

**PLYMOUTH VILLAGE WATER & SEWER DISTRICT**

**Annual Financial Statements**

**For the Year Ended December 31, 2018**

**Plymouth Village Water & Sewer District**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Plymouth Village Water & Sewer District

Additional Offices:  
Nashua, NH  
Andover, MA  
Greenfield, MA  
Ellsworth, ME

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Plymouth Village Water & Sewer District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

The District's 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.

### **Auditors' 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 auditors' 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Plymouth Village Water & Sewer District, as of December 31, 2018, and the respective changes in financial position and 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 Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 33 to 36 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 evidence sufficient to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information appearing on pages 37 through 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 August 1, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Melanson Heath*

August 1, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Plymouth Village Water & Sewer District, we offer readers this narrative overview and analysis of the financial activities of the Plymouth Village Water & Sewer District for the fiscal year ended December 31, 2018.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position, (3) the Cash Flow Statements and (4) Notes to Financial Statements.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected user fees and earned but unused vacation leave).

The Statement of Cash Flows provides information about the cash receipts and cash payments during the accounting period. It also provides information about the investing and financial activities for the same period. A review of our Statement of Cash Flows indicates that the cash receipts from operating activities adequately cover our operating expenses.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America, and other information related to the water and sewer fund budgets.

## B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$2,145,752 and \$13,061,981 (i.e., net position), a change of \$310,549 and \$189,764 in comparison to the prior year, for water and sewer, respectively.
- At the end of the current fiscal year, unrestricted net position was \$1,229,669 and \$1,616,898, a change of \$1,172,275 and \$(359,702) in comparison to the prior year, for water and sewer, respectively.

## C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>NET POSITION</u>					
	<u>Water</u>		<u>Sewer</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 1,617,632	\$ 1,267,464	\$ 2,188,926	\$ 2,736,088	\$ 3,806,558	\$ 4,003,552
Capital assets	<u>2,577,058</u>	<u>2,597,206</u>	<u>15,456,662</u>	<u>15,111,662</u>	<u>18,033,720</u>	<u>17,708,868</u>
Total assets	4,194,690	3,864,670	17,645,588	17,847,750	21,840,278	21,712,420
Deferred outflows of resources	83,277	112,410	107,128	133,846	190,405	246,256
Current liabilities	226,513	194,544	308,535	1,455,665	535,048	1,650,209
Noncurrent liabilities	<u>1,877,449</u>	<u>1,895,503</u>	<u>4,345,857</u>	<u>3,612,349</u>	<u>6,223,306</u>	<u>5,507,852</u>
Total liabilities	2,103,962	2,090,047	4,654,392	5,068,014	6,758,354	7,158,061
Deferred inflows of resources	28,253	35,404	36,343	42,155	64,596	77,559
Net position:						
Net investment in capital assets	916,083	1,794,235	11,445,083	10,894,827	12,361,166	12,689,062
Unrestricted	<u>1,229,669</u>	<u>57,394</u>	<u>1,616,898</u>	<u>1,976,600</u>	<u>2,846,567</u>	<u>2,033,994</u>
Total net position	<u>\$ 2,145,752</u>	<u>\$ 1,851,629</u>	<u>\$ 13,061,981</u>	<u>\$ 12,871,427</u>	<u>\$ 15,207,733</u>	<u>\$ 14,723,056</u>

As noted, net position may serve over time as a useful indicator of a District's financial position. At the close of the most recent fiscal year, total net position for water and sewer was \$2,145,752 and \$13,061,981 a change of \$310,549 and \$189,764 from the prior year, respectively.

The largest portion of water and sewer net position, \$916,083 and \$11,445,083, respectively, reflects our investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of water and sewer unrestricted net position of \$1,229,669 and \$1,616,898, respectively, may be used to meet the District's ongoing obligations to citizens and creditors.

