

2016

Annual Report Lakes Region Mutual Fire Aid



SERVING:

- Alexandria
- Alton
- Andover
- Ashland
- Barnstead
- Belmont
- Bridgewater
- Bristol
- Campton
- Center Harbor
- Danbury
- Dorchester
- Ellsworth
- Franklin
- Gilford
- Gilmanton
- Groton
- Hebron
- Hill
- Holderness
- Laconia
- Meredith
- Moultonborough
- New Hampton
- Northfield
- Plymouth
- Rumney
- Sanbornton
- Sandwich
- Stafford
- Thornton
- Tilton
- Warren
- Waterville Valley
- Wentworth



2016 Statistics

01/01/2016–12/31/2016	EMS	Fire	MVA	Ser. Call	TOTAL
ALEXANDRIA	112	52	16	15	195
ALTON	465	229	68	58	820
ANDOVER	14	69	16	10	109
ANDOVER EMS	135	38	18	9	200
ASHLAND	250	110	35	15	411
BARNSTEAD	396	178	60	63	697
BELMONT	826	374	91	81	1,372
BRIDGEWATER	127	63	9	18	217
BRISTOL	702	206	68	91	1,067
CAMPTON-THORNTON	337	199	59	69	664
CENTER HARBOR	178	104	27	18	327
DANBURY	92	60	20	8	180
FRANKLIN	1,385	396	64	132	1,977
GILFORD	976	438	85	175	1,674
GILMANTON	227	153	41	43	464
GROTON	43	9	4	4	60
HEBRON	111	60	12	15	198
HILL	40	26	11	2	79
HOLDERNESS	162	144	32	16	354
LACONIA	3,306	817	137	358	4,618
LAKES REGION EMS	5				5
LRMFA	3	30		2	35
MEREDITH	35	315	86	66	469
MEREDITH EMS	1,755	168	146	95	2,164
MOULTONBOROUGH	502	223	41	67	833
NEW HAMPTON	306	166	48	59	579
OUTSIDE MUTUAL AID	111	49	14	6	180
PLYMOUTH	922	386	112	60	1,480
RUMNEY	99	68	17	8	192
SANBORNTON	195	147	51	43	436
SANDWICH	97	68	16	13	194
STRAFFORD	191	113	34	27	365
TILTON-NORTHFIELD	1,078	411	430	101	1,720
WARREN	4	30	25	2	61
WARREN-WENTWORTH	21	21	31	12	275
WATERVILLE VALLEY	146	59	7	29	241
WENTWORTH	7	52	29	9	97
LRMFA SYSTEM TOTAL:					26,348



Message from the Chief...

The Lakes Region Mutual Fire Aid (LRMFA) Executive Committee, Board of Directors and staff are pleased to present the 2016 annual report. LRMFA is a District Fire Mutual Aid System organized under state law (RSA 154:30 a-h). We serve thirty-five member communities and fire districts across five counties in the State of New Hampshire. In addition to providing 24/7 professional Fire, EMS, and All Hazards emergency dispatch services LRMFA collaboratively provides to our members a Training and Education Division, Central NH Hazardous Materials Team oversight (in conjunction with CAFMAC), Task Force Overhead Teams, and Mutual Aid Coordination.

2016 brought with it many changes, as each year tends to bring. The Communications Center saw our call volume increase over 2015 by 6.6%, with no change in additional full time staffing.

In 2016, Chief Hayes spent considerable time working to better our radio infrastructure. Chief Hayes worked to build out our “E-Line” system which brings IP Connectivity to most of our radio transmit and receive sites. By adding this functionality, we are in a much better place to move forward over the next few years in building our infrastructure to better serve our member communities, and enhance our existing radio system.

The Lakes Region Mutual Fire Aid Communications Center has been utilizing a computer aided dispatch system called ccCAD since 2013, we were informed in 2016 that this platform would be going away, and we would need to either seek out another CAD company, or upgrade to the newest platform called XCAD. LRMFA, and the Capital Area Fire Mutual Aid Compact both use the same CAD system for redundancy, as well as disaster recovery, and continuity of operations. Chief Hayes worked with CAFMAC to negotiate the best costs for both upgrading, and maintaining ours and their existing system until the upgrade takes place, and we anticipate the upgrade will occur in late 2017, or early 2018. This was negotiated with a tremendous savings to the organization, as a full purchase of a new CAD system would be \$500,000 or more. Chief Hayes was able to negotiate an increase in maintenance costs, with minimal additional charges for the newest platform. The functionality of the newer system will mostly impact the communications center, but will offer a much better, and more cost-effective alternative for any departments wishing to use mobile computers and AVL in their apparatus or command cars.

The Town of Piermont, who is not a member community of LRMFA was looking at their own responses of their currently contracted EMS provider, and determined that

Continued on next page

WWEMS would be able to respond to a small section of their community faster than their existing provider. Lakes Region Mutual Fire Aid was able to negotiate a small contract with Piermont in early 2017 that will allow us to dispatch WWEMS to this small portion of Piermont and we look forward to continuing this relationship with Piermont.

Chief Coordinator James Hayes, notified the Executive Committee in the fall of 2016 that he would officially be retiring in the spring of 2017. The Executive Committee launched an extensive search for the next Chief Coordinator. After much thought, and discussion the position was moved back to a much-needed full time status and the recruitment process began.

We would be remiss if we did not mention the tremendous amount of work Chief Hayes has done for the Association during his tenure, and on behalf of the LRMFA Board of Directors, Executive Committee, and Staff we want to extend our best wishes to Chief James Hayes, and his family as he officially retires in 2017.

As your new Chief Coordinator, being appointed in early 2017 I look forward to being a part of this great organization as we continue to expand our services and provide for our member communities.

Respectfully,



Jonathan M. Goldman, RPL
Chief Coordinator

Kelly's Auto Body Fire, Rumney, May 17, 2016.



