

**TOWN OF MERRIMACK,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

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TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3 - 11

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
A Statement of Net Position	12
B Statement of Activities	13
Fund Financial Statements	
<i>Governmental Funds</i>	
C-1 Balance Sheet	14
C-2 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	15
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	18
<i>Proprietary Fund</i>	
E-1 Statement of Net Position	19
E-2 Statement of Revenues, Expenses, and Change in Net Position.....	20
E-3 Statement of Cash Flows	21
<i>Fiduciary Funds</i>	
F-1 Statement of Net Position	22
F-2 Statement of Changes in Net Position	23
NOTES TO THE BASIC FINANCIAL STATEMENTS	24 - 43

REQUIRED SUPPLEMENTARY INFORMATION

G Schedule of Funding Progress for Other Postemployment Benefit Plan	44
H Schedule of the Town's Proportionate Share of Net Pension Liability	45
I Schedule of Town Contributions	46
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION	47

COMBINING AND INDIVIDUAL FUND SCHEDULES

Governmental Funds

Major General Fund

1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	48
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	49
3 Schedule of Changes in Unassigned Fund Balance.....	50
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet	51
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	52



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Town Council
and Town Manager
Town of Merrimack
Merrimack, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, major fund, and aggregate remaining fund information of the Town of Merrimack, New Hampshire as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major fund, and aggregate remaining fund information of the Town of Merrimack, New Hampshire as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the major general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1-Q to the financial statements, in 2015, the Town changed its method of accounting for pension reporting with the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Town of Merrimack
Independent Auditor's Report

Other Matters

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 11), the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 44), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 45), and the Schedule of Town Contributions (page 46) 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 them 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.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Merrimack's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

February 18, 2016

Plodzik & Sanderson
Professional Association

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Merrimack, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two 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 Activities presents information showing how the Government's net position changed during the most recent fiscal 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 taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, welfare, sanitation, culture and recreation, and community development. The business-type activities include sewer activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financing decisions. Both the governmental fund balance sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single aggregated presentation.

An annual appropriated budget is adopted for the general fund and certain non-major governmental (special revenue) funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with budgets.

Proprietary funds. Proprietary funds are maintained as follows:

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer operations.

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

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.

FINANCIAL HIGHLIGHTS

As of the close of the current fiscal year, the total of assets exceeded liabilities by \$94,875,577 (i.e., net position), a change of \$1,237,702 in comparison to the restated prior year net position.

As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$15,534,932, a change of \$2,540,880 in comparison to the restated prior year fund balance.

At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$5,084,882, a change of \$1,826,204 in comparison to the prior year.

Total bonds payable at the close of the current fiscal year was \$4,029,215, a change of (\$1,045,472) in comparison to the prior year. The Town also had notes payable in the amount of \$5,078,820 at the close of the current fiscal year, a change of \$4,575,236 from the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years. All amounts are presented in thousands.

NET POSITION

		Governmental		Business-Type		Total	
		<u>Activities</u>		<u>Activities</u>			
		2015	2014*	2015	2014*	2015	2014*
Current and Other assets	\$	53,459	51,108	3,977	3,818	57,436	54,926
Capital assets		<u>66,905</u>	<u>67,307</u>	<u>42,340</u>	<u>39,273</u>	<u>109,245</u>	<u>106,580</u>
Total assets		120,364	118,415	46,317	43,091	166,681	161,506
Deferred outflows of resources		<u>1,666</u>	<u>1,501</u>	<u>380</u>	<u>343</u>	<u>2,046</u>	<u>1,844</u>
Long-term liabilities outstanding		21,374	4,367	6,279	7,398	27,653	11,765
Other liabilities		<u>1,490</u>	<u>1,811</u>	<u>5,905</u>	<u>698</u>	<u>7,395</u>	<u>2,509</u>
Total Liabilities		22,864	6,178	12,184	8,096	35,048	14,274
Deferred inflows of resources		38,163	55,255	641	183	38,804	55,438
Net Position:							
Net investment in capital assets		65,056	65,083	40,161	36,052	105,217	101,135
Restricted		2,498	2,400	1,106	-	3,604	2,400
Unrestricted		<u>(6,551)</u>	<u>(9,000)</u>	<u>(7,395)</u>	<u>(897)</u>	<u>(13,946)</u>	<u>(9,897)</u>
Total net position	\$	<u>61,003</u>	<u>58,483</u>	<u>33,872</u>	<u>35,155</u>	<u>94,875</u>	<u>93,638</u>

* 2014 amounts reflect the prior period adjustments as described in Note 16 to the financial statements.

