide financial statements have separate columns for the following two fund types:

*Governmental activities* – Represent most of the Town's basic services.

*Business-type activities* – Account for the Town's water and sewer operations and receive the majority of their revenue from user fees.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town maintains three fund types: governmental, proprietary and fiduciary funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund and Permanent Funds, which are considered major funds. Other governmental funds are aggregated and reported as nonmajor governmental funds.

The Town adopts an annual appropriation budget for its governmental funds. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds provide water and sewer services to customers and charge a user fee. They are presented on the accrual basis of accounting.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



**TOWN OF BELMONT, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2014**

**Required Supplementary Information**

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, the Town's only major governmental fund with an adopted budget, and the schedule of funding progress for other post-employment benefits.

**Other Supplementary Information**

Other supplementary information includes combining financial statements for the nonmajor governmental funds.

**Government-Wide Financial Analysis**

**Governmental Activities**

**Statement of Net position**

Net position of the governmental activities as of December 31, 2014 and 2013 is as follows:

	2014	2013
Capital assets, net	\$ 12,722,049	\$ 11,162,771
Other assets	<u>12,785,576</u>	<u>12,075,510</u>
Total Assets	<u>25,507,625</u>	<u>23,238,281</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Long-term liabilities	1,726,329	1,713,614
Other liabilities	<u>5,978,955</u>	<u>4,497,305</u>
Total Liabilities	<u>7,705,284</u>	<u>6,210,919</u>
Unearned revenue	<u>-</u>	3,500
Total Deferred Inflows of Resources	<u>-</u>	<u>3,500</u>
Net Position:		
Net investment in capital assets	11,767,277	11,039,596
Restricted	2,487,128	2,405,789
Unrestricted	<u>3,547,936</u>	<u>3,578,477</u>
Total Net Position	<u>\$ 17,802,341</u>	<u>\$ 17,023,862</u>

The Town's net position for its governmental activities totaled \$17,802,341 as of December 31, 2014, an increase of \$778,479 when compared to the previous year.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

Approximately 66% of the Town's net position reflects its net investment in capital assets such as land, infrastructure, buildings and equipment, less any related outstanding debt used to acquire those assets. Another 14% of the Town's net position is restricted in regard to how it may be used by the Town. The majority of the restrictions consist of the balances of the permanent funds. The remaining unrestricted portion of 20% represents the part of net position available to finance the day-to-day operations.

**Statement of Activities**

Changes in net position of the governmental activities for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 397,594	\$ 391,868
Operating grants and contributions	189,244	244,468
Capital grants and contributions	84,598	29,465
General revenues:		
Property and other taxes	5,743,170	5,439,577
Licenses and permits	1,459,399	1,347,974
Intergovernmental	352,855	326,833
Interest and investment earnings	129,552	364,373
Miscellaneous	291,604	104,144
Total revenues	<u>8,648,016</u>	<u>8,248,702</u>
Expenses		
General government	1,623,157	1,560,244
Public safety	3,524,111	3,291,816
Highways and streets	1,399,363	1,385,066
Sanitation	560,786	516,967
Health and welfare	261,620	242,948
Culture and recreation	292,786	300,072
Conservation	16,989	24,275
Interest and fiscal charges	29,304	31,691
Total expenses	<u>7,708,116</u>	<u>7,353,079</u>
Excess before loss on sale of capital assets	939,900	895,623
Loss on sale of capital assets	<u>(161,421)</u>	<u>          </u>
Change in net position	778,479	895,623
Net position, beginning of year	<u>17,023,862</u>	<u>16,128,239</u>
Net position, end of year	<u>\$ 17,802,341</u>	<u>\$ 17,023,862</u>

As shown in the above statement the Town's governmental activities experienced an improvement in financial position of \$778,479 on the full accrual basis of accounting.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

**Business-type Activities**

**Statement of Net position**

Net position of the business type activities as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Capital assets, net	\$ 6,771,649	\$ 6,552,773
Other assets	<u>1,459,131</u>	<u>1,558,878</u>
Total Assets	<u>8,230,780</u>	<u>8,111,651</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Long-term liabilities	2,025,264	2,040,165
Other liabilities	<u>51,230</u>	<u>289,653</u>
Total Liabilities	<u>2,076,494</u>	<u>2,329,818</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net investment in capital assets	4,767,001	4,530,146
Unrestricted	<u>1,387,285</u>	<u>1,251,687</u>
Total Net Position	<u>\$ 6,154,286</u>	<u>\$ 5,781,833</u>

The largest portion of the Town's net position for its business-type activities reflects its net investment in capital assets, primarily utility plants (Water and Wastewater) in service and equipment, less any related outstanding debt used to acquire those assets. These assets are not available for future spending.

**Statement of Activities**

Changes in net position of the business-type activities for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 799,698	\$ 873,977
Capital grants and contributions	272,186	118,362
General revenues:		
Interest and investment earnings	746	1,258
Miscellaneous	<u>6,677</u>	<u>1,094</u>
Total revenues	<u>1,079,307</u>	<u>994,691</u>

**TOWN OF BELMONT, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ending December 31, 2014**

Expenses		
Water Department	275,707	234,501
Sewer Department	431,147	626,807
Total expenses	<u>706,854</u>	<u>861,308</u>
Change in net position	372,453	133,383
Net position, beginning of year	<u>5,781,833</u>	<u>5,648,450</u>
Net position, end of year	<u>\$ 6,154,286</u>	<u>\$ 5,781,833</u>

The main funding source for the business-type activities is charges for services, which provided for 100% of the expenses in both fiscal years 2014 and 2013. Net position increased by \$372,453 from the prior year.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**General Fund and Budgetary Highlights**

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had a fund balance of \$2,217,623 on the modified accrual basis of accounting, an increase of \$377,748. This increase is primarily due to an excess of revenues over appropriations as actual expenditures were more than \$300,000 under budgeted appropriations. Additionally, the General Fund received transfers from the Nonmajor Governmental Funds to offset certain appropriations. As a result, the unassigned fund balance at year end of \$557,592 increased from the prior year balance by \$369,754.

During the year, the original budget for appropriations and revenues decreased by (\$704,362) and (\$605,314), respectively. These decreases are the result of approved appropriations and revenues being carried forward to the 2015 budget, net of the addition of \$75,000 to both revenues and appropriations for unanticipated funds accepted per RSA 31:95-b.

**Permanent Funds**

Permanent funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs. At December 31, 2014, a balance of \$2,059,022 was nonspendable for principal and \$410,052 was restricted for income. The total fund balance in the permanent funds increased \$80,545 from the prior year, due to realized and unrealized gains on investments.

**Nonmajor Governmental Funds**

At December 31, 2014, the Nonmajor Governmental Funds had a total fund balance of \$804,115 which represents an increase of \$24,211 from the prior year.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ending December 31, 2014

**Proprietary Funds**

The focus of the Town's proprietary funds is on total economic resources, and changes to net position, much as it might be for a private-sector business. The Town's proprietary funds (Water and Sewer Funds) had total unrestricted net position of \$1,387,285 at December 31, 2014, which increased by \$135,598 or 11% from 2013.