LRMFA Staff

<i>Chief Coordinator</i>	Jonathan M. Goldman, RPL
<i>Deputy Coordinator</i>	John Beland
<i>Lieutenant</i>	David Parker
<i>Lieutenant</i>	Robert Frame
<i>Lieutenant</i>	Kevin Nugent
<i>Lieutenant</i>	Paul Steele
<i>Dispatcher</i>	Chris Reynolds
<i>Dispatcher</i>	Benson Goodwin
<i>Dispatcher</i>	Erin Hannafin
<i>Dispatcher</i>	Lois Cilley

Per Diem Dispatchers

Bonnie Canfield
Michael Dow
Trevor Greene
Jason Griffin
John Marcel
Matt O'Neill
Jake Poulin
Jeff Sheltry
Dave Spinosa
Kayleigh Eastman
Megan Howes

IT Manager

Richard Heinis

Executive Committee

The Executive Committee performs duties as directed by the Board of Directors. The committee is made up of four members from the Board of Directors with the Association President serving as an ex officio member.

Chair Chief Rene Lefebvre, *Andover*
Secretary Dave Paquette, *Ashland* (Deputy Chief retired)
Chief Mike Sitar, *Tilton-Northfield*
Chief David Bengtson, *Moultonborough*
Chief Michael Drake, *New Hampton*

Continued on next page

Standing Committees

Training Division, *Chair*
EMS Committee, *Chair*
Haz Mat Oversight

Chief Steve Carrier, *Gilford*
Deputy Chief Shawn Riley, *Gilford*
Chief Jon Goldman, *LRMFA*

Board of Directors

The Board of Directors is the governing body of the Lakes Region Mutual Fire Aid Association and is made up of one director from each member community. The Fire Chief is typically the appointed director from the community.

Alton — Chief Ryan Ridley
Belmont — Chief Ken Erickson
Center Harbor — Chief Leon Manville
Franklin — Chief Kevin LaChapelle
Gilmanton — Chief Joe Hempel
Holderness — Chief Eleanor Mardin
Meredith — Chief Ken Jones
New Hampton — Chief Michael Drake
Sanbornton — Chief Paul Dexter
Tilton — Selectperson Katherine Dawson
Waterville Valley — Chief Chris Hodges
Alexandria — Chief Mark Chevalier
Bridgewater — Chief Donald Atwood
Thornton — Chief Daniel Defosses
Danbury — Chief Tom Austin
Rumney — Chief David Coursey
Warren — Chief Art Heath
Dorchester — Rachel Legg

Ashland — Chief Steve Heath
Bristol — Chief Ben Laroche
Barnstead — Chief Shawn Mulcahey
Gilford — Chief Steve Carrier
Hill — Chief Deanna Ford
Laconia — Chief Ken Erickson
Moultonborough — Chief David Bengtson
Plymouth — Chief Casino Clogston
Sandwich — Chief Ted Call
Northfield — Selectperson Wayne Crowley
Strafford — Chief Scott Whitehouse
Andover — Chief Rene Lefebvre
Campton — Chief Daniel Defosses
Ellsworth — Chief Daniel Defosses
Hebron — Chief John Fischer
Groton — Chief Roger Thompson
Wentworth — Chief Jeff Ames

Training Division Report

Volunteer committee work is an essential element of the Lakes Region Mutual Fire Aid system. Dedicated members from our career, combination and volunteer fire departments who give of their time to committee work represent LRMFA's greatest strength. We take this opportunity to thank all members who serve on, or who have assisted the LRMFA Training Division, in meeting our mission of delivering the highest quality, training and education, for our community partners and the public we serve. We certainly would be remiss if we did not recognize and thank our staff liaison, Deputy Chief John Beland, and all the staff at the Communications Center for the invaluable amount of time, energy, and technical assistance they provide the Committee.



In many respects 2016 was a year of reflection and adjustment for your LRMFA Training Division. Of most significance is changes made to the Company Officer Development program. Due to declining attendance and challenges of scheduling instructors each month of the year the committee sought to try a fresh approach in delivery of these programs. Ultimately a name change was implemented from our existing Fire Officer

Development Series, to the current Fireground Development Seminar Series. This was done to more accurately reflect the content of the programs and to make the title more inviting to all who operate at emergency scenes. Next the Training Division entered into discussions with William Greenwood of Fire Emergency Training Consultation Services to explore fresh training opportunities delivered by a well-respected fire training company. As a result, we entered into an agreement with FETC Services who will be delivering seminars in each of the four quarters of 2017.

A large part of the committee work over the summer and fall of 2016 was spent working with the NH Fire Academy to schedule fire pump operator training for the LRMFA system as well as a NHFA Firefighter I certification program. As a result, we are pleased to offer the following programs in 2017; Basic Pump Operator Course, hosted by Holderness Fire Department. Driver/Operator-All Vehicles, hosted by LRMFA. Driver Operator/Fire Pumps, hosted by Moultonborough Fire Department, and Driver Operator/ Aerial Ladder, hosted by Meredith Fire Department.



The Training Division also met with Fire Department Support Services and reviewed the variety of Fire Pump Operations programs they offer. After careful consideration, we contracted to bring FDSS's Apparatus Pump Operator/Engineer Training. This program was hosted by Tilton Northfield Fire-Rescue in April of 2017.

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The Training Division was successful in securing a Certified Firefighter I Program. This program will begin in July and will be hosted by New Hampton Fire Department.

A listing of the programs the Training Division offered in the past year includes; Solar PPV for firefighters, Surviving the Insult, Interior Benchmarking, monthly Company Officer Development programs. Additionally, the Training Division assisted with a Rural Water Supply Drill in Franklin.

The Campton-Thornton Fire Department, in conjunction with US Forest Fire Service, NH Forest Fire Service and LRMFA Training Division hosted a Forestry Fire Apparatus Rodeo at the White Mountain National Forest Headquarters in Campton. Members had the opportunity to see and learn about forestry resources that are located within the LRMFA system and beyond.

The Training Division has been working with the Gilford Fire-Rescue Department in the development of a Joint Venture Agreement in the operation of their fire training facility. This will allow the Training Division an opportunity to have an excellent training facility available to them. As such the Training Division will be able to regularly schedule a wide array of firefighter skill days at the facility for our member departments. Work is being done to create a schedule of annual live fire burn days for each of the LRMFA training districts. We are excited to have this opportunity and we thank Chief Carrier and Gilford Fire-Rescue for affording us this opportunity.



The Training Division meets on the 3rd Wednesday of each month. Dates and locations are posted on the meetings page at www.lrmfa.org. Any member in good standing with their LRMFA member department is welcome to attend Training Division meetings.