CHANGES IN NET POSITION

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues						
Charges for services	\$ 1,702	\$ 1,822	\$ 3,789	\$ 3,686	\$ 5,491	\$ 5,508
Operating grants and contributions	317	332	121	124	438	456
Capital grants and contributions	542	502			542	502
General revenues						
Property and other Taxes	15,777	14,829			15,777	14,829
Licenses and permits	5,104	4,902			5,104	4,902
Grants and contributions not restricted to specific programs	1,364	1,143			1,364	1,143
Investment income	155	305	2	5	157	310
Other	<u>568</u>	<u>500</u>	<u>1</u>	<u>1</u>	<u>569</u>	<u>501</u>
Total revenues	25,529	24,335	3,913	3,816	29,442	28,151
Expenses:						
General government	3,032	2,870	-	-	3,032	2,870
Public safety	11,560	11,355	-	-	11,560	11,355
Highways and streets	4,689	5,846	-	-	4,689	5,846
Health and welfare	140	140	-	-	140	140
Sanitation	1,306	1,354	-	-	1,306	1,354
Culture and recreation	2,044	1,786	-	-	2,044	1,786
Community development	82	475	-	-	82	475
Interest on long-term debt	80	88	-	-	80	88
Sewer operations	<u>-</u>	<u>-</u>	<u>5,196</u>	<u>4,338</u>	<u>5,196</u>	<u>4,338</u>
Total expenses	<u>22,933</u>	<u>23,914</u>	<u>5,196</u>	<u>4,338</u>	<u>28,129</u>	<u>28,252</u>
Change in net position before transfers and contributions	2,596	421	(1,283)	(522)	1,237	(101)
Loss on Disposal of assets	<u>(76)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Increase in net position	2,520	421	(1,283)	(528)	1,237	(107)
Net position - beginning of year, as restated	<u>58,483</u>	<u>58,062</u>	<u>35,155</u>	<u>35,683</u>	<u>93,638</u>	<u>93,745</u>
Net position - end of year	<u>\$ 61,003</u>	<u>\$ 58,483</u>	<u>\$ 33,872</u>	<u>\$ 35,155</u>	<u>\$ 94,875</u>	<u>\$ 93,638</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The largest portion of net position \$105,216,332 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); 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.

An additional portion of net position \$3,604,318 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$13,945,073) reflects the implementation of a new accounting standard issued by the Government Accounting Standards Board, which requires the Town to recognize its share of the net pension liability as described further in the Notes to the Financial Statements.

Governmental activities - Governmental activities for the year resulted in a change in net position of \$2,520,296. Key elements of this change are as follows:

Excess of revenues and transfers in over expenditures and transfers out:

General fund operations	\$ 2,449,355
Special revenue funds	(46,393)
Capital project fund	120,357
Permanent funds	<u>17,561</u>
Subtotal	<u>2,540,880</u>
Depreciation in excess of debt service principal paydown	<u>(2,439,371)</u>
Capital assets acquired from current and prior year revenues, non-bonded	<u>2,488,055</u>
Other	<u>(69,268)</u>
Total	<u><u>\$ 2,520,296</u></u>

Business-type activities - Business-type activities for the year resulted in a change in net position of \$(1,282,594). This change primarily results from depreciation expense recognized in excess of debt service payments raised in the rates charged to customers.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,084,882; committed fund balance (non-sewer capital reserves) was \$3,217,353, while total fund balance was \$10,971,267. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/15</u>	<u>6/30/14</u> <u>(as restated)</u>	<u>Change</u>
Unassigned fund balance	\$ 5,084,882	\$ 3,258,678	\$ 1,826,204
Committed fund balance (Capital Reserves)	3,217,353	2,445,720	771,633
Other fund balance	<u>2,669,032</u>	<u>2,817,514</u>	<u>(148,482)</u>
Total fund balance	<u>\$ 10,971,267</u>	<u>\$ 8,521,912</u>	<u>\$ 2,449,355</u>
Unassigned fund balance as % of total general fund expenditures	22.3%	13.6%	8.7%
Committed fund balance (Capital Reserves) as a % of total general fund expenditures	14.1%	10.2%	3.9%
Total fund balance as % of general fund expenditures	48.1%	35.5%	12.6%

The total fund balance of the general fund increased by \$2,449,355 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 1,038,724
Expenditures and transfers less than budget	1,151,703
Increase in encumbrances	139,184
Other	<u>119,744</u>
Total	<u>\$ 2,449,355</u>

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Fund at the end of the year amounted to \$(7,394,375), a change of \$(6,497,638,) in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of **\$485,698**. The majority of the overall change represents Grants received for the police and fire departments during the fiscal year.

Unspent General Fund appropriations were due to several factors including the self-imposed reductions in expenditures as well as staffing turnover. Below is a brief summary of the variances.