	<u>CHANGES IN NET POSITION</u>					
	<u>Water</u>		<u>Sewer</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Charges for services:						
User charges	\$ 1,097,173	\$ 879,569	\$ 1,301,254	\$ 1,311,735	\$ 2,398,427	\$ 2,191,304
Charges for services	71,995	33,882	404,628	304,099	476,623	337,981
Capital grants and contributions	-	38,749	338,999	34,160	338,999	72,909
Miscellaneous:						
Interest on investments	<u>7,577</u>	<u>3,524</u>	<u>12,644</u>	<u>5,855</u>	<u>20,221</u>	<u>9,379</u>
Total revenues	<u>1,176,745</u>	<u>955,724</u>	<u>2,057,525</u>	<u>1,655,849</u>	<u>3,234,270</u>	<u>2,611,573</u>
Expenses:						
General government:						
Executive	70,111	71,258	70,150	73,919	140,261	145,177
Financial administration	38,114	36,482	38,238	36,654	76,352	73,136
Legal	7,421	2,839	10,424	6,729	17,845	9,568
Personnel administration	165,426	160,761	211,299	198,334	376,725	359,095
Insurance, not otherwise allocated	3,230	5,058	4,846	10,270	8,076	15,328
Depreciation	132,823	106,136	643,873	562,496	776,696	668,632
Water distribution and treatment:						
Water services	368,532	437,199	-	-	368,532	437,199
Water treatment, conservation	30,841	35,977	-	-	30,841	35,977
Sanitation:						
Sewage collect disposal	-	-	788,516	685,742	788,516	685,742
Debt service:						
Interest on long-term debt	<u>49,698</u>	<u>30,446</u>	<u>100,415</u>	<u>242,682</u>	<u>150,113</u>	<u>273,128</u>
Total expenses	<u>866,196</u>	<u>886,156</u>	<u>1,867,761</u>	<u>1,816,826</u>	<u>2,733,957</u>	<u>2,702,982</u>
Change in net position	310,549	69,568	189,764	(160,977)	500,313	(91,409)
Net position - beginning of year, as restated	<u>1,835,203</u>	<u>1,782,061</u>	<u>12,872,217</u>	<u>13,032,404</u>	<u>14,707,420</u>	<u>14,814,465</u>
Net position - end of year	<u>\$ 2,145,752</u>	<u>\$ 1,851,629</u>	<u>\$ 13,061,981</u>	<u>\$ 12,871,427</u>	<u>\$ 15,207,733</u>	<u>\$ 14,723,056</u>

The 2017 amounts were not restated as the District applied GASB 75 prospectively.

Proprietary fund: Calendar year 2018 resulted in a change in net position of \$310,549 and \$189,764 from the prior year, for water and sewer respectively. Key elements of this change are as follows:

	<u>Water</u>	<u>Sewer</u>
Revenue in excess of budget	\$ 336,605	\$ 858,857
Expenditures less than budget	146,105	101,492
Expenditures of prior year encumbrances	(9,815)	(46,616)
Use of fund balance as a funding source	(374,000)	(1,330,000)
Change in capital reserves	60,394	801,342
Depreciation expense	(132,823)	(643,873)
Note payable issuance	275,000	-
Capital asset additions, net of disposals	112,675	988,873
Other GAAP accruals	<u>(103,592)</u>	<u>(540,311)</u>
Total Change in Net Position	<u>\$ 310,549</u>	<u>\$ 189,764</u>

#### **D. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for water and sewer at year end amounted to \$2,577,058 and \$15,456,662 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, system, infrastructure, vehicles, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Purchase or improvements of:

Water:

CIP Additions:

H2O Main Replacement \$ 51,808

Main St & Warren St Upgrade \$ 38,471

Reclass from CIP to Depreciable Assets:

H2O Main Replacement \$ 478,388

Sewer:

Fixed Asset Additions:

RBC Blower \$ 29,434

CIP Additions:

Septage Receiving Upgrade \$ 909,324

Reclass from CIP to Depreciable Assets:

Septage Receiving Upgrade \$ 1,470,730

Additional information on capital assets can be found in the Notes to the Financial Statements.

**Long-term debt.** At the end of the current fiscal year, total water and sewer bonded debt outstanding was \$1,650,858 and \$4,018,939, respectively, all of which was backed by the full faith and credit of the District.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Plymouth Village Water & Sewer District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Plymouth Village Water & Sewer District