We sincerely want to thank LRMFA member agencies for their continued support of the Training Divisions efforts. Without your support, we would not be able to provide the necessary resources to deliver the programs to you our members.

*Respectfully Submitted,
Chief Stephen Carrier, Gilford Fire Rescue
Division Chairman*

RIT Training, Campton Town Office.



Member Community Assessments

TOWN NAME:	2014 Valuation		2014 Census		2016 Operating Cost Components			Total Cost	Previous Year Total Cost	Increase/Decrease	
	Dollar	Percent	Number	Percent	Fixed Factor	Valuation Factor	Population Factor				CIP Factor
Alton:	\$1,570,207,537	8.24%	5,252	4.56%	\$3,377.41	\$38,951.57	\$26,984.07	\$1,248.23	\$66,377.86	\$4,164	6.27%
Barnstead:	\$428,929,229	2.25%	4,586	3.99%	\$3,377.41	\$10,640.29	\$23,586.92	\$1,248.23	\$37,586.16	\$1,277	3.40%
Beimont:	\$593,550,186	3.11%	7,303	6.34%	\$3,377.41	\$14,723.99	\$37,485.28	\$1,248.23	\$55,194.59	\$7,650	2.99%
Center Harbor:	\$400,530,708	2.10%	1,079	0.94%	\$3,377.41	\$9,828.87	\$15,589.83	\$1,248.23	\$26,094.35	\$649	3.34%
Gilford:	\$1,627,514,700	8.54%	7,182	6.20%	\$3,377.41	\$40,371.41	\$36,617.32	\$1,248.23	\$79,364.20	\$2,252	2.84%
Gilsumton:	\$443,223,811	2.33%	3,742	3.25%	\$3,377.41	\$10,984.89	\$19,212.29	\$1,248.23	\$33,366.43	\$1,466	4.38%
Laconia:	\$1,932,169,697	10.14%	16,689	13.99%	\$3,377.41	\$47,930.64	\$32,604.61	\$1,248.23	\$78,362.22	\$6,779	5.89%
Mercedith:	\$1,842,872,775	9.87%	6,287	5.46%	\$3,377.41	\$45,715.48	\$32,604.61	\$1,248.23	\$77,731.30	\$4,889	6.28%
New Hampton:	\$279,655,248	1.47%	2,204	1.91%	\$3,377.41	\$6,937.31	\$11,315.84	\$1,248.23	\$22,074.00	\$805	3.65%
Newbury:	\$406,533,410	2.13%	2,980	2.59%	\$3,377.41	\$10,084.73	\$15,300.00	\$1,248.23	\$29,004.67	\$706	2.41%
Sanbornton:	\$492,160,145	2.58%	3,630	3.15%	\$3,377.41	\$12,208.84	\$18,637.25	\$1,248.23	\$33,748.22	\$1,724	5.11%
Moultonborough:	\$2,748,978,873	14.42%	4,070	3.54%	\$3,377.41	\$68,192.88	\$20,896.31	\$1,248.23	\$93,714.83	\$768	0.83%
Sandwich:	\$390,956,640	2.05%	1,334	1.16%	\$3,377.41	\$9,698.32	\$6,849.06	\$1,248.23	\$20,947.11	\$425	2.05%
Alexandria:	\$177,888,764	0.93%	1,633	1.42%	\$3,377.41	\$4,412.82	\$8,384.20	\$1,248.23	\$17,422.66	\$471	2.78%
Ashland:	\$243,875,537	1.28%	2,085	1.81%	\$3,377.41	\$6,049.73	\$10,704.87	\$1,248.23	\$20,132.63	\$1,248	6.20%
Bridgewater:	\$361,495,830	1.90%	1,088	0.95%	\$3,377.41	\$8,967.50	\$5,586.04	\$1,248.23	\$19,179.18	\$862	4.70%
Bristol:	\$443,424,712	2.33%	3,075	2.67%	\$3,377.41	\$10,999.88	\$15,787.75	\$1,248.23	\$31,413.27	\$1,090	3.60%
Campton:	\$385,379,542	2.02%	3,346	2.91%	\$3,377.41	\$9,559.97	\$17,179.13	\$1,248.23	\$30,220.65	\$1,144	3.79%
Dorchester	\$18,330,600	0.10%	110	0.10%	\$3,377.41	\$454.72	\$564.77	\$1,248.23	\$5,395.23	\$250	4.63%
Ellsworth:	\$13,667,568	0.07%	87	0.08%	\$3,377.41	\$339.05	\$446.68	\$1,248.23	\$5,167.48	\$244	4.72%
Groton:	\$101,333,231	0.53%	590	0.51%	\$3,377.41	\$2,513.74	\$3,029.20	\$1,248.23	\$10,168.57	(\$1,795)	(15.00%)
Hebron:	\$252,819,217	1.33%	615	0.53%	\$3,377.41	\$6,271.60	\$3,157.55	\$1,248.23	\$13,894.29	\$170	1.23%
Holderness:	\$747,342,452	3.92%	2,102	1.83%	\$3,377.41	\$18,539.05	\$10,792.15	\$1,248.23	\$33,956.85	\$1,462	4.50%
Plymouth:	\$427,336,362	2.24%	6,717	5.83%	\$3,377.41	\$10,600.78	\$34,486.62	\$1,248.23	\$49,713.04	\$1,730	3.61%
Rumney:	\$162,528,397	0.85%	1,475	1.29%	\$3,377.41	\$4,031.78	\$7,572.96	\$1,248.23	\$16,230.41	\$162	1.01%
Thornton:	\$335,948,095	1.76%	2,517	2.19%	\$3,377.41	\$9,333.69	\$12,922.85	\$1,248.23	\$25,882.19	(\$328)	(1.25%)
Warren:	\$64,975,003	0.34%	909	0.79%	\$3,377.41	\$1,611.82	\$4,687.01	\$1,248.23	\$10,904.48	\$334	3.16%
Waterville Valley:	\$73,727,708	1.96%	247	0.21%	\$3,377.41	\$9,270.93	\$1,268.15	\$1,248.23	\$14,216.31	\$948	6.67%
Wentworth	\$69,608,951	0.47%	916	0.80%	\$3,377.41	\$2,227.86	\$4,702.95	\$1,248.23	\$11,958.45	\$302	4.54%
Andover:	\$243,420,668	1.28%	2,362	2.05%	\$3,377.41	\$6,038.45	\$12,127.05	\$1,248.23	\$22,791.14	\$926	4.23%
Danbury:	\$116,625,607	0.61%	1,167	1.01%	\$3,377.41	\$2,893.09	\$5,991.65	\$1,248.23	\$13,510.38	\$823	6.49%
Franklin:	\$536,337,151	2.81%	8,466	7.35%	\$3,377.41	\$13,304.72	\$43,466.38	\$1,248.23	\$61,396.75	\$2,244	3.79%
Hill:	\$80,213,368	0.42%	1,090	0.95%	\$3,377.41	\$1,989.82	\$5,596.31	\$1,248.23	\$17,618.67	\$593	5.10%
Northfield:	\$284,304,679	1.49%	4,806	4.17%	\$3,377.41	\$11,952.64	\$24,675.11	\$1,248.23	\$36,353.39	\$1,569	4.51%
Strafford:	\$443,157,099	2.32%	4,018	3.49%	\$3,377.41	\$10,993.24	\$20,629.33	\$1,248.23	\$34,785.79	\$1,462	4.20%
Total Evaluation	\$19,060,939,800	100.00%	115,119	100.00%	\$118,209.46	\$472,837.86	\$591,047.32	\$43,688.00	\$1,182,118.81	\$43,664	3.69%