- Salaries were under budget by \$423,000.
- Overtime was over budget by \$83,000.
- Renewal Health insurance premiums were lower than appropriations, resulting in a savings of over \$300,000.
- The Town incurred legal expenses related to the Northeast Energy Direct Pipeline of approximately \$36,000 which were not included in the budget.
- Repairs and Maintenance on buildings and grounds were higher than budget by \$49,000.
- Vehicle Maintenance costs were over budget by \$84,000.
- Vehicle Fuel costs came in lower than appropriations by \$14,000.
- Maintenance costs on office and communications equipment were lower than budget by \$21,000.
- Education and training costs came in below budget by \$38,000.
- Road maintenance and repairs expenditures were over budget by \$31,000.
- Solid Waste Disposal costs exceeded appropriations by \$70,000.
- Outside detail costs were over budget by \$74,000.
- Expenditures on office equipment were higher than budget by \$29,000.
- Vehicle registration revenues surpassed projections by over \$490,000.
- State Meals & Rooms tax revenues were \$44,000 over estimates.
- State and Federal Grants exceeded budgeted amounts by \$114,000.
- Refunds of health insurance premiums from the Town's provider were higher than expected by more than \$195,000.
- Sale of property exceeded estimates by \$105,000.
- Outside detail revenues exceeded the budget by \$67,000.
- Ambulance revenues were higher than projections by \$119,000.
- Interest income was under projections by \$29,000.
- Building permits fell short of estimates by \$16,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Total investment in capital assets for governmental and business-type activities at year-end amounted to \$109,245,547 (net of accumulated depreciation), a change of \$2,665,557 from the prior year. This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways and bridges.

Major capital asset events during the current fiscal year included significant enhancements to the Town's Wastewater Treatment Facilities.

Credit rating - The Town has not had a credit rating for many years. The last credit rating the Town had was Moody's credit rating of Aa2.

Long-term debt - At the end of the current fiscal year, total debt outstanding for bonds was \$4,029,215, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in Notes 7 and 12 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's financial position remains strong. The Town has sufficient cash flow at this time to meet its obligations. The economy in Southern New Hampshire continues to fair comparatively well with the rest of the State, and the Northeast region of the United States continues to experience a rate of economic recovery that compares favorably with other regions of the country. The Town's unemployment rate is down to 3.6% from the previous year of 3.8%, and it still compares favorably with the state and national averages of 3.8% and 5.3%, respectively. Furthermore, there are a number of large development projects in the planning stages that would appear to indicate that the Town will continue to see the steady industrial, commercial, and residential growth that Merrimack has experienced in recent years. These factors will continue to increase the tax base and to provide diverse employment opportunities.

The 2015-16 budget has been adopted, and the 2015 property tax rate (Fiscal Year 2015) was set in October. Municipal appropriations, net of non-tax revenues, have increased by \$229,547 (1.52%) compared to 2014-15 net appropriations, and the municipal portion of the tax rate is to be \$5.54 per thousand. The Town's portion of the tax increased by eight cents due to capital expenditures and general inflation.

REQUESTS FOR INFORMATION

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

Attention: Town Council

Town of Merrimack

6 Baboosic Lake Road

Merrimack, New Hampshire 03054



Eileen Cabanel
Town Manager



Paul T Micali CPA
Finance Director

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF MERRIMACK, NEW HAMPSHIRE
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 36,905,871	\$ 1,574,510	\$ 38,480,381
Investments	7,778,554	1,157,649	8,936,203
Taxes receivables (net)	5,465,806	-	5,465,806
Accounts receivable (net)	872,891	880,993	1,753,884
Intergovernmental receivable	362,217	2,258,272	2,620,489
Inventory	142,830	-	142,830
Prepaid items	7,883	-	7,883
Tax deeded property, subject to resale	27,800	-	27,800
Internal balances	1,894,766	(1,894,766)	-
Capital assets:			
Land and construction in progress	18,459,143	5,329,734	23,788,877
Other capital assets, net of depreciation	48,446,468	37,010,202	85,456,670
Total assets	<u>120,364,229</u>	<u>46,316,594</u>	<u>166,680,823</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>1,666,142</u>	<u>380,352</u>	<u>2,046,494</u>
LIABILITIES			
Accounts payable	454,900	428,303	883,203
Accrued salaries and benefits	913,959	94,396	1,008,355
Retainage payable	-	286,177	286,177
Accrued interest payable	26,035	16,313	42,348
Intergovernmental payable	95,551	5,078,820	5,174,371
Long-term liabilities:			
Due within one year	400,000	319,291	719,291
Due in more than one year	3,607,636	1,995,131	5,602,767
Net pension liability	<u>17,366,264</u>	<u>3,964,423</u>	<u>21,330,687</u>
Total liabilities	<u>22,864,345</u>	<u>12,182,854</u>	<u>35,047,199</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	34,812,557	-	34,812,557
Deferred amounts related to pensions	2,222,028	507,251	2,729,279
Unavailable revenue - Other	1,118,161	-	1,118,161
Unavailable revenue - CATV	10,000	-	10,000
Unavailable revenue - Sewer fund	<u>-</u>	<u>134,544</u>	<u>134,544</u>
Total deferred inflows of resources	<u>38,162,746</u>	<u>641,795</u>	<u>38,804,541</u>
NET POSITION			
Net investment in capital assets	65,055,611	40,160,721	105,216,332
Restricted net position	2,498,367	1,105,951	3,604,318
Unrestricted	<u>(6,550,698)</u>	<u>(7,394,375)</u>	<u>(13,945,073)</u>
Total net position	<u>\$ 61,003,280</u>	<u>\$ 33,872,297</u>	<u>\$ 94,875,577</u>