227 Old North Main Street

Plymouth, New Hampshire 03264

## PLYMOUTH VILLAGE WATER &amp; SEWER DISTRICT

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 439,840	\$ 914,973	\$ 1,354,813
User fees, net of allowance for uncollectibles	291,884	384,257	676,141
Intergovernmental receivable	587,186	806,722	1,393,908
Loan receivable	275,000	-	275,000
Internal balance	18,512	(18,512)	-
Other current assets	<u>5,210</u>	<u>10,194</u>	<u>15,404</u>
Total current assets	1,617,632	2,097,634	3,715,266
Noncurrent:			
Intergovernmental receivable, net of current portion	-	91,292	91,292
Capital assets:			
Land and construction in progress	221,072	223,970	445,042
Other capital assets, net of accumulated depreciation	<u>2,355,986</u>	<u>15,232,692</u>	<u>17,588,678</u>
Total noncurrent assets	2,577,058	15,547,954	18,125,012
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	82,265	105,825	188,090
Related to OPEB	<u>1,012</u>	<u>1,303</u>	<u>2,315</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	4,277,967	17,752,716	22,030,683
<b>LIABILITIES</b>			
Current:			
Accounts payable	30,855	45,400	76,255
Accrued payroll	10,515	13,686	24,201
Accrued liabilities	19,215	34,529	53,744
Current portion of long-term liabilities:			
Bonds payable	165,145	210,733	375,878
Other	<u>783</u>	<u>4,187</u>	<u>4,970</u>
Total current liabilities	226,513	308,535	535,048
Noncurrent:			
Bonds payable, net of current portion	1,485,713	3,808,206	5,293,919
Net pension liability	337,871	434,632	772,503
Net OPEB liability	44,531	53,310	97,841
Other, net of current portion	<u>9,334</u>	<u>49,709</u>	<u>59,043</u>
Total noncurrent liabilities	1,877,449	4,345,857	6,223,306
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	28,226	36,310	64,536
Related to OPEB	<u>27</u>	<u>33</u>	<u>60</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	2,132,215	4,690,735	6,822,950
<b>NET POSITION</b>			
Net investment in capital assets	916,083	11,445,083	12,361,166
Unrestricted	<u>1,229,669</u>	<u>1,616,898</u>	<u>2,846,567</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,145,752</u>	<u>\$ 13,061,981</u>	<u>\$ 15,207,733</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH VILLAGE WATER & SEWER DISTRICT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 1,097,173	\$ 1,301,254	\$ 2,398,427
Other	<u>71,995</u>	<u>404,628</u>	<u>476,623</u>
Total Operating Revenues	1,169,168	1,705,882	2,875,050
<b>Operating Expenses:</b>			
Operating expenses	683,675	1,123,473	1,807,148
Depreciation	<u>132,823</u>	<u>643,873</u>	<u>776,696</u>
Total Operating Expenses	<u>816,498</u>	<u>1,767,346</u>	<u>2,583,844</u>
Operating Income (Loss)	352,670	(61,464)	291,206
<b>Nonoperating Revenues (Expenses):</b>			
Capital grants	-	338,999	338,999
Investment income	7,577	12,644	20,221
Interest expense	<u>(49,698)</u>	<u>(100,415)</u>	<u>(150,113)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(42,121)</u>	<u>251,228</u>	<u>209,107</u>
Change in Net Position	310,549	189,764	500,313
Net Position at Beginning of Year, as restated	<u>1,835,203</u>	<u>12,872,217</u>	<u>14,707,420</u>
Net Position at End of Year	<u>\$ 2,145,752</u>	<u>\$ 13,061,981</u>	<u>\$ 15,207,733</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH VILLAGE WATER & SEWER DISTRICT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 787,358	\$ 1,706,138	\$ 2,493,496
Payments to vendors and employees	<u>(773,276)</u>	<u>(1,310,143)</u>	<u>(2,083,419)</u>
Net Cash Provided By Operating Activities	14,082	395,995	410,077
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Interfund lending	<u>(19,186)</u>	<u>19,186</u>	<u>-</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(19,186)	19,186	-
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets, net of disposals	(112,675)	(988,873)	(1,101,548)
Principal payments on bonds	(165,145)	(201,069)	(366,214)
Principal payments on notes	-	(970,000)	(970,000)
Bonds issued in current period	275,000	970,000	1,245,000
Bond premiums, net	(783)	(4,187)	(4,970)
Intergovernmental receipt	120,606	445,736	566,342
Interest expense	<u>(49,698)</u>	<u>(100,415)</u>	<u>(150,113)</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	67,305	(848,808)	(781,503)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	<u>7,577</u>	<u>12,644</u>	<u>20,221</u>
Net Cash Provided By Investing Activities	<u>7,577</u>	<u>12,644</u>	<u>20,221</u>
Net Change in Cash and Short-Term Investments	69,778	(420,983)	(351,205)
Cash and Short-Term Investments, Beginning of Year	<u>370,062</u>	<u>1,335,956</u>	<u>1,706,018</u>
Cash and Short-Term Investments, End of Year	<u>\$ 439,840</u>	<u>\$ 914,973</u>	<u>\$ 1,354,813</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>			
Operating income (loss)	\$ 352,670	\$ (61,464)	\$ 291,206
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	132,823	643,873	776,696
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees	(381,810)	256	(381,554)
Deferred outflows - related to pensions	30,145	28,021	58,166
Deferred outflows - related to OPEB	(390)	(563)	(953)
Accounts payable	(93,642)	(199,656)	(293,298)
Other liabilities	12,361	(4,460)	7,901
Net pension liability	(27,879)	(862)	(28,741)
Net OPEB liability	(3,026)	(3,316)	(6,342)
Deferred inflows - related to pensions	(7,178)	(5,845)	(13,023)
Deferred inflows - related to OPEB	<u>8</u>	<u>11</u>	<u>19</u>
Net Cash Provided By Operating Activities	<u>\$ 14,082</u>	<u>\$ 395,995</u>	<u>\$ 410,077</u>

The accompanying notes are an integral part of these financial statements.