LAKES REGION MUTUAL FIRE AID ASSOCIATION

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
With Independent Auditor's Report Thereon

DECEMBER 31, 2016

LAKES REGION MUTUAL FIRE AID ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Selectboard and Management
Lakes Region Mutual Fire Aid Association

Report on the Financial Statements. We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lakes Region Mutual Fire Aid Association as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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 evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lakes Region Mutual Fire Aid Association, as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information. Management has not presented a *Management's Discussion and Analysis* of the financial statements. Although it is not required to be part of the basic financial statements, accounting principles generally accepted in the United States of America requires that it be presented to supplement the basic financial statements. The pension information presented in the section marked *Required Supplementary Information* is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Paul J. Mercier, Jr. CPA

The Mercier Group, a professional corporation

Canterbury, New Hampshire

March 20, 2017

Basic Financial Statements

Exhibit A1
LAKES REGION MUTUAL FIRE AID ASSOCIATION
Statement of Net Position
December 31, 2016

All numbers are expressed in USA Dollars

	Governmental Activities
ASSETS	
Cash and cash equivalents	565,432
Capital assets:	
Leasehold improvements	621,428
Communications equipment	1,629,460
Training equipment	3,000
Administrative equipment & furnishings	35,651
Vehicles	66,075
Construction/acquisitions in progress	12,043
Accumulated depreciation	(1,151,929)
	1,781,160
DEFERRED OUTFLOWS OF RESOURCES	
Association share of NHRS for GASB 68	185,402
	185,402
LIABILITIES	
Accounts payable and other current liabilities	15,022
Long-term obligations due beyond one year:	
Due within one year	
Note payable	18,853
Due Beyond one year:	
Note payable	34,346
Association share of NHRS net pension liability	979,706
	1,047,927
DEFERRED INFLOWS OF RESOURCES	
Association share of NHRS for GASB 68	147,818
	147,818
NET POSITION	
Net investment in capital assets	1,162,529
Restricted for:	
Education & training	26,150
Fit testing	150
Club activities	18,808
Unrestricted(deficit)	(436,820)
	770,817

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

Exhibit A2

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Statement of Activities

For the Fiscal Year Ended December 31, 2016

All numbers are expressed in USA Dollars.

	Program Revenues	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Charges for Services	Governmental Activities
Primary government:		
<i>Governmental activities:</i>		
Public safety	1,071,094	(1,069,669)
Interest on long-term debt	2,072	(2,072)
Depreciation-unallocated	175,595	(175,595)
	<u>1,248,761</u>	<u>(1,247,336)</u>
General revenues:		
Member Assessments:		
Member assessments, levied for general purposes		1,205,391
Property taxes, levied for debt services		20,392
Interest on deposits		375
		<u>1,226,158</u>
Change in net position		<u>(21,178)</u>
Net position - beginning		791,995
Net position - ending		<u>770,817</u>

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

Exhibit B1
LAKES REGION MUTUAL FIRE AID ASSOCIATION
Balance Sheet
 Governmental Funds
 December 31, 2016

All numbers are expressed in USA Dollars

	Nonmajor Governmental Funds					Total Governmental Funds
	General Dispatch & Operations	Capital & Noncapital Reserves	Training & Education	Fit Testing	Club Activities	
ASSETS						
Cash and cash equivalents	15,022	505,302	26,150	150	18,808	565,432
	15,022	505,302	26,150	150	18,808	565,432
LIABILITIES						
Accrued Liabilities	15,022					15,022
	15,022					15,022
FUND BALANCES						
<i>Restricted for</i>						
Education & training			26,150			26,150
Fit testing				150		150
Club activities					18,808	18,808
<i>Assigned to</i>						
Insurance deductibles		2,000				2,000
Vehicle replacements		50,000				50,000
Unfunded personnel costs		20,505				20,505
Communication system improvements		374,982				374,982
Facility capital improvements		57,815				57,815
	-	505,302	26,150	150	18,808	550,410
	15,022	505,302	26,150	150	18,808	565,432

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

Exhibit B2
LAKES REGION MUTUAL FIRE AID ASSOCIATION
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2016

All numbers are expressed in USA Dollars

Total Fund Balance - Governmental Funds (Exhibit B1) 550,410

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. These assets consist of:

Leasehold improvements	621,428	
Communications equipment	1,629,460	
Training equipment	3,000	
Administrative equipment & furnishings	35,651	
Vehicles	66,075	
Construction/acquisitions in progress	12,043	
Accumulated depreciation	<u>(1,151,929)</u>	
		1,215,728

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes payable	(53,199)	
Association's share of New Hampshire Retirement System:		
Net pension liability	(979,706)	
Deferred outflows of resources	185,402	
Deferred inflows of resources	<u>(147,818)</u>	
	<u>(942,122)</u>	(995,321)
Net Position of Governmental Activities (Exhibit A1)		<u><u>770,817</u></u>

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

Exhibit B3

LAKES REGION MUTUAL FIRE AID ASSOCIATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds

For the Fiscal Year Ended December 31, 2016

All numbers are expressed in US\$ Dollars

	General		Capital & Nonmajor Governmental Funds			Total
	Dispatch & Operations	Noncapital Reserves	Training & Education	Fit Testing	Club Activities	Governmental Funds
REVENUES						
Member assessments	1,225,783					1,225,783
Charges for services:						
Tuition & fees			25			25
SCBA - FIT Testing			150			150
Rural Hitch advertising					1,250	1,250
Miscellaneous:						
Interest on deposits	375					375
	<u>1,226,158</u>	<u>-</u>	<u>25</u>	<u>150</u>	<u>1,250</u>	<u>1,227,583</u>
EXPENDITURES						
Current:						
Public safety						
Personnel costs, <i>incl. training</i>	858,426		626		2,198	861,250
Professional services	16,930		100			17,030
Insurance	10,557					10,557
Administrative expenses	11,273		106		1,170	12,549
Automotive expense	6,173					6,173
Communications systems maintenance	29,773					29,773
Office equipment (nondepreciable)	689					689
Property rental & special use permit	6,579					6,579
Radio circuits	11,099					11,099
Telephone	15,034					15,034
IT Expenses/services	16,339					16,339
CAD system maintenance	58,849					58,849
Bad debts	499		1,577			2,076
Facility expenses	21,345	4,926				26,271

	General Dispatch & Operations	Capital & Noncapital Reserves	Nonmajor Governmental Funds Training & Education	Fit Testing	Club Activities	Total Governmental Funds
Debt service	18,320					18,320
Principal	2,072					2,072
Interest	6,543	32,369				38,912
Capital outlay	1,090,500	37,295	2,409	-	3,368	1,133,572
Excess of revenues over(under) expenditures	135,658	(37,295)	(2,384)	150	(2,118)	94,011
OTHER FINANCING SOURCES (USES)						
Interfund transfers in(out)	-	135,658				135,658
Transfers out	(135,658)					(135,658)
Net change in fund balances	-	98,363	(2,384)	150	(2,118)	94,011
Fund balances - beginning	-	406,939	28,534	-	20,926	456,399
Fund balances - ending	-	505,302	26,150	150	18,808	550,410

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

Exhibit B4
LAKES REGION MUTUAL FIRE AID ASSOCIATION
*Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities*
For the Fiscal Year Ended December 31, 2016

All numbers are expressed in USA Dollars

Net change in fund balances - total governmental funds (Exhibit B3) 94,011

Amounts reported for governmental activities in the statement of activities (Exhibit A2) 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 and reported as depreciation expense.

Reduce expenditures for capital outlays increasing capital assets	38,912
Increase expenditures for depreciation charges	(175,595)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Reduction in expenditures for principal payments on debt	18,320
--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Association's share of New Hampshire Retirement System:	
(increase)decrease in net pension liability	(250,806)
Increase(decrease) in deferred outflows of resources	185,402
(Increase)decrease in deferred inflows of resources	68,578
	3,174

Change in net position of governmental activities (Exhibit A2) (21,178)

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

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lakes Region Mutual Fire Aid Association is a special-purpose municipal corporation as authorized by RSA 154:30-a, which provides emergency dispatch and mutual fire aid services for 35 member communities in the Laconia, New Hampshire area. Formed by voluntary association of municipalities, it is governed by a Board of Directors consisting of the Fire Chiefs or other designee from member communities who appoint a chief coordinator to oversee operations.

The financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Association are described below.

FINANCIAL REPORTING ENTITY

The accompanying financial statements present the Association and its component units. A component unit is defined by GASB as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government is such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the Association's operations. Based on the foregoing criteria, no other organizations are included in the Association's financial reporting entity and the Association is not a component unit of any other primary government.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the activities of the Association. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by member assessments, intergovernmental revenues and fees for services.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Member assessments and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Member assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Association considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Member assessments, grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. If any, only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

- The *General Fund (Dispatch & Operations)* is the government's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital & Noncapital Reserves Fund* is a capital projects fund which accounts for monies set aside by vote of the Board of Directors for specific purposes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all member assessments.

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETARY ACCOUNTING

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

General Budget Policies. General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various requirements of an Association agreement which govern the Association's operations. Budgets, adopted on a cash flow basis for managerial purposes, have been restated to reflect generally accepted accounting principles in the schedules included with the financial statements. The Association Agreement requires balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In 2016, there was no unassigned fund balance available for this purpose.

ASSETS, LIABILITIES AND FUND EQUITY

Deposits and Investments. For financial reporting purposes, cash and equivalents include amounts in demand deposits and money market funds, as well as certificates of deposit and short-term investments with original maturities of 90 days or less. The Association, as a political subdivision of the State of New Hampshire, is generally authorized by State Statute to invest excess funds in obligations of the United States government, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire, in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in participation units of the public deposit investment pool established pursuant to RSA 383:22. Excess funds may be deposited in out-of-State banks if such banks pledge and deliver to the state treasurer or a Federal Reserve Bank as collateral security for such deposits in value at least equal to the amount of the deposit minus such FDIC insurance as may be available in each case. Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount such funds exceed available FDIC insurance amounts. Such collateral shall be segregated for the exclusive benefit of the Association. Only securities defined by the bank Commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Receivables and Revenues. Revenues for the most part are recorded in the period in which they are measurable and available as explained above. These include *Member assessments*, *Interest on deposits* and *Service Charges* (training & education fees, member dues, assessments and *FIT testing fees*). Other income such as *Insurance dividends* and other such items are recorded as revenue in the period in which they are received.

Interfund Receivables and Payables. During the course of normal operations, the Town has activity between funds, including expenditures and transfers of resources to provide services and fund capital outlay. All outstanding balances between funds are reported as "due to/from other funds".

Capital Assets. The Association capitalizes assets over \$2,000 per unit based upon dollar cost and equity interest thresholds, including significant fixed assets, if any, acquired in whole or in part by grants that retain ongoing post-grant period restrictions as to further administrative and/or disposal requirements. Capital assets are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

	<u>Years</u>
Buildings and Leasehold Improvements	30
Equipment	5-10
Vehicles	3

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

Deferred Outflows of Resources. Deferred outflows of resources represent the consumption of resources that are applicable to future accounting periods. In subsequent periods, when expense recognition criteria are met, deferred outflow is removed from the combined balance sheet and expense is recognized.