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

EXHIBIT B
TOWN OF MERRIMACK, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 3,031,831	\$ (263,302)	\$ -	\$ (3,285,481)	\$ -	\$ (3,285,481)
Public safety	11,559,672	1,297,423	-	(10,075,877)	-	(10,075,877)
Highways and streets	4,688,946	-	541,607	(4,027,439)	-	(4,027,439)
Sanitation	1,306,517	481,172	-	(825,345)	-	(825,345)
Health and welfare	140,282	-	-	(140,282)	-	(140,282)
Culture and recreation	2,043,713	185,984	-	(1,856,882)	-	(1,856,882)
Community development	81,987	940	-	(81,006)	-	(81,006)
Interest on long-term debt	79,980	-	-	(79,980)	-	(79,980)
Total governmental activities	22,932,928	1,702,217	541,607	(20,372,292)	-	(20,372,292)
Business-type activities:						
Sewer	5,195,959	3,788,952	-	-	(1,286,494)	(1,286,494)
Total	\$ 28,128,887	\$ 5,491,169	\$ 541,607	(20,372,292)	(1,286,494)	(21,658,786)
General revenues:						
Taxes:						
Property				15,322,710	-	15,322,710
Other				454,761	-	454,761
Motor vehicle permit fees				4,443,619	-	4,443,619
Licenses and other fees				660,679	-	660,679
Grants and contributions not restricted to specific programs				1,363,516	-	1,363,516
Unrestricted investment earnings				154,495	2,542	157,037
Miscellaneous				568,447	1,358	569,805
Special item:						
Loss on disposal of capital assets				(75,639)	-	(75,639)
Total general revenues and special items				22,892,588	3,900	22,896,488
Change in net position				2,520,296	(1,282,594)	1,237,702
Net position, beginning, as restated (see Note 16)				58,482,984	35,154,891	93,637,875
Net position, ending				\$ 61,003,280	\$ 33,872,297	\$ 94,875,577

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

EXHIBIT C-1
TOWN OF MERRIMACK, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 34,476,031	\$ 2,429,840	\$ 36,905,871
Investments	5,720,310	2,058,244	7,778,554
Accounts receivable (net)	777,619	95,272	872,891
Taxes receivable (net)	5,465,806	-	5,465,806
Due from other governments	362,217	-	362,217
Interfund receivable	1,894,766	-	1,894,766
Inventory	142,830	-	142,830
Prepaid items	7,883	-	7,883
Tax deeded property, subject to resale	27,800	-	27,800
Total assets	<u>\$ 48,875,262</u>	<u>\$ 4,583,356</u>	<u>\$ 53,458,618</u>
LIABILITIES			
Accounts payable	\$ 445,209	\$ 9,691	\$ 454,900
Accrued salaries and benefits	913,959	-	913,959
Intergovernmental payable	95,551	-	95,551
Total liabilities	<u>1,454,719</u>	<u>9,691</u>	<u>1,464,410</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	35,331,115	-	35,331,115
Unavailable revenue - Other	1,118,161	-	1,118,161
Unavailable revenue - CATV	-	10,000	10,000
Total deferred inflows of resources	<u>36,449,276</u>	<u>10,000</u>	<u>36,459,276</u>
FUND BALANCES			
Nonspendable	764,379	1,668,269	2,432,648
Restricted	650,000	2,895,396	3,545,396
Committed	3,217,353	-	3,217,353
Assigned	1,254,653	-	1,254,653
Unassigned	5,084,882	-	5,084,882
Total fund balances	<u>10,971,267</u>	<u>4,563,665</u>	<u>15,534,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,875,262</u>	<u>\$ 4,583,356</u>	<u>\$ 53,458,618</u>

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

EXHIBIT C-2
TOWN OF MERRIMACK, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015