# Plymouth Village Water & Sewer District

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Plymouth Village Water & Sewer District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The District is a municipal corporation governed by an elected Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In 2018, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

#### B. Basic Financial Statements

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information on the activities of the District, which rely to a significant extent on user fees. For the most part, the effect of interfund activity has been removed from these statements.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Statement of Net Position is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Statement of Revenues, Expenses, and Changes in Net Position distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*D. Cash and Short-Term Investments*

Deposits with financial institutions consist primarily of demand deposits, money market accounts, and savings accounts. The interest earnings attributable to each fund type are included under investment income.

For purposes of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*E. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the Statement of Net Position. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Building improvements	10-50
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20
Water distribution system	75-100
Sewer system	75-100

*F. Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

*G. Equity*

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

*H. Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**2. Cash and Short-Term Investments**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. RSA 48:16 limits “deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a District with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank.” The District does not have a deposit policy for custodial credit risk.

As of December 31, 2018, none of the District’s bank balance of \$1,369,624 was exposed to custodial credit risk as uninsured or uncollateralized.

**3. User Fee Receivable**

The District bills for water, sewer and other user charges. Receivables for user charges at December 31, 2018 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Water	\$ 295,817	\$ (3,933)	\$ 291,884
Sewer	<u>397,488</u>	<u>(13,231)</u>	<u>384,257</u>
Total	<u>\$ 693,305</u>	<u>\$ (17,164)</u>	<u>\$ 676,141</u>

**4. Intergovernmental Receivables**

The District's intergovernmental receivables, in part, represents the balance of expendable trust and capital reserve funds held in the custody of the trustees of trust funds of the Town of Plymouth totaling \$587,186 and \$772,598 for water and sewer, respectively, at December 31, 2018. \$26,045 of the sewer intergovernmental receivable represents a grant receivable. The remaining sewer intergovernmental receivable is due from the State of New Hampshire for State aid water pollution for \$99,371.

**5. Loan Receivable**

This balance represents the remaining draw down loan proceeds associated with the Holderness well project. The District entered into the loan agreement in 2017 with Woodsville Guaranty Savings in the amount of \$375,000. The District drew down the remaining balance in 2019 to fund project costs.

**6. Interfund Fund Accounts**

**Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the water fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Water Fund	\$ 18,512	\$ -
Sewer Fund	<u>-</u>	<u>18,512</u>
Total	<u>\$ 18,512</u>	<u>\$ 18,512</u>

## 7. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
Capital assets, being depreciated:				
Buildings and building improvements	\$ 1,683,896	\$ -	\$ -	\$ 1,683,896
Machinery, equipment and furnishings	225,087	-	-	225,087
Vehicles	149,639	-	-	149,639
Infrastructure	981,592	478,388	-	1,459,980
Total capital assets, being depreciated	3,040,214	478,388	-	3,518,602
Less accumulated depreciation for:				
Buildings and improvements	(487,582)	(35,307)	-	(522,889)
Machinery, equipment and furnishings	(75,091)	(14,686)	-	(89,777)
Vehicles	(118,486)	(5,253)	-	(123,739)
Infrastructure	(348,634)	(77,577)	-	(426,211)
Total accumulated depreciation	(1,029,793)	(132,823)	-	(1,162,616)
Total capital assets, being depreciated, net	2,010,421	345,565	-	2,355,986
Capital assets, not being depreciated:				
Land	45,496	-	-	45,496
Construction in progress	541,289	112,675	(478,388)	175,576
Total capital assets, not being depreciated	586,785	112,675	(478,388)	221,072
Water capital assets, net	\$ 2,597,206	\$ 458,240	\$ (478,388)	\$ 2,577,058
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,734,405	\$ -	\$ -	\$ 11,734,405
Machinery, equipment and furnishings	3,629,449	29,434	-	3,658,883
Vehicles	267,872	-	-	267,872
Infrastructure	3,667,047	1,470,730	-	5,137,777
Total capital assets, being depreciated	19,298,773	1,500,164	-	20,798,937
Less accumulated depreciation for:				
Buildings and improvements	(2,485,779)	(162,139)	-	(2,647,918)
Machinery, equipment and furnishings	(966,575)	(191,338)	-	(1,157,913)
Vehicles	(159,079)	(14,007)	-	(173,086)
Infrastructure	(1,310,939)	(276,389)	-	(1,587,328)
Total accumulated depreciation	(4,922,372)	(643,873)	-	(5,566,245)
Total capital assets, being depreciated, net	14,376,401	856,291	-	15,232,692
Capital assets, not being depreciated:				
Land	50,900	-	-	50,900
Construction in progress	684,361	959,439	(1,470,730)	173,070
Total capital assets, not being depreciated	735,261	959,439	(1,470,730)	223,970
Sewer capital assets, net	\$ 15,111,662	\$ 1,815,730	\$ (1,470,730)	\$ 15,456,662

Depreciation expense was charged to the District as follows:

Business-Type Activities:	
Water	\$ 132,823
Sewer	<u>643,873</u>
Total depreciation expense	<u>\$ 776,696</u>

**8. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net position by the District that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

**9. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses represent 2018 expenditures paid in 2019.

**10. Notes Payable**

The District note payable of \$970,000 was converted to bonds payable during 2018.