Long-Term Obligations. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Any loan origination fees, are deferred and amortized over the life of the loan using the effective interest method.

In the fund financial statements, governmental fund types recognize loan origination fees in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences. Employees are entitled to certain compensated absences and accumulations thereof based on their job status, length of service and other factors. Generally, other than vacation leave, compensated absences do not vest or accumulate beyond normal budgetary allowances and therefore are recorded as expenses when they are paid.

Deferred Inflows of Resources. Deferred inflows of resources arise when potential non-exchange revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow is removed from the combined balance sheet and revenue is recognized.

Fund Equity. In the governmental fund Balance Sheet, fund balances are reported using a hierarchy based primarily on the extent to which the Association is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned depending on the level of constraints. *Nonspendable fund balance* includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. *Restricted fund balance* is the amount that is restricted to specific purposes by external requirements such as those of creditors, grantors, contributors or laws and regulations or imposed by law through constitutional provisions or legally enforceable enabling legislation. *Committed fund balance* is the amount that can only be used for specific purposes pursuant to

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

constraints imposed by formal action of the Association's highest level of decision-making authority (the Board of Directors). *Assigned fund balance* is the amount that is constrained by the Association's intent to be used for specific purposes, but is not restricted or committed. *Unassigned fund balance* is the residual classification for the general fund. Whenever multiple classifications of resources are available for use, it is the Association's policy to use spendable, restricted, committed and assigned resources in that order first, then unassigned resources as they are needed.

Accounting Estimates. Accounting estimates are an integral part of the financial statements. They are based on management's knowledge and experience about past and current events and assumptions about future events. Accordingly, actual results could differ from those estimates. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in the preparation of these financial statements were:

- Management's estimate of *depreciation* is based on the expected number of years an asset will be use in operations and on the age and condition of capital assets at year-end.
- Management's estimate of net pension liability, deferred inflows and outflows of resources related to the Association's proportionate share of the New Hampshire Retirement System (NHRS) is based on independently audited information supplied by NHRS.

ASSETS

CASH AND EQUIVALENTS

Deposits. All bank deposits as of December 31, 2016 and during the year then ended were fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the bank in the Association's name.

Concentrations of credit. Financial arrangements that potentially expose the Association to credit risk consist primarily of bank deposits. To minimize risk, the Association follows a policy of depositing monies in high quality financial institutions, by maintaining deposits within the Federal Depository Insurance Corporation limits whenever possible or to require banking institutions to collateralize deposits. The Association has not experienced any losses on its cash deposits during the fiscal year and management believes that it is not exposed to significant credit risk on those amounts.

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

ACCOUNTS RECEIVABLE

Accounts receivables as of December 31, 2016 are as follows:

Training & education fees	\$ 1,327
Late payment charges	499
	1,826
Less: Allowance for uncollectibles	(1,826)
	\$ -

CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended December 31, 2016 is as follows:

	Balance January 1	Additions & Reclassifications	Deductions & Reclassifications	Balance December 31
Leasehold Improvements	\$ 621,428	\$ -	\$ -	\$ 621,428
Communications equipment	1,602,591	26,869	-	1,629,460
Training equipment	3,000	-	-	3,000
Administrative equipment	35,651	-	-	35,651
Vehicles	66,075	-	-	66,075
Construction in Progress	-	12,043	-	12,043
	2,328,745	38,912	-	2,367,657
Less: Accumulated Depreciation	(976,334)	(175,595)	-	(1,151,929)
	\$ 1,352,411	\$ (136,683)	\$ -	\$ 1,215,728

RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. During the fiscal year, the Association was a member of the following public-entity risk pools, currently operating as a common risk management and insurance programs for member towns and school administrative units.

The *New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability* are pooled risk management programs under RSA 5-B and RSA 281-A. A coverage summary of worker's compensation and property/liability programs provided from 1/1/15 – 1/1/16 by *Primex³*, which retained \$1,000,000 of each Workers' Compensation loss, \$500,000 of each Liability loss and \$200,000 of each Property Loss is available on file at the Town Office. The Board has decided to retain the aggregate exposure and has allocated resources based on actuarial analysis for that purpose.

Total contributions and any credits or balances due as of December 31, 2016 are as follows:

Contributions billed for the coverage period:

Property/Liability	\$ 10,557
Workers' Compensation	\$ 16,474

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

The Workers' Compensation Section of the Self-Insurance Membership Agreement permits *Primex*³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Town management understands that the Trust foresees no likelihood of an additional assessment for this or any prior year. Claims have not exceeded insurance coverage in any of the past three years.

LIABILITIES

OPERATING LEASES

The Organization operates from leased facilities located at 62 Communications Drive in Laconia, New Hampshire. The fifteen-year renewable lease is accounted for as an operating lease. Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the Organization's financial statements as a liability. Future minimum rental payments required under the lease will be \$1,592 in FY2017 and will increase by 2% each year thereafter through December 15, 2028. Lease payments are funded by provision in the annual operating budget.

LONG-TERM DEBT

Changes in Long-Term Debt. The following is a summary of the Mutual Aid's general obligation long-term debt transactions for the fiscal year ended December 31, 2016:

	<u>Balance</u> <u>January 1,</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>December 31,</u>	<u>Due Within</u> <u>One Year</u>
General obligation debt:					
Communications Equipment Loan	\$ 71,519	\$ -	\$ 18,320	\$ 53,199	\$ 18,853

General Long-term Debt Payable. Long-term debt payable at December 31, 2016, is comprised of the following individual issues:

<u>Description of Issue</u>	<u>Original</u> <u>Amount</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Outstanding</u> <u>December 31</u>
Communications Equipment Loan	\$ 93,664	09/25/14	09/25/19	2.850%	\$ 53,199

Annual Requirements to Amortize General Obligation Debt. The annual requirements to amortize all general obligation debt outstanding as of December 31, 2016, including interest payments, are as follows:

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u> <u>& Fees</u>	<u>Total</u>
2017	\$ 18,853	\$ 1,288	\$ 20,141
2018	19,406	736	20,142
2019	14,940	180	15,120
	<u>\$ 53,199</u>	<u>\$ 2,204</u>	<u>\$ 55,403</u>

All debt is general obligation debt of the Association, which is backed by its full faith and credit.