**Capital Assets**

The Town of Belmont considers a capital asset to be an asset whose costs exceed or equal \$15,000 and has a useful life of greater than one year. Assets are depreciated using the straight-line method over the course of their estimated useful life. During the year the Town's net capital assets for governmental and business type activities increased by a total of \$646,539 and \$218,876, respectively, which was primarily due to Town road reconstruction and improvements to water lines and meter replacement, respectively. Additional information on capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

**Long-Term Obligations**

During the year ended 2014, the Town had a decrease in general obligation bonds payable for governmental activities of (\$71,547), due to scheduled payments made on existing debt obligations. General obligation debt for business-type activities decreased during the year by (\$211,541) due to scheduled payments on existing obligations (including bond premium amortization of \$4,150). Capital leases payable for governmental activities decreased during the year by (\$9,595), due to current year proceeds of \$72,127, less scheduled payments of (\$81,722). The compensated absences for governmental activities had a net increase in activity of \$6,121 for the year. Other long-term obligations of the business-type activities increased by \$193,562 due to funds drawn down on a new State Revolving Loan Project for Water Meter Upgrades. The State Revolving Loan Funds will be converted to general obligation debt upon completion of the project. Additional information on the long-term obligations of the Town can be found in Note 8 of the Notes to the Basic Financial Statements.

GASB Statement 45 requires the Town to account for other post-employment benefits (OPEB) on an accrual basis rather than a pay-as-you-go basis. Although the Town is not required to fund this contribution, it is recognized as a liability in these financial statements. The net OPEB obligation as of December 31, 2014 is \$608,196. Additional information on other post-employment benefits payable can be found in Note 7 of the Notes to the Basic Financial Statements.

**Contacting the Town of Belmont's Financial Management**

This financial report is intended to provide our citizens and creditors with a general overview of the Town's finances and to show a measure of accountability for the money it receives. If you have any questions about this report or need to get additional information, contact the Board of Selectmen at, PO Box 310, Belmont, NH 03220, telephone number (603) 267-8300.

EXHIBIT A  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Statement of Net Position**  
December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 6,640,126	\$ 579,290	\$ 7,219,416
Investments	3,934,261	456,993	4,391,254
Taxes receivable, net	1,744,586		1,744,586
Accounts receivable, net	311,150	207,885	519,035
Unbilled charges for services		41,759	41,759
Due from other governments	84,198	148,499	232,697
Prepaid expenses	18,560		18,560
Internal balances	52,695	(52,695)	-
Total Current Assets	<u>12,785,576</u>	<u>1,381,731</u>	<u>14,167,307</u>
Noncurrent Assets:			
Due from other governments		77,400	77,400
Capital assets:			
Non-depreciable capital assets	6,536,492	879,955	7,416,447
Depreciable capital assets, net	<u>6,185,557</u>	<u>5,891,694</u>	<u>12,077,251</u>
Total Noncurrent Assets	<u>12,722,049</u>	<u>6,849,049</u>	<u>19,571,098</u>
Total Assets	<u>25,507,625</u>	<u>8,230,780</u>	<u>33,738,405</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	272,318	36,110	308,428
Accrued expenses	48,217	15,120	63,337
Retainage payable	28,536		28,536
Due to other governments	5,561,381		5,561,381
Advances from grantors	68,153		68,153
Deposits	350		350
Current portion of bonds payable	74,016	212,733	286,749
Current portion of capital leases payable	56,222		56,222
Total Current Liabilities	<u>6,109,193</u>	<u>263,963</u>	<u>6,373,156</u>
Noncurrent Liabilities:			
Bonds payable	742,328	1,598,353	2,340,681
Capital leases payable	82,206		82,206
Other long-term obligations		193,562	193,562
Compensated absences payable	183,977		183,977
Other post-employment benefits payable	587,580	20,616	608,196
Total Noncurrent Liabilities	<u>1,596,091</u>	<u>1,812,531</u>	<u>3,408,622</u>
Total Liabilities	<u>7,705,284</u>	<u>2,076,494</u>	<u>9,781,778</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,767,277	4,767,001	16,534,278
Restricted	2,487,128		2,487,128
Unrestricted	3,547,936	1,387,285	4,935,221
Total Net Position	<u>\$ 17,802,341</u>	<u>\$ 6,154,286</u>	<u>\$ 23,956,627</u>

See accompanying notes to the basic financial statements

EXHIBIT B  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Statement of Activities**  
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 1,623,157	\$ 24,689	\$ 137		\$ (1,598,331)		\$ (1,598,331)
Public safety	3,524,111	310,553	18,848		(3,194,710)		(3,194,710)
Highways and streets	1,399,363		170,259		(1,229,104)		(1,229,104)
Sanitation	560,786				(560,786)		(560,786)
Health and welfare	261,620				(261,620)		(261,620)
Culture and recreation	292,786	62,352		\$ 84,598	(145,836)		(145,836)
Conservation	16,989				(16,989)		(16,989)
Interest and fiscal charges	29,304				(29,304)		(29,304)
Total governmental activities	<u>7,708,116</u>	<u>397,594</u>	<u>189,244</u>	<u>84,598</u>	<u>(7,036,680)</u>	<u>\$ -</u>	<u>(7,036,680)</u>
<b>Business-type activities:</b>							
Sewer Department	431,147	529,762		8,319		106,934	106,934
Water Department	275,707	269,936		263,867		258,096	258,096
Total business-type activities	<u>706,854</u>	<u>799,698</u>	<u>-</u>	<u>272,186</u>	<u>-</u>	<u>365,030</u>	<u>365,030</u>
Total primary government	<u>\$ 8,414,970</u>	<u>\$ 1,197,292</u>	<u>\$ 189,244</u>	<u>\$ 356,784</u>	<u>(7,036,680)</u>	<u>365,030</u>	<u>(6,671,650)</u>
<b>General revenues:</b>							
Property and other taxes					5,743,170		5,743,170
Licenses and permits					1,459,399		1,459,399
<b>Grants and contributions:</b>							
Rooms and meals tax distribution					352,855		352,855
Interest and investment earnings					129,552	746	130,298
Miscellaneous					291,604	6,677	298,281
Loss on sale of capital assets					(161,421)		(161,421)
Total general revenues and loss on sale of capital assets					<u>7,815,159</u>	<u>7,423</u>	<u>7,822,582</u>
Change in net position					778,479	372,453	1,150,932
Net position - beginning					17,023,862	5,781,833	22,805,695
Net position - ending					<u>\$ 17,802,341</u>	<u>\$ 6,154,286</u>	<u>\$ 23,956,627</u>

See accompanying notes to the basic financial statements

EXHIBIT C  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2014

	General <u>Fund</u>	Permanent <u>Funds</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,122,478		\$ 517,648	\$ 6,640,126
Investments	1,465,187	\$ 2,469,074		3,934,261
Taxes receivable, net	1,744,586			1,744,586
Accounts receivable, net	34,955		276,195	311,150
Due from other governments	84,198			84,198
Due from other funds	52,695		10,272	62,967
Prepaid expenses	18,560			18,560
Total Assets	<u>9,522,659</u>	<u>2,469,074</u>	<u>804,115</u>	<u>12,795,848</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 9,522,659</u>	<u>\$ 2,469,074</u>	<u>\$ 804,115</u>	<u>\$ 12,795,848</u>
LIABILITIES				
Accounts payable	\$ 272,318			\$ 272,318
Accrued expenses	48,217			48,217
Retainage payable	28,536			28,536
Due to other governments	5,561,381			5,561,381
Advances from grantors	68,153			68,153
Due to other funds	10,272			10,272
Deposits	350			350
Total Liabilities	<u>5,989,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,989,227</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned property taxes	<u>1,315,809</u>			<u>1,315,809</u>
Total Deferred Inflows of Resources	<u>1,315,809</u>	<u>-</u>	<u>-</u>	<u>1,315,809</u>
FUND BALANCES				
Nonspendable	18,560	2,059,022		2,077,582
Restricted	16,584	410,052	1,470	428,106
Committed	1,559,314		802,645	2,361,959
Assigned	65,573			65,573
Unassigned	557,592			557,592
Total Fund Balances	<u>2,217,623</u>	<u>2,469,074</u>	<u>804,115</u>	<u>5,490,812</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,522,659</u>	<u>\$ 2,469,074</u>	<u>\$ 804,115</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 12,722,049

Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis 1,315,809

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:

Bonds payable (816,344)  
Capital leases payable (138,428)  
Compensated absences payable (183,977)  
Other post-employment benefits payable (587,580)

Net Position of Governmental Activities \$ 17,802,341

*See accompanying notes to the basic financial statements*



EXHIBIT D

TOWN OF BELMONT, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2014

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 6,079,349		\$ 1,670	\$ 6,081,019
Licenses and permits	1,459,399			1,459,399
Intergovernmental	626,697			626,697
Charges for services	156,209		241,385	397,594
Interest and investment income	2,001	\$ 127,305	246	129,552
Miscellaneous	538,004			538,004
Total Revenues	<u>8,861,659</u>	<u>127,305</u>	<u>243,301</u>	<u>9,232,265</u>
Expenditures:				
Current operations:				
General government	1,346,287	38,359		1,384,646
Public safety	3,410,778		17,998	3,428,776
Highways and streets	1,180,888			1,180,888
Sanitation	555,418			555,418
Health and welfare	262,332			262,332
Culture and recreation	260,822	6,406	35,449	302,677
Conservation	14,239		2,750	16,989
Capital outlay	1,539,258		50,053	1,589,311
Debt service:				
Principal retirement	71,547			71,547
Interest and fiscal charges	29,304			29,304
Total Expenditures	<u>8,670,873</u>	<u>44,765</u>	<u>106,250</u>	<u>8,821,888</u>
Excess revenues over expenditures	<u>190,786</u>	<u>82,540</u>	<u>137,051</u>	<u>410,377</u>
Other financing sources (uses):				
Proceeds from capital lease obligations	72,127			72,127
Transfers in	126,080		11,245	137,325
Transfers out	(11,245)	(1,995)	(124,085)	(137,325)
Total other financing sources (uses)	<u>186,962</u>	<u>(1,995)</u>	<u>(112,840)</u>	<u>72,127</u>
Net change in fund balances	377,748	80,545	24,211	482,504
Fund balances at beginning of year	<u>1,839,875</u>	<u>2,388,529</u>	<u>779,904</u>	<u>5,008,308</u>
Fund balances at end of year	<u>\$ 2,217,623</u>	<u>\$ 2,469,074</u>	<u>\$ 804,115</u>	<u>\$ 5,490,812</u>

TOWN OF BELMONT, 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, 2014

Net Change in Fund Balances--Total Governmental Funds	\$ 482,504
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 capital outlays exceeded depreciation expense in the current period.	1,054,360
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(337,849)
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 loss on disposed capital assets reduced by the actual proceeds received from the disposal.	(407,821)
Repayment of principal on capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	81,722
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	71,547
Proceeds from capital lease obligations are reported as other financing sources in the governmental funds, but capital leases increase long-term liabilities in the statement of net position.	(72,127)
Some expenses reported in the statement of activities, such as compensated absences and other post-employment benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(93,857)
Change in Net Position of Governmental Activities	<u>\$ 778,479</u>

See accompanying notes to the basic financial statements

EXHIBIT E  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Statement of Net Position**  
**Proprietary Funds**  
December 31, 2014

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 90,610	\$ 488,680	\$ 579,290
Investments	80,331	376,662	456,993
Accounts receivable	73,900	133,985	207,885
Unbilled charges for services	15,145	26,614	41,759
Due from other governments	145,499	3,000	148,499
Total Current Assets	<u>405,485</u>	<u>1,028,941</u>	<u>1,434,426</u>
Noncurrent Assets:			
Due from other governments		77,400	77,400
Non-depreciable capital assets	864,946	15,009	879,955
Depreciable capital assets, net	<u>1,555,052</u>	<u>4,336,642</u>	<u>5,891,694</u>
Total Noncurrent Assets	<u>2,419,998</u>	<u>4,429,051</u>	<u>6,849,049</u>
Total Assets	<u>2,825,483</u>	<u>5,457,992</u>	<u>8,283,475</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	17,326	18,784	36,110
Accrued expenses	2,464	12,656	15,120
Due to other funds	29,322	23,373	52,695
Current portion of bonds payable	<u>69,943</u>	<u>142,790</u>	<u>212,733</u>
Total Current Liabilities	<u>119,055</u>	<u>197,603</u>	<u>316,658</u>
Noncurrent Liabilities:			
Bonds payable	177,513	1,420,840	1,598,353
Other long-term obligations	193,562		193,562
Other post-employment benefits payable	<u>10,308</u>	<u>10,308</u>	<u>20,616</u>
Total Noncurrent Liabilities	<u>381,383</u>	<u>1,431,148</u>	<u>1,812,531</u>
Total Liabilities	<u>500,438</u>	<u>1,628,751</u>	<u>2,129,189</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,978,980	2,788,021	4,767,001
Unrestricted	<u>346,065</u>	<u>1,041,220</u>	<u>1,387,285</u>
Total Net Position	<u>\$ 2,325,045</u>	<u>\$ 3,829,241</u>	<u>\$ 6,154,286</u>

*See accompanying notes to the basic financial statements*

EXHIBIT F  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
For the Year Ended December 31, 2014

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 269,936	\$ 529,762	\$ 799,698
Miscellaneous	572	6,105	6,677
Total operating revenues	<u>270,508</u>	<u>535,867</u>	<u>806,375</u>
Operating expenses:			
Personnel services	86,548	92,392	178,940
Contractual services	99,817	122,512	222,329
Materials and supplies	10,587	20,864	31,451
Utilities	18,105	10,680	28,785
Depreciation	54,892	154,948	209,840
Total operating expenses	<u>269,949</u>	<u>401,396</u>	<u>671,345</u>
Operating income	<u>559</u>	<u>134,471</u>	<u>135,030</u>
Non-operating revenues (expenses):			
Interest revenue	97	649	746
Interest expense	(5,758)	(29,751)	(35,509)
Net non-operating revenues (expenses)	<u>(5,661)</u>	<u>(29,102)</u>	<u>(34,763)</u>
Income (Loss) before capital contributions	(5,102)	105,369	100,267
Capital contributions	<u>263,867</u>	<u>8,319</u>	<u>272,186</u>
Change in net position	258,765	113,688	372,453
Total net position at beginning of year	<u>2,066,280</u>	<u>3,715,553</u>	<u>5,781,833</u>
Total net position at end of year	<u>\$ 2,325,045</u>	<u>\$ 3,829,241</u>	<u>\$ 6,154,286</u>

*See accompanying notes to the basic financial statements*

EXHIBIT G  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended December 31, 2014