The following summarizes activity in notes payable during 2018:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Sewer	\$ <u>970,000</u>	\$ <u>-</u>	\$ <u>(970,000)</u>	\$ <u>-</u>
Total	\$ <u><u>970,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(970,000)</u></u>	\$ <u><u>-</u></u>

## 11. Long-Term Debt

### A. General Obligation Bonds and Municipal Revenue Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and municipal revenue bonds currently outstanding are as follows:

<u>Water:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/18</u>
Water line replacement - Thurlow Street	2027	3.29%	\$ 49,627
Water storage tanks	2037	4.25 - 5.25%	380,000
Water bond - well development - 2012 refunding	2029	4.5 - 4.875%	71,935
Water Note - 2012 refunding	2029	2 - 5%	63,000
Water Fairgrounds Road	2044	2.65%	79,614
Water electrical system upgrades	2026	3.83%	96,000
Water Holderness well development	2022	2.00%	300,000
Water Foster Street	2034	2.75%	<u>610,682</u>
Total Water			<u>\$ 1,650,858</u>

<u>Sewer:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/18</u>
Sewer line replacement - Hawthorne Street	2027	3.29%	\$ 50,945
Sewer line note	2020	2.97%	30,000
Sewer USDA bond	2038	2.25%	1,237,683
Sewer bonds - 2012 refunding	2029	4.5 - 5.875%	653,801
Sewer bond - Fairgrounds Road - 2012 refunding	2031	2 - 5%	406,000
Sewer - Fairgrounds Road	2044	2.65%	583,832
Sewer wastewater system upgrades	2026	3.83%	104,000
Sewer bond - Septage Receiving Project	2046	2.25%	<u>952,678</u>
Total Sewer			<u>\$ 4,018,939</u>

*B. Future Debt Service*

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2018 are as follows:

<u>Water</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 165,145	\$ 52,216	\$ 217,361
2020	165,645	47,714	213,359
2021	165,645	42,989	208,634
2022	166,145	38,295	204,440
2023	91,145	33,612	124,757
2024 - 2028	428,967	120,198	549,165
2029 - 2033	317,550	55,960	373,510
Thereafter	<u>150,616</u>	<u>13,300</u>	<u>163,916</u>
Total Water	\$ <u><u>1,650,858</u></u>	\$ <u><u>404,284</u></u>	\$ <u><u>2,055,142</u></u>

<u>Sewer</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 210,733	\$ 117,487	\$ 328,220
2020	217,356	110,879	328,235
2021	204,505	103,607	308,112
2022	211,179	96,521	307,700
2023	214,380	89,242	303,622
2024 - 2028	1,131,931	331,923	1,463,854
2029 - 2033	786,021	170,769	956,790
Thereafter	<u>1,042,834</u>	<u>123,583</u>	<u>1,166,417</u>
Total Sewer	\$ <u><u>4,018,939</u></u>	\$ <u><u>1,144,011</u></u>	\$ <u><u>5,162,950</u></u>

**C. Changes in General Long-Term Liabilities**

During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

	Total Balance 1/1/18	Additions	Reductions	Total Balance 12/31/18	Less Current Portion	Equals Long-Term Portion 12/31/18
<u>Water</u>						
Bonds payable	\$ 1,541,003	\$ 275,000	\$ (165,145)	\$ 1,650,858	\$ (165,145)	\$ 1,485,713
Net pension liability	365,750	-	(27,879)	337,871	-	337,871
Net OPEB liability	47,557	-	(3,026)	44,531	-	44,531
Other:						
Bond premium	10,900	-	(783)	10,117	(783)	9,334
Subtotal	10,900	-	(783)	10,117	(783)	9,334
Totals	\$ 1,965,210	\$ 275,000	\$ (196,833)	\$ 2,043,377	\$ (165,928)	\$ 1,877,449
<u>Sewer</u>						
Bonds payable	\$ 3,250,008	\$ 970,000	\$ (201,069)	\$ 4,018,939	\$ (210,733)	\$ 3,808,206
Net pension liability	435,494	-	(862)	434,632	-	434,632
Net OPEB liability	56,626	-	(3,316)	53,310	-	53,310
Other:						
Bond premium	58,083	-	(4,187)	53,896	(4,187)	49,709
Note payable	970,000	-	(970,000)	-	-	-
Subtotal	1,028,083	-	(974,187)	53,896	(4,187)	49,709
Totals	\$ 4,770,211	\$ 970,000	\$ (1,179,434)	\$ 4,560,777	\$ (214,920)	\$ 4,345,857