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

DEFINED BENEFIT PENSION PLAN

Plan description, participation and funding mechanisms. Full-time employees participate in the State of New Hampshire Retirement System (NHRS), a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan) and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension 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 are eligible and required to participate in the Pension Plan. 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.

NHRS is divided into two membership groups. By statute, Group I (employee and teacher) members contribute 7% of their salary to NHRS. Group II (police & fire) members contribute 11.5% and 11.8% respectively. While member rates are set by statute, employer rates are set by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted using the *Entry Age Normal* actuarial method. Employer contributions are assessed at five different rates, one each for state employees, political subdivisions employees, teachers, police and fire. NHRS employers are required by the New Hampshire Constitution to pay 100% of the actuarial sound employer contribution rate as certified by the NHRS Board of Trustees to fully fund the pension plan and to pay down the retirement system's unfunded actuarial accrued liability over a closed amortization period. Currently, employer contribution rates for the period July 1, 2016 through June 30, 2017 are as follows:

Group I		Group II	
Employees	10.77%	Police	25.30%
Teachers	14.16%	Fire	27.74%

In fiscal year 2016, the Association implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense.

As provided in the reports above, collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions to the plan are recognized when legally due, based on statutory requirements. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at <https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive> and <https://www.nhrs.org/employers/gasb/gasb-67-68-reports>.

LAKES REGION MUTUAL FIRE AID ASSOCIATION

Notes to Financial Statements

December 31, 2016

NET POSITON/FUND BALANCE

Prior-period Adjustment. Net Position at January 1, 2016 was reclassified to reflect a change from business type (enterprise fund) to reporting of the association's various funds as governmental activities. This had no effect on previously reported balances other than to restate fund activities on the modified accrual basis. The government-wide statements continue to report all activities on the accrual basis of accounting.

Restricted for Specific Purposes - Amounts restricted for specific purposes by members for as of December 31, 2016 are as follows:

Education and training	\$ 26,150
FIT testing	150
Club activities	18,808
	<u>\$ 45,108</u>

Assigned for Special Purposes - Amounts assigned by the Board of Directors for special purposes represents that portion of the unreserved fund balances which management intends to use in subsequent years as follows:

Communications Center Operations:	
Insurance deductibles	\$ 2,000
Vehicle replacement	50,000
Unfunded personnel costs	20,505
Communications system reserve	374,982
Facility capital account	57,815
	<u>\$ 505,302</u>

SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State & Federal governments. 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 Association expects such amounts, if any, to be immaterial.

Required Supplementary Information

SCHEDULE C1
LAKES REGION MUTUAL FIRE AID ASSOCIATION
Budgetary Comparison Schedule
General Fund (Dispatch & Operations)
For the Fiscal Year Ended December 31, 2016

All amounts are expressed in USA Dollars.

	<u>Operating Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Member assessments	1,225,783	1,225,783	-
Other Income:			
Interest income		375	375
	<u>1,225,783</u>	<u>1,226,158</u>	<u>375</u>
EXPENDITURES			
Current Operations:			
Labor	953,773	858,426	95,347
Professional services	19,600	16,930	2,670
Insurance	10,805	10,557	248
Administrative expenses	12,925	11,273	1,652
Automotive expense	9,825	6,173	3,652
Communications systems maintenance	30,000	29,773	227
Office equipment (nondepreciable)	500	689	(189)
Property rental & special use permit	10,561	6,579	3,982
Radio circuits	11,700	11,099	601
Telephone	17,500	15,034	2,466
IT Expenses/services	21,750	16,339	5,411
CAD system maintenance	58,000	58,849	(849)
Bad debts	-	499	(499)
Facility expenses	25,155	21,345	3,810
Grant matching funds	1	-	1
	<u>1,182,095</u>	<u>1,063,565</u>	<u>118,530</u>
Debt Service:			
Principal		18,320	
Interest		2,072	
	<u>-</u>	<u>20,392</u>	<u>-</u>
Capital Outlay:			
Capital improvement program	43,688	6,543	37,145
	<u>1,225,783</u>	<u>1,090,500</u>	<u>155,675</u>
Excess of revenues over(under) expenditures	<u>-</u>	<u>135,658</u>	<u>156,050</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers in(out):			
Capital & Noncapital Reserves		(135,658)	(135,658)
FIT Testing			-
	<u>-</u>	<u>(135,658)</u>	<u>(135,658)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>20,392</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>-</u>	<u>-</u>	<u>20,392</u>

LAKES REGION MUTUAL FIRE AID ASSOCIATION
Note to Required Supplementary Information – Budgetary Reporting
December 31, 2016

The budgetary comparison schedule – Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

General Budget Policies – General Budget Policies. General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various requirements of an Association agreement which govern the Association's operations. Appropriations are made on an annual basis for the General and all significant Special Revenue Funds. Project-length financial plans are adopted for all Capital Project Funds. Budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. The Association Agreement requires balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In 2016, there was no unassigned fund balance available for this purpose.

Exhibit C2
LAKES REGION MUTUAL FIRE AID ASSOCIATION
Comparative Schedule of Pension Obligations
For the Fiscal Year Ended December 31, 2016

All amounts are expressed in USA Dollars

Estimated future pension obligations - New Hampshire Retirement System (NHRS). Selected comparative information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Association is as follows:

	As of and for the years ended			
	December 31,			
	2013	2014	2015	2016
Proportionate share	0.02426229%	0.02113280%	0.01839947%	0.01842386%
Employer contribution	\$ 60,329	\$ 68,560	\$ 61,728	\$ 65,972
Net Pension Liability	\$ 1,044,197	\$ 793,238	\$ 728,900	\$ 979,706
Deferred outflows of resources:				
Differences between expected and actual experience	<i>base year</i>	-	-	2,723
Net difference between projected and actual investment earnings on pension plan investments	<i>base year</i>	-	-	61,295
Changes of assumptions	<i>base year</i>	-	-	120,571
Changes in proportion	<i>base year</i>	-	-	813
<i>Total deferred outflows of resources</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,402</u>
Deferred inflows of resources:				
Differences between expected and actual experience	<i>base year</i>	-	15,995	12,371
Net difference between projected and actual investment earnings on pension plan investments	<i>base year</i>	101,495	19,481	-
Changes of assumptions	<i>base year</i>	-	-	-
Changes in proportion	<i>base year</i>	110,668	180,920	135,447
<i>Total deferred inflows of resources</i>	<u>\$ -</u>	<u>\$ 212,163</u>	<u>\$ 216,396</u>	<u>\$ 147,818</u>
Pension expense:				
Proportionate share of plan pension expense	<i>base year</i>	53,783	47,096	108,072
Net amortization of deferred amounts from changes in proportion	<i>base year</i>	(24,019)	(45,473)	(45,274)
<i>Total employer pension expense</i>	<u>\$ -</u>	<u>\$ 29,764</u>	<u>\$ 1,623</u>	<u>\$ 62,798</u>