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 283,391	\$ 565,733	\$ 849,124
Other operating cash receipts	572	6,105	6,677
Cash paid to suppliers	(138,005)	(275,170)	(413,175)
Cash paid to employees	(59,960)	(53,076)	(113,036)
Net cash provided by operating activities	<u>85,998</u>	<u>243,592</u>	<u>329,590</u>
Cash flows from capital and related financing activities:			
Capital contributions	266,795	14,319	281,114
Purchases of capital assets	(428,716)	(21,966)	(450,682)
Proceeds from other long-term obligations	132,712		132,712
Principal paid on long-term debt	(66,696)	(137,740)	(204,436)
Interest paid on long-term debt	(9,162)	(29,417)	(38,579)
Net cash used for capital and related financing activities	<u>(105,067)</u>	<u>(174,804)</u>	<u>(279,871)</u>
Cash flows from investing activities:			
Purchase of investments	(7,559)	(10,582)	(18,141)
Interest on investments	97	649	746
Net cash used in investing activities	<u>(7,462)</u>	<u>(9,933)</u>	<u>(17,395)</u>
Net increase (decrease) in cash and cash equivalents	(26,531)	58,855	32,324
Cash and cash equivalents at beginning of year	87,819	406,452	494,271
Cash and cash equivalents at end of year	<u>\$ 61,288</u>	<u>\$ 465,307</u>	<u>\$ 526,595</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 559	\$ 134,471	\$ 135,030
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	54,892	154,948	209,840
Changes in assets and liabilities:			
Accounts receivable	6,668	18,266	24,934
Unbilled charges for services	6,787	17,705	24,492
Accounts payable	15,553	18,784	34,337
Due to other governments		(102,121)	(102,121)
Other post-employment benefits payable	1,539	1,539	3,078
Net cash provided by operating activities	<u>\$ 85,998</u>	<u>\$ 243,592</u>	<u>\$ 329,590</u>
Noncash Transactions Affecting Financial Position:			
Amortization on bond premium		\$ 4,150	\$ 4,150
Principal forgiveness on debt	\$ 2,955		2,955
	<u>\$ 2,955</u>	<u>\$ 4,150</u>	<u>\$ 7,105</u>

*See accompanying notes to the basic financial statements*

EXHIBIT H  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2014

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 197,496
Investments	<u>1,095,451</u>
Total Assets	<u>\$ 1,292,947</u>
<b>LIABILITIES</b>	
Deposits	\$ 197,496
Due to other governments	<u>1,095,451</u>
Total Liabilities	<u>\$ 1,292,947</u>

*See accompanying notes to the basic financial statements*

**TOWN OF BELMONT, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Belmont, New Hampshire conform to accounting policies 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 Belmont, New Hampshire (the Town) was incorporated in 1727. 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 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

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

presented in 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 fiscal 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 is comprised solely of agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds consist of capital reserve and scholarship funds of the Shaker Regional School District, which are held by the Town's Trustees of Trust Funds in accordance with State law. Other agency funds consist of certain developer's performance deposits.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

*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 reconciliations 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 funds 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 total 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 2). Revenue from grants,



**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

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 revenue recognition criteria have been satisfied. Grants and entitlements 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.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2014, the Town applied \$490,000 of its unappropriated fund balance to reduce taxes.

***Cash and Cash Equivalents***

The Town maintains separate cash accounts for its governmental and proprietary funds; however, most cash transactions flow through the General Fund. As a result, cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Totals</u>
Cash and cash equivalents	\$ 90,610	\$ 488,680	\$ 579,290
Due to other funds	(29,322)	(23,373)	(52,695)
Total cash and cash equivalents	<u>\$ 61,288</u>	<u>\$ 465,307</u>	<u>\$ 526,595</u>

***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, 2014 are recorded as receivables net of reserves for estimated uncollectible taxes of \$255,000.

***Accounts Receivable***

Charges for services billed during the current year and prior and uncollected at December 31, 2014 are recorded as receivables net of reserves for estimated uncollectibles of \$135,030 in the Ambulance Fund, a Nonmajor Governmental Fund.

***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 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 \$15,000. The Town's infrastructure consists of roads, sidewalks, water purification and distribution system, sewer collection and treatment system, and similar items. Intangible assets of the Town consist of land easements which are reported as non-depreciable capital assets. 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. Infrastructure records for the governmental activities have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land, easements with an indefinite life, 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:

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

	<u>Description</u>	<u>Years</u>
	Land improvements	15
	Infrastructure	20 - 75
	Buildings and improvements	10 - 30
	Vehicles and equipment	3 - 15
	Computer software	5

***Bond Premiums***

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premium. The balance of the unamortized bond premium recorded in the Sewer Fund as of December 31, 2014 is \$47,969.

***Compensated Absences***

Full time employees accrue sick leave at a rate of one day per month, cumulative to a maximum of 480 hours. Upon retirement, employees with 10 or more years of service, and who qualify for retirement under the guidelines set forth by the New Hampshire Retirement System, may receive a payout of 50% of their accumulated sick time at current rates of pay, up to a maximum of 225 hours. Full time employees earn vacation leave at 5-25 days per year, dependent upon length of service. Upon retirement, employees shall be compensated for unused vacation leave at current rates of pay, up to a maximum of 80 hours.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

***Accrued Liabilities and Long-Term Obligations***

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. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. 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.

***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.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

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

***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. The 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 that can only be spent for the specific purpose stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority (Town Meeting vote). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally. The action must 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 a subsequent period.
- *Assigned Fund Balance*: Amounts the Town intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive fund balance is to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as unassigned.

*Spending Prioritizations*

When 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 and then unassigned amounts.

*Minimum Level of Unassigned Fund Balance*

The Town will strive to maintain an unassigned fund balance in its General Fund equal to 5-17% of the total appropriations of the community (which includes Town, School, and County). The Board of Selectmen will review this information each year in order to determine the amount, if any, of unassigned fund balance to use to balance the budget and to reduce the property tax rate.

***Interfund Activity***

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

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

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 on 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. Significant estimates include depreciation expense, the liability for other post-employment benefits and the allowances for uncollectible taxes and accounts receivable.

**NOTE 2—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$588,845,010 as of April 1, 2014) and are due in two installments on July 1, 2014 and December 8, 2014. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized in governmental funds 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 deeded to the Town.

In accordance with State law, the Town collects taxes for the Shaker Regional School District and Belknap 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 \$9,817,954 and \$840,893 for the Shaker Regional School District and Belknap County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes. At December 31, 2014, the balance of the property tax appropriation due to the Shaker Regional School District is \$5,556,594 and has been reported in the General Fund as ‘Due to other governments’ in these financial statements.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

**NOTE 3—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, 2014, 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, 2014.

***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 \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,000,000. 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.

**NOTE 4—DEPOSITS AND INVESTMENTS**

Deposits and investments as of December 31, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 7,219,416
Investments	4,391,254
Statement of Fiduciary Net Position:	
Cash and cash equivalents	197,496
Investments	1,095,451
Total deposits and investments	<u>\$ 12,903,617</u>

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

Deposits and investments as of December 31, 2014 consist of the following:

Cash on hand	\$ 1,145
Deposits with financial institutions	1,745,418
Investments	<u>11,157,054</u>
Total deposits and investments	<u>\$ 12,903,617</u>

The Town's investment policy for governmental and business-type funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The Town limits its investments in accordance with New Hampshire State law (RSA 41:29) to United States Treasury securities maturing in less than one year, short-term obligations of U.S. Government agencies, fully insured or collateralized certificates of deposits in banks incorporated in the State of New Hampshire or national banks located in the State of New Hampshire, repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized, and the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