Total fund balances of governmental funds (Exhibit C-1)		\$ 15,534,932
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 126,070,155	
Less accumulated depreciation	<u>(59,164,544)</u>	
		66,905,611
Revenues that are reported under the accrual basis of accounting and are not deferred until collection.		518,558
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(26,035)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources for 2015 employer contributions	\$ 1,666,142	
Deferred inflows of resources for the net difference between projected and actual investment earning on the pension plan investments	<u>(2,222,028)</u>	
		(555,886)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ (1,850,000)	
Compensated absences	(992,244)	
Net pension liability	(17,366,264)	
Other postemployment benefits	(685,392)	
Accrued landfill postclosure care costs	<u>(480,000)</u>	
		<u>(21,373,900)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 61,003,280</u></u>

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

EXHIBIT C-3
TOWN OF MERRIMACK, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 16,093,485	\$ -	\$ 16,093,485
Licenses and permits	4,825,566	278,732	5,104,298
Intergovernmental	2,096,138	-	2,096,138
Charges for services	1,616,831	85,386	1,702,217
Investment earnings	121,811	32,684	154,495
Miscellaneous	505,339	188,905	694,244
Total revenues	<u>25,259,170</u>	<u>585,707</u>	<u>25,844,877</u>
EXPENDITURES			
Current:			
General government	3,087,669	-	3,087,669
Public safety	11,937,612	93,287	12,030,899
Highways and streets	4,076,599	-	4,076,599
Sanitation	1,320,894	-	1,320,894
Health and welfare	143,344	-	143,344
Culture and recreation	1,654,124	328,943	1,983,067
Conservation	4,143	71,952	76,095
Community development	5,892	-	5,892
Debt service:			
Principal	375,000	-	375,000
Interest	86,397	-	86,397
Capital outlay	118,141	-	118,141
Total expenditures	<u>22,809,815</u>	<u>494,182</u>	<u>23,303,997</u>
Net change in fund balances	2,449,355	91,525	2,540,880
Fund balances, beginning, as restated (see Note 16)	8,521,912	4,472,140	12,994,052
Fund balances, ending	<u>\$ 10,971,267</u>	<u>\$ 4,563,665</u>	<u>\$ 15,534,932</u>

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

EXHIBIT C-4
TOWN OF MERRIMACK, NEW HAMPSHIRE
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 June 30, 2015

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 2,540,880
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 2,488,055	
Less: disposal of capital asset	(75,639)	
Depreciation expense	<u>(2,814,371)</u>	
		(401,955)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Employer pension contributions	\$ 1,536,747	
Cost of benefits earned net of employee contributions	<u>(1,205,541)</u>	
		331,206
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		(316,014)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Repayment of bond principal		375,000
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.		
Decrease in accrued interest expense	\$ 6,417	
Decrease in compensated absences payable	16,089	
Increase in postemployment benefits payable	(159,327)	
Decrease in accrued landfill postclosure care costs	<u>128,000</u>	
		(8,821)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 2,520,296</u>

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

EXHIBIT D
TOWN OF MERRIMACK, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,572,890	\$ 15,572,890	\$ 16,093,485	\$ 520,595
Licenses and permits	4,300,874	4,300,874	4,825,566	524,692
Intergovernmental	1,818,712	1,937,384	2,096,138	158,754
Charges for services	1,748,315	1,748,510	1,616,831	(131,679)
Investment earnings	75,000	75,000	45,979	(29,021)
Miscellaneous	143,125	509,956	505,339	(4,617)
Total revenues	23,658,916	24,144,614	25,183,338	1,038,724
EXPENDITURES				
Current:				
General government	2,996,429	3,043,577	3,135,246	(91,669)
Public safety	12,222,296	12,340,415	11,730,984	609,431
Highways and streets	3,874,004	3,964,735	3,676,338	288,397
Sanitation	1,203,939	1,203,939	1,320,894	(116,955)
Health and welfare	154,940	156,517	143,344	13,173
Culture and recreation	1,540,529	1,540,529	1,568,170	(27,641)
Conservation	4,143	4,143	4,143	-
Economic development	10,000	237,665	5,892	231,773
Debt service:				
Principal	375,000	375,000	375,000	-
Interest	86,399	86,399	86,397	2
Capital outlay	108,937	109,395	142,571	(33,176)
Total expenditures	22,576,616	23,062,314	22,188,979	873,335
Excess of revenues over expenditures	1,082,300	1,082,300	2,994,359	1,912,059
OTHER FINANCING USES				
Transfers out	(1,082,300)	(1,082,300)	(1,082,300)	-
Net change in fund balances	\$ -	\$ -	1,912,059	\$ 1,912,059
Increase in nonspendable fund balance			(85,855)	
Unassigned fund balance, beginning			3,258,678	
Unassigned fund balance, ending			\$ 5,084,882	