**12. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the District that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

**13. Unassigned Fund Balances on the Budgetary Basis Reported to State of New Hampshire**

The unrestricted net position reported on the Statement of Net Position is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire. The major difference is the State of New Hampshire Form MS-535 reports assets and liabilities with a focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. The remaining unassigned fund balance may be used as a funding source to offset subsequent year appropriations in excess of anticipated reve-

nues. Supplementary information appearing on pages 37 and 38 is presented to reflect the current year operations on a budgetary basis.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting for the Water and Sewer unrestricted fund balance:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
GAAP basis balance - Unrestricted	\$ 1,229,669	\$ 1,616,898	\$ 2,846,567
Reverse GAAP basis adjustments:			
Net invested in capital assets	916,083	11,445,083	12,361,166
State aid water pollution receivable	-	(99,371)	(99,371)
Capital assets, net	(2,577,058)	(15,456,662)	(18,033,720)
Deferred outflows	(83,277)	(107,128)	(190,405)
Accrued interest	19,215	34,529	53,744
Bonds payable	1,650,858	4,018,939	5,669,797
Bond premium	10,117	53,896	64,013
Net OPEB liability	44,531	53,310	97,841
Net pension liability	337,871	434,632	772,503
Deferred inflows	28,253	36,343	64,596
Capital reserves	(768,186)	(1,672,598)	(2,440,784)
Prior year capital projects	-	(61,256)	(61,256)
Fund basis reserves:			
Assigned	<u>(20,185)</u>	<u>(20,185)</u>	<u>(40,370)</u>
Budgetary basis - Unassigned	<u>\$ 787,891</u>	<u>\$ 276,430</u>	<u>\$ 1,064,321</u>

## 14. Retirement System

The District follows the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

### A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

**B. Benefits Provided**

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	12	2.2%
Less than 4 years	49	24	2.1%

**C. Contributions**

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The District makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The District’s contribution to NHRS for the year ended December 31, 2018 was \$72,643, which was equal to its annual required contribution.

**D. Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and

additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2018, the District reported a liability of \$772,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .01604301 percent.

For the year ended December 31, 2018, the District recognized pension expense of \$86,635. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,166	\$ 6,255
Changes of assumptions	53,461	-
Net difference between projected and actual earnings on pension plan investments	-	17,876
Changes in proportion and differences between contributions and proportionate share of contributions	92,966	40,405
Contributions subsequent to the measurement date	<u>35,497</u>	<u>-</u>
Total	<u>\$ 188,090</u>	<u>\$ 64,536</u>

The \$35,497 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	43,201
2020		50,493
2021		(864)
2022		<u>(4,773)</u>
Total	\$	<u>88,057</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per year
Salary increases	5.6 percent average, including inflation
Wage inflation	3.25 percent
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	7.50	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	7.00	1.14%
Total fixed income	25.00	
Private equity	5.00	6.25%
Private debt	5.00	4.25%
Opportunistic	5.00	2.15%
Real estate	10.00	3.25%
Total alternative investments	25.00	
Total	100.00 %	

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 1,027,822	\$ 772,503	\$ 558,539

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued NHRS financial report.

**15. Other Post-Employment Benefits (GASB 75)**

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

A. District OPEB Plan

All the following OPEB disclosures are based on a measurement date of December 31, 2018.

General Information about the OPEB Plan

Plan Description

The District indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the District who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the District’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age

consideration. This increased rate is an implicit subsidy the District pays for the retirees.

Benefits Provided

The District provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the District and meet the eligibility criteria will receive these benefits.

Plan Membership

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	5
Active employees	<u>10</u>
Total	<u><u>15</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the alternative method as of December 31, 2018, in accordance with the parameters of GASB Statement No. 75. Alternative measurement method valuations of an ongoing plan are allowed for a sole employer with fewer than one hundred total plan members and involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future, similar to broad measurement steps as would be used by an actuarial valuation for plans whose members exceed one hundred. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The alternative measurement method used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	5.6 percent, average, including inflation
Discount rate	3.71 percent
Healthcare cost trend rates	8.5 percent for 2018, fluctuating 0.5 percent, to an ultimate rate of 4.5 percent as of 2026 and later years
Retirees' share of benefit-related costs	100 percent

The discount rate was based on the Fidelity General Obligation AA 20 Year Bond at December 31, 2018.