Responsibility for the investments of the Town's Trust 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 more its fair value becomes sensitive to changes in market interest rates. The Town's investment policy for its governmental and business-type funds regarding interest rate risk indicates that investments shall be limited to those with maturity dates that meet projected cash flow needs or six months, whichever is shorter. The Trustees of Trust Funds do not have a specific policy regarding management of 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>Fair Value</u>	<u>Remaining Maturity (In Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>&gt; 5 Years</u>
Municipal bonds & notes	\$ 244,973	\$ 217,981	\$ 26,992	
Corporate bonds & notes	<u>907,400</u>	<u>110,719</u>	<u>510,051</u>	<u>286,630</u>
	<u>\$ 1,152,373</u>	<u>\$ 110,719</u>	<u>\$ 728,032</u>	<u>\$ 313,622</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 investment policy for its governmental and business-type funds regarding credit risk is to have each investment transaction seek to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value and that investment earnings are maximized based on the current investment options available. The Trustees of Trust Funds do not have a specific policy regarding management of credit risk.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

The following are the actual ratings as of December 31, 2014, for each investment type:

	Investment Type					Totals
	Municipal bonds & <u>notes</u>	Corporate bonds & <u>notes</u>	Money market <u>funds</u>	Mutual <u>funds</u>	State investment <u>pool</u>	
Ratings as of year end		\$ 40,874			\$ 2,340,012	\$ 2,380,886
AAA						35,146
AA+		35,146				113,683
AA	\$ 51,783	61,900				97,259
AA-	63,342	33,917				106,173
A+	81,624	24,549				120,273
A	48,224	72,049				169,601
A-		169,601				179,721
BBB+		179,721				94,759
BBB		94,759				194,884
BBB-		194,884				512,516
Unrated			\$ 447,598	\$ 64,918		
Total Fair Value	<u>\$ 244,973</u>	<u>\$ 907,400</u>	<u>\$ 447,598</u>	<u>\$ 64,918</u>	<u>\$ 2,340,012</u>	<u>\$ 4,004,901</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. The Town's investment policy for its governmental and business-type funds regarding assurance against custodial credit risk requires that all investment and depository instruments not covered by federal depository insurance be collateralized through third party custodial safekeeping. The Trustees of Trust Funds do not have a specific policy regarding management of custodial credit risk.

Of the Town's deposits with financial institutions at year end, \$1,195,667 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2014, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

Investment Type	Reported Amount
Municipal bonds & notes	\$ 244,973
Corporate bonds & notes	907,400
Equity securities	1,304,144
Mutual funds	64,918
Money market funds	447,598
Overnight repurchase agreement (Commercial Sweep)	5,848,009
	<u>\$ 8,817,042</u>



**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

***Investment in NHPDIP***

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). 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. 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 5—CAPITAL ASSETS**

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

	<u>Balance</u> <u>01/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/14</u>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 3,508,840	\$ 50,053		\$ 3,558,893
Intangible assets	109,975			109,975
Construction in progress	1,659,173	1,208,451		2,867,624
Total capital assets not being depreciated	<u>5,277,988</u>	<u>1,258,504</u>	<u>\$ -</u>	<u>6,536,492</u>
Other capital assets:				
Land improvements	102,500			102,500
Infrastructure	4,202,383			4,202,383
Buildings and improvements	3,323,653		(543,535)	2,780,118
Vehicles and equipment	3,377,567	214,119	(305,087)	3,286,599
Computer software	62,290			62,290
Total other capital assets at historical cost	<u>11,068,393</u>	<u>214,119</u>	<u>(848,622)</u>	<u>10,433,890</u>
Less accumulated depreciation for:				
Land improvements	(20,500)	(6,833)		(27,333)
Infrastructure	(320,558)	(84,848)		(405,406)
Buildings and improvements	(1,851,625)	(90,561)	141,923	(1,800,263)
Vehicles and equipment	(2,015,898)	(236,021)	298,878	(1,953,041)
Computer software	(62,290)			(62,290)
Total accumulated depreciation	<u>(4,270,871)</u>	<u>(418,263)</u>	<u>440,801</u>	<u>(4,248,333)</u>
Total other capital assets, net	<u>6,797,522</u>	<u>(204,144)</u>	<u>(407,821)</u>	<u>6,185,557</u>
Total capital assets, net	<u>\$ 12,075,510</u>	<u>\$ 1,054,360</u>	<u>\$ (407,821)</u>	<u>\$ 12,722,049</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 67,597
Public safety	179,067
Highways and streets	164,766
Culture and recreation	6,833
Total governmental activities depreciation expense	<u>\$ 418,263</u>

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

The balance of the assets acquired through capital leases as of December 31, 2014 is as follows:

Vehicles and equipment	\$ 262,809
Less: Accumulated depreciation	<u>(23,698)</u>
	<u>\$ 239,111</u>

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

	Balance <u>01/01/14</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2014</u>
<b>Business-type activities:</b>				
Capital assets not depreciated:				
Land	\$ 15,009			\$ 15,009
Construction in progress	<u>436,230</u>	\$ 428,716		<u>864,946</u>
Total capital assets not being depreciated	<u>451,239</u>	<u>428,716</u>	<u>\$ -</u>	<u>879,955</u>
Other capital assets:				
Water infrastructure	2,453,845			2,453,845
Sewer infrastructure	7,591,161			7,591,161
Vehicles and equipment	<u>42,227</u>			<u>42,227</u>
Total other capital assets at historical cost	<u>10,087,233</u>	<u>-</u>	<u>-</u>	<u>10,087,233</u>
Less accumulated depreciation for:				
Water infrastructure	(843,901)	(54,892)		(898,793)
Sewer infrastructure	(3,099,571)	(154,948)		(3,254,519)
Vehicles and equipment	<u>(42,227)</u>			<u>(42,227)</u>
Total accumulated depreciation	<u>(3,985,699)</u>	<u>(209,840)</u>	<u>-</u>	<u>(4,195,539)</u>
Total other capital assets, net	<u>6,101,534</u>	<u>(209,840)</u>	<u>-</u>	<u>5,891,694</u>
Total capital assets, net	<u>\$ 6,552,773</u>	<u>\$ 218,876</u>	<u>\$ -</u>	<u>\$ 6,771,649</u>

Depreciation expense was charged to the proprietary funds as follows:

Water Fund	\$ 54,892
Sewer Fund	<u>154,948</u>
Total business-type activities depreciation expense	<u>\$ 209,840</u>

**NOTE 6—DEFINED BENEFIT PLAN**

***Plan Description***

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. 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.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

***Funding Policy***

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, 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, fire employees, and general employees were 25.30%, 27.74%, and 10.77%, respectively. The Town contributed 100% of the employer cost for public safety 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. The Town's contributions to the NHRS for the years ending December 31, 2014, 2013 and 2012 were \$574,912, \$479,688 and \$430,478, respectively, equal to the required contributions for each year.

**NOTE 7—OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the Town provides medical benefits to its eligible retirees and their spouses. Retirees under the age of 65 have a medical insurance plan with either Blue Choice or Matthew Thornton. Retirees over the age of 65 are covered by the Medicare supplemental plan. The following groups of retirees qualify for this benefit: Group I employees are required to reach age 60 with no minimum service requirement or any age with 20 years of service and age plus service is at least 70; Group II employees are eligible at age 45 with 20 years of service or at age 60 with no minimum service requirement. Retirees and surviving spouses pay the full cost of the medical premium. As of January 1, 2012, the most recent actuarial valuation date, approximately 7 retirees and 52 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

***Annual OPEB Costs***

The Town's December 31, 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The Town's annual OPEB cost for the year ending December 31, 2014 including the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2012 is as follows:

Annual Required Contribution (ARC)	\$ 132,431
Interest on net OPEB obligation	20,695
Adjustment to ARC	<u>(24,089)</u>
Annual OPEB cost	129,037
Contributions made	<u>(38,223)</u>
Increase in net OPEB obligation	90,814
Net OPEB obligation - beginning of year	<u>517,382</u>
Net OPEB obligation - end of year	<u><u>\$ 608,196</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2014, 2013, and 2012 are as follows:

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost % of pay
12/31/2012	\$ 116,723	19.4%	\$ 427,073	\$ 2,364,781	4.9%
12/31/2013	\$ 122,643	26.4%	\$ 517,382	\$ 2,459,372	5.0%
12/31/2014	\$ 129,037	29.6%	\$ 608,196	\$ 2,520,857	5.1%

The Town's total net OPEB obligation as of December 31, 2014 is recognized as a liability in these financial statements.