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

EXHIBIT E-1
TOWN OF MERRIMACK, NEW HAMPSHIRE
Proprietary Fund
Statement of Net Position
June 30, 2015

	Business-type Activities Enterprise Fund (Sewer Department)
ASSETS	
Cash and cash equivalents	\$ 1,574,510
Investments	1,157,649
Receivables (net)	880,993
Intergovernmental receivables	2,258,272
Internal balances	(1,894,766)
Capital assets, not being depreciated:	
Land	238,770
Construction in progress	5,090,964
Capital assets, net of accumulated depreciation:	
Buildings and systems	36,163,785
Improvements other than buildings	9,867
Machinery, equipment, and furnishings	836,550
Total assets	<u>46,316,594</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>380,352</u>
LIABILITIES	
Current liabilities:	
Accounts payable	428,303
Accrued salaries and benefits	94,396
Retainage payable	286,177
Accrued interest payable	16,313
Notes payable	5,078,820
Noncurrent liabilities:	
Due within one year:	
Bonds	319,291
Due in more than one year:	
Bonds	1,859,924
Compensated absences	135,207
Net pension liability	3,964,423
Total liabilities	<u>12,182,854</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	507,251
Unavailable revenue	134,544
Total deferred inflows of resources	<u>641,795</u>
NET POSITION	
Net investment in capital assets	40,160,721
Restricted for capital reserve funds	1,105,951
Unrestricted	(7,394,375)
Total net position	<u>\$ 33,872,297</u>

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

EXHIBIT E-2
TOWN OF MERRIMACK, NEW HAMPSHIRE
Proprietary Fund
Statement of Revenues, Expenses, and Change in Net Position
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Enterprise Fund (Sewer Department)
Operating revenues:	
User charges	\$ 3,788,952
Miscellaneous	1,358
Total operating revenues	<u>3,790,310</u>
Operating expenses:	
Salaries and wages	1,748,289
Operation and maintenance	2,107,791
Depreciation	1,286,672
Total operating expenses	<u>5,142,752</u>
Operating loss	<u>(1,352,442)</u>
Nonoperating revenue:	
Intergovernmental grants	120,513
Interest income	2,542
Interest expense	(53,207)
Total nonoperating revenues	<u>69,848</u>
Change in net position	(1,282,594)
Net position, beginning, as restated (see Note 16)	35,154,891
Net position, ending	<u><u>\$ 33,872,297</u></u>

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

EXHIBIT E-3
TOWN OF MERRIMACK, NEW HAMPSHIRE
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

Cash flows from operating activities:	
Receipts from customers and users	\$ 3,475,331
Payments to employees and suppliers	(3,198,087)
Net cash provided by operating activities	<u>277,244</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds	(670,473)
Acquisition and construction of fixed assets	(4,354,184)
Interest paid	(59,681)
Intergovernmental reimbursements	120,513
Loan receivables	(2,036,945)
Notes payable	4,575,236
Internal borrowings	1,894,766
Net cash used by capital and related financing activities	<u>(530,768)</u>
Cash flows from investing activities:	
Sale of investments	68,624
Interest received	2,542
Net cash provided by investing activities	<u>71,166</u>
Net decrease in cash	(182,358)
Cash, beginning	1,756,868
Cash, ending	<u><u>\$ 1,574,510</u></u>

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating loss	<u>\$ (1,352,442)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	1,286,672
Increase in other receivables	(266,920)
Increase in accounts payable	366,263
Increase in accrued salaries and benefits	81,161
Increase in retainage payable	286,177
Decrease in net pension liability and deferred inflow and outflows of resources related to pensions	(75,608)
Decrease in deferred inflows of resources	(48,059)
Total adjustments	<u>1,629,686</u>
Net cash provided by operating activities	<u><u>\$ 277,244</u></u>

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

EXHIBIT F-1
TOWN OF MERRIMACK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
June 30, 2015

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 20,023	\$ 1,874,956
Investments	150,696	6,050,936
Total assets	<u>170,719</u>	<u>7,925,892</u>
LIABILITIES		
Intergovernmental payables	<u>-</u>	<u>7,925,892</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 170,719</u>	<u>\$ -</u>

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

EXHIBIT F-2
TOWN OF MERRIMACK, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust
ADDITIONS	
New funds	\$ 9,750
Interest	5,171
Change in fair market value	<u>(5,534)</u>
Total revenue	9,387
DEDUCTIONS	
Trust distributions	<u>10,295</u>
Change in net position	(908)
Net position, beginning	<u>171,627</u>
Net position, ending	<u><u>\$ 170,719</u></u>