Mortality rates were based on the mortality tables at the National Center for Health Statistics. The 2014 United States Life Tables for Males and Females were used.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.71%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The District's total OPEB liability of \$78,837 was measured as of December 31, 2018 and was determined by the alternative method as of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB <u>Liability</u>
Balances, beginning of year	\$ 91,038
Changes for the year:	
Service cost	9,514
Interest	2,925
Changes in assumptions or other inputs	(17,710)
Benefit payments	<u>(6,930)</u>
Net Changes	<u>(12,201)</u>
Balances, end of year	<u>\$ 78,837</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.31 percent in 2017 to 3.71 percent in 2018. All other assumptions were the same as those used in the previous measurement.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
\$ 94,064	\$ 78,837	\$ 67,566

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (7.5%)	Current Healthcare Cost Trend Rates (8.5%)	1% Increase (9.5%)
\$ 69,562	\$ 78,837	\$ 88,111

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the District recognized an OPEB expense of \$6,551. At December 31, 2018 the District did not have any deferred outflows or inflows of resources related to the Total OPEB liability.

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed above, the District participates in the New Hampshire Retirement System (NHRS) Medical Subsidy. The NHRS administers a cost-sharing, multiple-employer other post-employment benefit plan (OPEB Plan) for retiree health insurance subsidies. Benefit amounts and eligibility requirements are set by state law, and members are designated by type. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plan.

1 Person - \$375.56
2 Person - \$751.12
1 Person Medicare Supplement - \$236.84
2 person Medicare Supplement - \$473.68

Actuarial Assumptions and Other Inputs

The District's proportionate share of the NHRS Medical Subsidy as of December 31, 2018 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018) using a measurement date of June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Discount rate	7.25%

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent experience study.

Net OPEB Liability, Expense, and Deferred Outflows and Inflows

The District's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2018 was \$19,004.

For the year ended December 31, 2018, the District recognized an OPEB expense related to the NHRS Medical Subsidy of \$6,827. At December 31, 2018, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 112	\$ -
Changes in proportion	1,242	-
Net difference between projected and actual OPEB investment earnings	-	60
Contributions subsequent to the measurement date	<u>961</u>	<u>-</u>
Total	<u>\$ 2,315</u>	<u>\$ 60</u>

The \$961 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending December 31, 2019.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ 1,335
2020	(19)
2021	(19)
2022	<u>(3)</u>
Total	\$ <u>1,294</u>

Sensitivity of the Net NHRS Medical Subsidy OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$ 19,779	\$ 19,004	\$ 16,832

C. Consolidation of Total/Net OPEB Liabilities and Related Deferred Outflows and Inflows

The following consolidates the District's total OPEB liability and related deferred outflows/inflows, and the District's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at December 31, 2018:

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred Inflows of Resources</u>
District OPEB Plan	\$ 78,837	\$ -	\$ -
Proportionate share of NHRS Medical Subsidy Plan	<u>19,004</u>	<u>2,315</u>	<u>60</u>
Total	\$ <u>97,841</u>	\$ <u>2,315</u>	\$ <u>60</u>

**16. Commitments and Contingencies**

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the District is involved. The District's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**17. Beginning Net Position Restatement**

The beginning (January 1, 2018) net position of the District has been restated as follows:

Government-Wide Financial Statements:

	<u>Water</u>	<u>Sewer</u>
As previously reported	\$ 1,851,629	\$ 12,871,427
Implementation of GASB 75 OPEB	<u>(16,426)</u>	<u>790</u>
As restated	<u><u>\$ 1,835,203</u></u>	<u><u>\$ 12,872,217</u></u>

**PLYMOUTH VILLAGE WATER & SEWER DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (GASB 68)**

**DECEMBER 31, 2018  
(Unaudited)**

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2018	June 30, 2018	0.01604301%	\$ 772,503	\$ 633,740	122%	64.73%
December 31, 2017	June 30, 2017	0.01629209%	\$ 801,244	\$ 549,284	146%	62.66%
December 31, 2016	June 30, 2016	0.01451691%	\$ 771,951	\$ 472,588	163%	58.30%
December 31, 2015	June 30, 2015	0.01178730%	\$ 466,954	\$ 403,475	116%	65.47%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**PLYMOUTH VILLAGE WATER & SEWER DISTRICT  
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)  
DECEMBER 31, 2018  
(Unaudited)**

New Hampshire Retirement System

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<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2018	June 30, 2018	\$ 72,643	\$ 72,643	\$ -	\$ 655,626	11.08%
December 31, 2017	June 30, 2017	\$ 66,177	\$ 66,177	\$ -	\$ 586,840	11.28%
December 31, 2016	June 30, 2016	\$ 55,438	\$ 55,438	\$ -	\$ 510,479	10.86%
December 31, 2015	June 30, 2015	\$ 44,780	\$ 44,780	\$ -	\$ 419,958	10.66%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**PLYMOUTH VILLAGE WATER & SEWER DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY (GASB 75)**