***Funded Status and Funding Progress for OPEB***

The funded status of the plan as of January 1, 2012, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 888,338
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 888,338</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 2,364,781
UAAL as a percentage of covered payroll	37.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other actuarial assumptions. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

***Actuarial Methods and Assumptions for OPEB***

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the January 1, 2012 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The Town employs the Pay-as-you-go basis to fund the plan. The actuarial assumptions included a 4.0% investment rate of return and an initial annual healthcare cost trend rate of 9.0% which decreases to a 5.0% long-term rate for all healthcare benefits after four years. The amortization costs for the Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty years on a closed group basis. This has been calculated assuming the amortization payment increases at a rate of 2.5% per year.

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

**NOTE 8—LONG-TERM OBLIGATIONS**

*Changes in Long-Term Obligations*

The changes in the Town’s long-term obligations for the year ended December 31, 2014 are as follows:

	Balance 01/01/14	<u>Additions</u>	<u>Reductions</u>	Balance 12/31/14	Due Within One Year
<b><i>Governmental activities:</i></b>					
Bonds payable	\$ 887,891		\$ (71,547)	\$ 816,344	\$ 74,016
Capital leases payable	148,023	\$ 72,127	(81,722)	138,428	56,222
Compensated absences payable	177,856	44,618	(38,497)	183,977	-
Total governmental activities	<u>\$ 1,213,770</u>	<u>\$ 116,745</u>	<u>\$ (191,766)</u>	<u>\$ 1,138,749</u>	<u>\$ 130,238</u>
<b><i>Business-type activities:</i></b>					
Bonds payable	\$ 1,970,508		\$ (207,391)	\$ 1,763,117	\$ 208,683
Unamortized bond premium	52,119		(4,150)	47,969	4,050
Total bonds payable	2,022,627	\$ -	(211,541)	1,811,086	212,733
Other long-term obligations	-	193,562		193,562	-
Total business-type activities	<u>\$ 2,022,627</u>	<u>\$ 193,562</u>	<u>\$ (211,541)</u>	<u>\$ 2,004,648</u>	<u>\$ 212,733</u>

Payments on the general obligation bond, capital lease obligations, and compensated absences of the governmental activities are paid out of the General Fund. Payments on the general obligation bonds of the business-type activities are paid out of the Water and Sewer Funds, as applicable to each fund for related debt. Amortization on the bond premium of the business-type activities is recognized as a component of interest expense in the Sewer Fund on the Statement of Revenues, Expenses and Changes in Net position – Proprietary Funds (Exhibit F).

***General Obligation Bonds***

Governmental Activities

Bonds payable at December 31, 2014 is comprised of the following individual issue:

<u>Description</u>	Original <u>Issue</u>	Interest <u>Rate</u>	Maturity <u>Date</u>	Balance at <u>12/31/14</u>
2010 Pleasant Valley Project Bond	<u>\$ 1,150,000</u>	3.36%	June 2024	<u>\$ 816,344</u>

Debt service requirements to retire general obligation bonds outstanding for governmental activities at December 31, 2014 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 74,016	\$ 26,836	\$ 100,852
2016	76,499	24,353	100,852
2017	79,209	21,642	100,851

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

2018	81,943	18,909	100,852
2019	84,770	16,082	100,852
2020-2024	<u>419,907</u>	<u>34,730</u>	<u>454,637</u>
	<u>\$ 816,344</u>	<u>\$ 142,552</u>	<u>\$ 958,896</u>

Business-type Activities

Bonds payable at December 31, 2014 are comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 12/31/14</u>
2012 Sewer Refunding Bond	\$ 432,000	3.12%	August 2033	\$ 402,000
2013 Clean Water Bond	1,320,746	1.70%	May 2023	1,113,661
2013 Drinking Water Bond	147,762	1.70%	November 2022	119,520
2008 Well Water Bond	75,000	3.92%	October 2017	22,500
2009 New Well Water Bond	105,000	4.09%	October 2017	39,373
2007 Route 3 Water Bond	<u>296,641</u>	4.02%	July 2016	<u>66,063</u>
	<u>\$ 2,377,149</u>			1,763,117
			Add: <i>Unamortized bond premium</i>	<u>47,969</u>
			<b>Total Bonds Payable</b>	<b><u>\$ 1,811,086</u></b>

Debt service requirements to retire general obligation bonds outstanding for business-type activities at December 31, 2014, net of annual principal forgiveness from the State of New Hampshire (to be forgiven over a period of 10 years from the start of the related State Revolving Loan debt) are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 205,728	\$ 34,039	\$ 239,767
2016	201,140	37,485	238,625
2017	171,848	33,090	204,938
2018	151,536	29,375	180,911
2019	152,852	26,540	179,392
2020-2024	626,371	88,419	714,790
2025-2029	116,000	42,423	158,423
2030-2033	<u>114,000</u>	<u>12,977</u>	<u>126,977</u>
	1,739,475	304,348	2,043,823
Add: <i>Principal Forgiveness</i>	<u>23,642</u>	-	<u>23,642</u>
Sub-total Bonds payable	1,763,117	304,348	2,067,465
Add: <i>Unamortized Bond Premium</i>	<u>47,969</u>	-	<u>47,969</u>
Total Bonds payable	<u>\$ 1,811,086</u>	<u>\$ 304,348</u>	<u>\$ 2,115,434</u>

***Capital Lease Obligations***

Governmental Activities

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

payment obligations. Amounts are annually budgeted in the applicable function. The following are the individual capital lease obligations outstanding of the governmental activities at December 31, 2014:

Vehicle, due in annual installments of \$23,368 through April 2017, including interest at 2.84%	\$ 66,301
Vehicles, due in annual installments of \$34,578 through September 2016, including interest at 7.41%	61,941
Vehicle, due in annual installments of \$5,664 through July 2016, including interest at 7.40%	<u>10,186</u>
	<u>\$ 138,428</u>

Debt service requirements to retire capital lease obligations outstanding of the governmental activities at December 31, 2014 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2015	\$ 56,222	\$ 7,388	\$ 63,610
2016	59,484	4,127	63,611
2017	<u>22,722</u>	<u>646</u>	<u>23,368</u>
	<u>\$ 138,428</u>	<u>\$ 12,161</u>	<u>\$ 150,589</u>

**NOTE 9—INTERFUND BALANCES AND TRANSFERS**

The Town maintains separate cash accounts for its governmental and proprietary funds; however, most cash transactions flow through the General Fund. For accounting and reporting purposes, the portion of cash applicable to a particular fund is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2014 are as follows:

		Due from			
		General Fund	Water Fund	Sewer Fund	Totals
Due to	General Fund		\$ 29,322	\$ 23,373	\$ 52,695
	Nonmajor Governmental Funds	\$ 10,272			10,272
		<u>\$ 10,272</u>	<u>\$ 29,322</u>	<u>\$ 23,373</u>	<u>\$ 62,967</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2014 are as follows:

		Transfers from			
		General Fund	Permanent Funds	Nonmajor Governmental Funds	Totals
Transfers to	General Fund		\$ 1,995	\$ 124,085	\$ 126,080
	Nonmajor Governmental Funds	\$ 11,245			11,245
		<u>\$ 11,245</u>	<u>\$ 1,995</u>	<u>\$ 124,085</u>	<u>\$ 137,325</u>

**TOWN OF BELMONT, NEW HAMPSHIRE  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 For the Year Ended December 31, 2014**

**NOTE 10—RESTRICTED NET POSITION**

Net position is restricted for specific purposes at December 31, 2014 as follows:

Permanent Funds - Principal	\$ 2,059,022
Permanent Funds - Income	410,052
Library funds	16,584
Drug Forfeiture funds	1,470
	<u>\$ 2,487,128</u>

**NOTE 11—COMPONENTS OF FUND BALANCE**

The components of the Town’s fund balance for its governmental funds at December 31, 2014 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>				
Prepaid expenses	\$ 18,560			\$ 18,560
Permanent funds - Principal		\$ 2,059,022		2,059,022
<b>Restricted for:</b>				
Library	16,584			16,584
Permanent funds - Income		410,052		410,052
Drug forfeiture			\$ 1,470	1,470
<b>Committed for:</b>				
Continuing appropriations	99,048			99,048
Capital reserves	1,315,305			1,315,305
Expendable trusts	144,961			144,961
Conservation			97,273	97,273
Ambulance revolving			695,100	695,100
Recreation revolving			10,272	10,272
<b>Assigned for:</b>				
Encumbrances	10,000			10,000
Heritage Commission	25,123			25,123
Designated for subsequent year appropriation	30,450			30,450
<b>Unassigned:</b>				
Unassigned - General operations	557,592			557,592
	<u>\$ 2,217,623</u>	<u>\$ 2,469,074</u>	<u>\$ 804,115</u>	<u>\$ 5,490,812</u>

**NOTE 12—PERFORMANCE DEPOSITS**

The Town holds letters of credit and performance bonds from developers until projects have been completed to Town standards. Due to the nature of these deposits, these letters of credit and performance bonds are not included as part of the financial statements. At December 31, 2014, the Town held performance deposits totaling \$792,412.



**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2014**

**NOTE 13—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.

*Federal Grants*

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 14—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which the Town is required to implement for the year ending December 31, 2015. Management believes that this pronouncement will have a potentially significant impact on the Town's government-wide financial statements. Under GASB Statement 68, the Town will be required to report its estimated proportional share of the New Hampshire Retirement System's unfunded pension liability in the financial statements for fiscal years beginning after June 15, 2014.

SCHEDULE I  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,677,554	\$ 5,677,554	\$ 5,741,500	\$ 63,946
Licenses and permits	1,383,000	1,383,000	1,459,399	76,399
Intergovernmental	1,301,621	636,307	626,697	(9,610)
Charges for services	268,635	268,635	156,209	(112,426)
Interest income	1,200	1,200	1,668	468
Miscellaneous	329,373	389,373	534,390	145,017
Total Revenues	<u>8,961,383</u>	<u>8,356,069</u>	<u>8,519,863</u>	<u>163,794</u>
Expenditures:				
Current operations:				
General government	1,407,594	1,407,594	1,360,344	47,250
Public safety	3,519,782	3,519,782	3,321,338	198,444
Highways and streets	1,248,598	1,192,691	1,179,874	12,817
Sanitation	537,859	537,859	555,418	(17,559)
Health and welfare	284,942	284,942	263,115	21,827
Culture and recreation	231,660	231,660	208,607	23,053
Conservation	14,356	14,356	14,356	-
Capital outlay	1,013,325	364,870	303,412	61,458
Debt service:				
Principal retirement	71,547	71,547	71,547	-
Interest and fiscal charges	29,305	29,305	29,304	1
Total Expenditures	<u>8,358,968</u>	<u>7,654,606</u>	<u>7,307,315</u>	<u>347,291</u>
Excess revenues over expenditures	<u>602,415</u>	<u>701,463</u>	<u>1,212,548</u>	<u>511,085</u>
Other financing sources (uses):				
Transfers in	128,945	128,945	124,085	(4,860)
Transfers out	(1,293,305)	(1,293,305)	(1,293,305)	-
Total other financing sources (uses)	<u>(1,164,360)</u>	<u>(1,164,360)</u>	<u>(1,169,220)</u>	<u>(4,860)</u>
Net change in fund balance	(561,945)	(462,897)	43,328	506,225
Fund balance at beginning of year				
- Budgetary Basis	<u>2,014,445</u>	<u>2,014,445</u>	<u>2,014,445</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 1,452,500</u>	<u>\$ 1,551,548</u>	<u>\$ 2,057,773</u>	<u>\$ 506,225</u>

*See accompanying notes to the required supplementary information*

**SCHEDULE 2**  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Schedule of Funding Progress for Other Post-Employment Benefits**  
**For the Year Ended December 31, 2014**

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
1/1/2009	\$ -	\$ 757,542	\$ 757,542	0.0%	\$ 2,341,206	32.4%
1/1/2012	\$ -	\$ 888,338	\$ 888,338	0.0%	\$ 2,364,781	37.6%

*See accompanying notes to the required supplementary information*

**TOWN OF BELMONT, NEW HAMPSHIRE  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended December 31, 2014**

**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. 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. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for payroll timing differences, non-budgetary revenues and expenditures, non-budgetary transfers in, budgetary transfers out, capital lease proceeds, and encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 9,059,866	\$ 8,682,118
Difference in property taxes meeting susceptible to accrual criteria	(337,849)	
Payroll timing differences - December 31, 2013		78,666
Payroll timing differences - December 31, 2014		(36,314)
Non-budgetary revenues and expenditures	(3,947)	(1,339,881)
Non-budgetary transfers in	(1,995)	
Budgetary transfers out		1,282,060
Capital lease proceeds	(72,127)	(72,127)
Encumbrances - December 31, 2013		(3,902)
Encumbrances - December 31, 2014		10,000
Per Schedule 1	<u>\$ 8,643,948</u>	<u>\$ 8,600,620</u>

**NOTE 2—BUDGETARY FUND BALANCE**

The components of the budgetary fund balance for the General Fund at December 31, 2014 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 18,560
<i>Committed for:</i>	
Continuing appropriations	99,048
<i>Assigned for:</i>	
Designated for subsequent year appropriation	30,450
<i>Unassigned:</i>	
Unassigned - General operations	<u>1,909,715</u>
	<u>\$ 2,057,773</u>

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**For the Year Ended December 31, 2014**

**NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS**

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the Town is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The Town implemented the provisions of GASB Statement #45 during the year ended December 31, 2009. Accordingly, the funding progress has only been presented for the two most recent actuarial valuation reports. Additional disclosures will be made as the information becomes available.