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

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

	<u>NOTE</u>
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Government-wide and Fund Financial Statements	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	1-C
Cash and Cash Equivalents.....	1-D
Statement of Cash Flows	1-E
Investments.....	1-F
Receivables.....	1-G
Internal Balances	1-H
Inventory.....	1-I
Capital Assets	1-J
Deferred Outflows/Inflows of Resources	1-K
Property Taxes.....	1-L
Compensated Absences	1-M
Long-term Obligations	1-N
Claims and Judgments	1-O
Net Position/Fund Balance Reporting	1-P
Defined Benefit Pension Plan	1-Q
Stewardship, Compliance, and Accountability	2
Budgetary Information.....	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Change in Accounting Principle	2-C

DETAILED NOTES ON ALL FUNDS

Cash and Cash Equivalents	3
Investments	4
Taxes Receivable	5
Other Receivables.....	6
Capital Assets.....	7
Internal Balances.....	8
Accrued Salaries and Benefits.....	9
Intergovernmental Payables.....	10
Deferred Outflows/Inflows of Resources	11
Long-term Liabilities	12
Encumbrances	13
Governmental and Business-type Activities Net Position	14
Governmental Fund Balances	15
Prior Period Adjustments.....	16
Defined Benefit Pension Plan	17
Other Postemployment Benefits (OPEB)	18
Risk Management.....	19
Contingencies	20
Subsequent Events.....	21

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Merrimack, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Merrimack is a municipal corporation governed by an elected seven member Town Council and Town Manager. The reporting entity is comprised of the primary government and any other organizations (*component units*) that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board, and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; (3) the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Town is obligated for the debt of the organization. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity.

1-B Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1-C 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 proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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. Property taxes, licenses and permits, intergovernmental revenue, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies, and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

The Town reports the following major governmental fund:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The Town reports the following major proprietary fund:

Sewer Fund – accounts for the operation of the sewer treatment plant, pumping station, and sewer lines.

Additionally, the Town reports the following fund types:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - are used to account for the financial resources and activities relating to specific construction projects.

Permanent Fund - is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

Agency Fund - used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

Private Purpose Trust Funds – are used to report trust arrangements, other than pension and investment trusts, under which the principal and income benefit individuals, private organizations or other governments.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

1-F Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

Investments for the Town are reported at fair value generally based on quoted market prices.

1-G Receivables

Receivables recorded in the financial statements represent amounts due to the Town at June 30. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-H Internal Balances

During the course of operations, numerous transactions occur between governmental activities and proprietary funds that may result in amounts owed between funds. Such short-term loans are reported as internal balances. Internal balances between governmental activities and proprietary funds are eliminated in the total column of the Statement of Net Position.

1-I Inventory

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's general fund consist of materials and supplies held for subsequent use. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

1-J Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes:	<u>Years</u>
Buildings and systems	20-45
Improvements of than buildings	7-50
Infrastructure	50
Machinery, equipment, and furnishings	6-20

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

1-K Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-L Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Billings for the year were on October 28, 2014 and May 6, 2015. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Merrimack School District, Fire Protection Area Village District, and Hillsborough County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2015 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 2,850,384,460
For all other taxes	\$ 2,945,686,660

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The tax rates and amounts assessed for the year ended June 30, 2015 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.46	\$ 16,093,822
School portion:		
State of New Hampshire	\$2.41	6,871,038
Local	\$15.00	44,172,680
County portion	\$1.22	3,594,374
Total	<u>\$24.09</u>	<u>\$ 70,731,914</u>

1-M Compensated Absences

The Town's policy allows certain employees to earn varying amounts of earned but unused sick and vacation pay benefits based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The current portion of the liability for such leave is reported as incurred in the fund statements and the proprietary fund and the noncurrent portion in the government-wide and proprietary fund financial statements.

1-N Long-term Obligations

In the government-wide and business-type activities financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position.

1-O Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-P Net Position/Fund Balance Reporting

Government-wide Statements – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications - The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town's governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council through the budgetary process.

Unassigned – This classification includes the residual fund balance for the general fund.

1-Q Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general and sewer funds. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2015, none of the beginning general fund unassigned fund balance was applied for this purpose.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues:	
Per Exhibit D (budgetary basis)	\$ 25,183,338
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	75,832
Per Exhibit C-3 (GAAP basis)	<u>\$ 25,259,170</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 23,271,279
Adjustment:	
Basis differences:	
Encumbrances, beginning	1,115,469
Encumbrances, ending	(1,254,653)
GASB Statement No. 54:	
To record expendable trust expenditures during the year	760,020
To eliminate transfers between general and expendable trust funds	(1,082,300)
Per Exhibit C-3 (GAAP basis)	<u>\$ 22,809,815</u>

2-C Change in Accounting Principle

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the Town calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$18,253,356 (see Note 16). The reduction accounts for the associated net position liability, deferred inflows of resources, and deferred outflows of resources related to pensions.