**DECEMBER 31, 2018  
(Unaudited)**

New Hampshire Retirement System Medical Subsidy

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
December 31, 2018	June 30, 2018	0.00415075%	\$19,004	\$ 633,740	3.00%	7.53%
December 31, 2017	June 30, 2017	0.00287497%	\$13,145	\$ 549,284	2.39%	7.91%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**PLYMOUTH VILLAGE WATER & SEWER DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)**

(Unaudited)

**Changes in Total OPEB Liability**

	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 9,514
Interest on unfunded liability - time value of money	2,925
Changes of assumptions	(17,710)
Benefit payments, including refunds of member contributions	<u>(6,930)</u>
Net change in total OPEB liability	(12,201)
Total OPEB liability - beginning	<u>91,038</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 78,837</u></u>

Does not include New Hampshire Retirement System Medical Subsidy.

**Schedule of Contributions**

	<u>2018</u>
Actuarially determined contribution	\$ 6,930
Contributions in relation to the actuarially determined contribution	<u>6,930</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the District's financial statements for summary of significant actuarial methods and assumptions and Independent Auditors' Report.

PLYMOUTH VILLAGE WATER & SEWER DISTRICT

WATER FUND

SCHEDULE OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues and Other Sources:</b>				
Charges for services:				
User charges	\$ 958,400	\$ 958,400	\$ 1,168,522	\$ 210,122
Miscellaneous:				
Interest on investments	1,700	1,700	3,951	2,251
Other financing sources:				
Transfers In	-	-	124,232	124,232
Use of surplus	<u>374,000</u>	<u>374,000</u>	<u>374,000</u>	<u>-</u>
Total Revenues and Other Sources	1,334,100	1,334,100	1,670,705	336,605
<b>Expenditures and Other Uses:</b>				
General government:				
Executive	81,105	81,105	70,111	10,994
Financial administration	39,165	39,165	38,114	1,051
Legal	30,000	30,000	7,421	22,579
Personnel administration	186,595	186,595	165,426	21,169
Insurance, not otherwise allocated	5,300	5,300	3,230	2,070
Water distribution and treatment:				
Water services	466,015	466,015	360,985	105,030
Water treatment, conservation	35,000	35,000	30,841	4,159
Debt service:				
Principal of long-term debt	165,145	165,145	165,144	1
Interest on long-term debt	59,775	59,775	47,816	11,959
Capital outlay	85,000	85,000	117,907	(32,907)
Other financing uses:				
Transfers out	<u>181,000</u>	<u>181,000</u>	<u>181,000</u>	<u>-</u>
Total Expenditures and Other Uses	<u>1,334,100</u>	<u>1,334,100</u>	<u>1,187,995</u>	<u>146,105</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>482,710</u>	\$ <u>482,710</u>

See Independent Auditors' Report.

PLYMOUTH VILLAGE WATER & SEWER DISTRICT

SEWER FUND

SCHEDULE OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Charges for services:				
User charges	\$ 756,491	\$ 756,491	\$ 1,300,849	\$ 544,358
Charges for services	400,000	400,000	404,628	4,628
Miscellaneous				
Interest on investments	1,700	1,700	8,302	6,602
Other financing sources:				
Septage receiving grant	-	-	338,999	338,999
State aid water pollution grant	73,079	73,079	8,079	(65,000)
Transfers in	-	-	29,270	29,270
Use of surplus	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>	<u>-</u>
Total Revenues and Other Sources	2,561,270	2,561,270	3,420,127	858,857
<b>Expenditures and Other Uses:</b>				
General government:				
Executive	80,070	80,070	70,150	9,920
Financial administration	39,165	39,165	38,238	927
Legal	10,000	10,000	10,424	(424)
Personnel administration	223,490	223,490	211,299	12,191
Insurance, not otherwise allocated	10,750	10,750	4,846	5,904
Sanitation:				
Solid waste collection and disposal	807,910	807,910	720,456	87,454
Other	10,000	10,000	-	10,000
Debt services:				
Principal of long-term debt	201,174	201,174	201,984	(810)
Interest on long-term debt	121,711	121,711	120,892	819
Capital outlay	60,000	60,000	84,489	(24,489)
Other financing uses:				
Transfers out	<u>997,000</u>	<u>997,000</u>	<u>997,000</u>	<u>-</u>
Total Expenditures and Other Uses	<u>2,561,270</u>	<u>2,561,270</u>	<u>2,459,778</u>	<u>101,492</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>960,349</u>	\$ <u>960,349</u>

See Independent Auditors' Report.