SCHEDULE I  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2014

Federal Granting Agency/Recipient State Agency/Grant Program/State <u>Grant Number</u>	Federal Catalogue <u>Number</u>	<u>Expenditures</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Pass Through Payments from the New Hampshire Community Development Finance Authority Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii #13-003-CDPF	14.228	\$ <u>249,529</u>
<b>Total Department of Housing and Urban Development</b>		<u>249,529</u>
<b>DEPARTMENT OF THE INTERIOR</b>		
Pass Through Payments from the New Hampshire Department of Resources and Economic Development Outdoor Recreation_Acquisition, Development and Planning	15.916	<u>52,125</u>
<b>Total Department of the Interior</b>		<u>52,125</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Pass Through Payments from the New Hampshire Department of Transportation Highway Planning and Construction #X-A000(340)	20.205	<u>22,471</u>
Pass Through Payments from the New Hampshire Highway Safety Agency <b>Highway Safety Cluster:</b> State and Community Highway Safety #315-14B-010 #315-14B-134	20.600	<u>4,082</u> <u>3,408</u> <u>7,490</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I #308-14B-057 #308-14B-075	20.601	<u>4,118</u> <u>2,676</u> <u>6,794</u>
<i>Total Highway Safety Cluster</i>		<u>14,284</u>
<b>Total Department of Transportation</b>		<u>36,755</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
Pass Through Payments from the New Hampshire Department of Environmental Services Capitalization Grants for Drinking Water State Revolving Funds #2014 AM Grant #0201010-01	66.468	<u>11,383</u> <u>193,562</u> <u>204,945</u>
<b>Total Environmental Protection Agency</b>		<u>204,945</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 543,354</u>

*See notes to schedule of expenditures of federal awards*

**TOWN OF BELMONT, NEW HAMPSHIRE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2014**

**NOTE 1—GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Belmont, New Hampshire. The Town of Belmont, New Hampshire's reporting entity is defined in Note 1 to the Town's basic financial statements. All federal funds are included on the schedule.

**NOTE 2—BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for federal programs accounted for in the governmental funds and on the accrual basis of accounting for federal programs accounted for in the proprietary funds, which are described in Note 1 to the Town's basic financial statements.

**NOTE 3—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The recognition of expenditures of federal awards has been reported in the Town's basic financial statements as intergovernmental revenues in the governmental funds and capital contributions in the proprietary funds as follows:

Major Governmental Fund:	
General Fund	\$ 88,880
Major Proprietary Fund:	
Water Fund	<u>260,912</u>
	<u>\$ 349,792</u>

Additionally, the recognition of expenditures of federal awards in the amount of \$193,562 represents 100% of the drawdowns from the Capitalization Grants for Drinking Water State Revolving Loan Fund Program. Federal financial assistance with the principal sum not to exceed \$375,000 or 100% of the aggregate disbursements, whichever is less, is provided in the form of a federal loan through the program.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Selectmen  
Town of Belmont, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Belmont, New Hampshire, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Belmont, New Hampshire's basic financial statements, and have issued our report thereon dated September 9, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Belmont, New Hampshire's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Belmont, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Belmont, New Hampshire's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

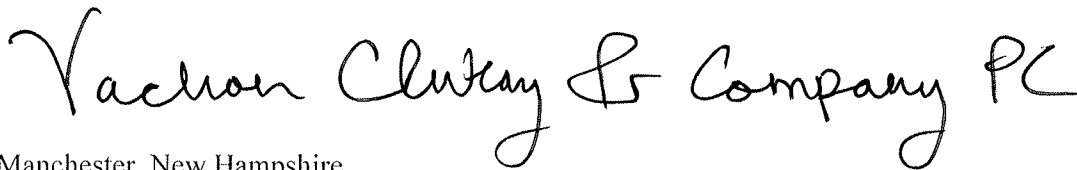


## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Belmont, New Hampshire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Yachon Clutney & Company PC". The signature is written in a cursive, flowing style.

Manchester, New Hampshire  
September 9, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditor's Report

To the Board of Selectmen  
Town of Belmont, New Hampshire

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Belmont, New Hampshire's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Belmont, New Hampshire's major federal programs for the year ended December 31, 2014. The Town of Belmont, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Belmont, New Hampshire's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Belmont, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Belmont, New Hampshire's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Belmont, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## Report on Internal Control Over Compliance

Management of the Town of Belmont, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Belmont, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Belmont, New Hampshire's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Vachon Cloutay & Company PC*

Manchester, New Hampshire  
September 9, 2015

**Town of Belmont, New Hampshire  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2014**

**Section I--Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: *Unmodified - all reporting units*

Internal control over financial reporting:

Material weakness(es) identified?                          yes      X  no

Significant deficiency(ies) identified  
not considered to be material weaknesses?                  yes      X  none reported

Noncompliance material to financial statements noted?                  yes      X  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?                          yes      X  no

Significant deficiency(ies) identified  
not considered to be material weaknesses?                  yes      X  none reported

Type of auditor's report issued on compliance  
for major programs: *Unmodified*

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?                          yes      X  no

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and B program:    \$ 300,000.

Auditee qualified as low-risk auditee?                      X  yes          no

**Section II--Financial Statement Findings**

There were no findings relating to the financial statements required to be reported by GAGAS.

**Section III--Federal Award Findings and Questioned Costs**

There were no findings and questioned costs required to be reported under OMB Circular A-133 .510(a).

SCHEDULE A  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
December 31, 2014

	Conservation Fund	Drug Forfeiture Fund	Ambulance Fund	Recreation Revolving Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 97,273	\$ 1,470	\$ 418,905		\$ 517,648
Accounts receivable, net			276,195		276,195
Due from other funds				\$ 10,272	10,272
Total Assets	<u>97,273</u>	<u>1,470</u>	<u>695,100</u>	<u>10,272</u>	<u>804,115</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 97,273</u>	<u>\$ 1,470</u>	<u>\$ 695,100</u>	<u>\$ 10,272</u>	<u>\$ 804,115</u>
LIABILITIES					
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted		1,470			1,470
Committed	97,273		695,100	10,272	802,645
Total Fund Balances	<u>97,273</u>	<u>1,470</u>	<u>695,100</u>	<u>10,272</u>	<u>804,115</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 97,273</u>	<u>\$ 1,470</u>	<u>\$ 695,100</u>	<u>\$ 10,272</u>	<u>\$ 804,115</u>

SCHEDULE B  
**TOWN OF BELMONT, NEW HAMPSHIRE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - All Nonmajor Funds**  
For the Year Ended December 31, 2014

	Conservation Fund	Drug Forfeiture Fund	Ambulance Fund	Recreation Revolving Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 1,670				\$ 1,670
Charges for services			\$ 204,485	\$ 36,900	241,385
Interest and investment income	49		197		246
Total Revenues	<u>1,719</u>	<u>\$ -</u>	<u>204,682</u>	<u>36,900</u>	<u>243,301</u>
Expenditures:					
Current operations:					
Public safety		15,790	2,208		17,998
Culture and recreation				35,449	35,449
Conservation	2,750				2,750
Capital outlay	50,053				50,053
Total Expenditures	<u>52,803</u>	<u>15,790</u>	<u>2,208</u>	<u>35,449</u>	<u>106,250</u>
Excess revenues over (under) expenditures	<u>(51,084)</u>	<u>(15,790)</u>	<u>202,474</u>	<u>1,451</u>	<u>137,051</u>
Other financing sources (uses):					
Transfers in	11,245				11,245
Transfers out			(124,085)		(124,085)
Total other financing sources (uses)	<u>11,245</u>	<u>-</u>	<u>(124,085)</u>	<u>-</u>	<u>(112,840)</u>
Net change in fund balances	(39,839)	(15,790)	78,389	1,451	24,211
Fund balances at beginning of year	<u>137,112</u>	<u>17,260</u>	<u>616,711</u>	<u>8,821</u>	<u>779,904</u>
Fund balances at end of year	<u>\$ 97,273</u>	<u>\$ 1,470</u>	<u>\$ 695,100</u>	<u>\$ 10,272</u>	<u>\$ 804,115</u>