This information should be read in conjunction with the audited actuarial reports presented by the NHRS. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at <https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive> and <https://www.nhrs.org/employers/gasb/gasb-67-68-reports>. As noted there in, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2016, the Association has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan will become due as a percentage of qualifying wages as they are paid by the Association. At this time, management understands that that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the Association to the NHRS will be paid by current appropriations as they become due.

Operating Budget

Account #	Labor Costs	2016 Budgeted	2017 Proposed	Dollar Change	Percent Change
	Wages - Full-time	\$522,686	\$524,748	\$2,062	0.39%
	Wages - Part-time	\$50,509	\$41,473	(\$9,036)	(17.89%)
6003	Overtime	\$41,186	\$41,561	\$375	0.91%
6009	Longevity Bonus	\$1,525	\$1,700	\$175	11.48%
6010	Holiday Wages	\$20,670	\$21,090	\$420	2.03%
6011-01	Medical Insurance	\$160,166	\$174,190	\$14,024	8.76%
6011-02	Disability Insurance	\$1,519	\$1,769	\$250	16.48%
6012	State Retirement	\$87,903	\$94,458	\$6,555	7.46%
6014	Social Security	\$31,939	\$28,201	(\$3,738)	(11.70%)
6015	Medicare	\$9,450	\$9,294	(\$156)	(1.65%)
6017	Workers Compensation Insurance	\$16,899	\$16,899	\$0	0.00%
6018	Uniforms	\$3,720	\$3,720	\$0	0.00%
6019	Training & Education	\$5,100	\$5,100	\$0	0.00%
6016	Unemployment Compensation	\$500	\$500	\$0	0.00%
		-----	-----	-----	
		\$953,772	\$964,705	\$10,933	1.15%
	General Operating				
6100	Professional Services				
6100-01	Audit	\$4,200	\$6,200	\$2,000	47.62%
6100-02	Bookkeeping	\$6,600	\$6,600	\$0	0.00%
6100-03	Legal	\$2,800	\$2,800	\$0	0.00%
6100-04	Graphic Design	\$6,000	\$6,000	\$0	0.00%
6180	Insurance	\$10,805	\$11,098	\$293	2.71%
6201	Bank Finance Charges	\$2,000	\$2,000	\$0	0.00%
6202	Office/Administrative Expense	\$5,500	\$4,500	(\$1,000)	(18.18%)
6203	Postage	\$1,025	\$825	(\$200)	(19.51%)
6205	Professional Dues				
6205-01	Prof. Dues Association	\$750	\$750	\$0	0.00%
6205-02	Prof. Dues Staff	\$1,250	\$1,250	\$0	0.00%
6206	Subscriptions	\$1,200	\$1,450	\$250	20.83%
6207	Coordinator's Expense	\$500	\$500	\$0	0.00%
6208	Executive Committee's Expense	\$700	\$700	\$0	0.00%
6240	Miscellaneous				
6301	Automotive Expense				
6301-01	Automobile Expense - Other	\$225	\$225	\$0	0.00%
6301-02	Communications Trailer Expenses	\$100	\$1,000	\$900	900.00%
6301-03	Fuel Purchases	\$3,000	\$3,000	\$0	0.00%
6301-04	Mileage Reimbursements	\$1,000	\$1,000	\$0	0.00%
6301-05	Automobile Repair & Maintenance	\$5,500	\$5,500	\$0	0.00%
6401	Communications System	\$30,000	\$30,000	\$0	0.00%
6503	Office Equipment	\$500	\$500	\$0	0.00%
6608	Property Rental				
6608-01	Office Space Lease	\$1,561 #	\$1,592	\$31	1.99%
6608-02	Gilman Hill Tower Lease	\$1,200	\$3,400	\$2,200	183.33%
6608-03	Future Tower Lease	\$4,800	\$3,500	(\$1,300)	(27.08%)
6608-04	State Transmitter Fees	\$3,000	\$3,000	\$0	0.00%
6610	Radio Circuits	\$11,700	\$23,500	\$11,800	100.85%
6612	Telephone Expense				
6612-01	Cell Phone Expenses	\$6,000	\$4,800	-\$1,200	(20.00%)
6612-02	Land Line Expenses	\$11,500	\$14,000	\$2,500	21.74%
6700	IT Expense/Services				
6701	Computer Supplies	\$500	\$500	\$0	0.00%
6702	Computer Software/Programming/Support	\$14,000	\$16,500	\$2,500	17.86%
6703	Computer Hardware	\$6,500	\$6,500	\$0	0.00%
6704	Website Support & Development	\$750	\$500	(\$250)	(33.33%)
6705	CAD System Maintenance	\$58,000	\$57,368	(\$632)	(1.09%)
		-----	-----	-----	
		\$203,166	\$221,058	\$17,892	8.81%
	Facility Expense				
6615-01	Heating Oil	\$6,655	\$6,655	\$0	0.00%
6615-02	Maintenance	\$8,000	\$9,000	\$1,000	12.50%
6615-03	Electricity	\$9,000	\$9,000	\$0	0.00%
6615-04	Water	\$1,500	\$900	(\$600)	(40.00%)
		-----	-----	-----	
		\$25,155	\$25,555	\$400	1.59%
	Special Projects				
	Grant - Matching Funds	\$1	\$1	\$0	0.00%
		-----	-----	-----	
		\$1	\$1	\$0	0.00%
	SubTotal Budget	\$1,182,094	\$1,211,318	\$29,224	2.47%
	Capital Improvement Program	\$43,688	\$50,500	\$6,812	
	Total Budget	\$1,225,782	\$1,261,818	\$36,036	2.94%



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