Also, the Town adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement addresses an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of June 30, 2015, none of the government's bank balance was exposed to custodial credit.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 38,480,381
Cash per Statement of Net Position-Fiduciary Funds (Exhibit F-1)	1,894,979
Total cash and cash equivalents	<u>\$ 40,375,360</u>

Interest Rate Risk – The term repurchase agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the Town's investments.

NOTE 4 – INVESTMENTS

Note 1-F describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments. At June 30, 2015, this Town had the following investments and maturities:

New Hampshire Public Deposit Investment Pool	\$ 387,643
Certificates of deposit	10,440,120
Mutual funds	926,690
Equities	3,383,382
Total fair value	<u>\$ 15,137,835</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk – Credit risk is the risk that the issuer of an investment will not fulfill their obligation to the holder of their investment. Prudent person rule where investments are made as a prudent person would be expected to act is provided by State law as guidance, with efforts to seek reasonable income, preserve the capital, and in general avoid speculative investments. At this time the Town of Merrimack does not have a credit risk policy.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g. broker/dealer) to honor a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 8,936,203
Investments per Statement of Net Position-Fiduciary Funds (Exhibit F-1)	6,201,632
Total investments	<u>\$ 15,137,835</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2015, taxes receivable by year are as follows:

Property:	
Levy of 2015	\$ 4,672,348
Unredeemed (under tax lien):	
Levy of 2014	505,546
Levy of 2013	233,226
Levies of 2012 and prior	187,408
Welfare liens receivable	112,864
Yield	320
Land use change	2,526
Less: allowance for estimated uncollectible taxes	(248,432)
Net taxes receivable	<u>\$ 5,465,806</u>

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 6 – OTHER RECEIVABLES

Receivables at June 30, 2015, consisted of accounts (billings for police details, ambulance, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

Receivables as of June 30, 2015 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Proprietary Sewer Fund	Total
Receivables:				
Accounts	\$ 1,062,070	\$ 95,272	\$ 880,993	\$ 2,038,335
Intergovernmental	362,217	-	2,258,272	2,620,489
Gross receivables	1,424,287	95,272	3,139,265	4,658,824
Less: allowance for uncollectibles	(284,451)	-	-	(284,451)
Net total receivables	<u>\$ 1,139,836</u>	<u>\$ 95,272</u>	<u>\$ 3,139,265</u>	<u>\$ 4,374,373</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Balance, beginning	Additions	Disposals	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 16,865,118	\$ -	\$ -	\$ 16,865,118
Construction in progress	527,452	1,066,573	-	1,594,025
Total capital assets not being depreciated	<u>17,392,570</u>	<u>1,066,573</u>	<u>-</u>	<u>18,459,143</u>
Being depreciated:				
Improvements other than buildings	1,793,406	-	-	1,793,406
Buildings and building improvements	8,633,290	59,158	-	8,692,448
Equipment	12,071,418	916,289	(390,100)	12,597,607
Infrastructure	84,081,516	446,035	-	84,527,551
Total capital assets being depreciated	<u>106,579,630</u>	<u>1,421,482</u>	<u>(390,100)</u>	<u>107,611,012</u>
Total all capital assets	<u>123,972,200</u>	<u>2,488,055</u>	<u>(390,100)</u>	<u>126,070,155</u>
Less accumulated depreciation:				
Improvements other than buildings	(988,413)	(52,206)	-	(1,040,619)
Buildings and building improvements	(3,880,253)	(198,813)	-	(4,079,066)
Machinery, equipment, and furnishings	(8,604,766)	(887,313)	314,461	(9,177,618)
Infrastructure	(43,191,202)	(1,676,039)	-	(44,867,241)
Total accumulated depreciation	<u>(56,664,634)</u>	<u>(2,814,371)</u>	<u>314,461</u>	<u>(59,164,544)</u>
Net book value, capital assets being depreciated	<u>49,914,996</u>	<u>(1,392,889)</u>	<u>(75,639)</u>	<u>48,446,468</u>
Net book value, all governmental activities capital assets	<u>\$ 67,307,566</u>	<u>\$ (326,316)</u>	<u>\$ (75,639)</u>	<u>\$ 66,905,611</u>

(Continued)

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Capital assets continued:

	Balance, beginning	Additions	Disposals	Balance, ending
Business-type activities:				
At cost:				
Not being depreciated:				
Land	\$ 238,770	\$ -	\$ -	\$ 238,770
Construction in progress	780,725	4,581,308	(271,069)	5,090,964
Total capital assets not being depreciated	<u>1,019,495</u>	<u>4,581,308</u>	<u>(271,069)</u>	<u>5,329,734</u>
Being depreciated:				
Buildings and systems	60,602,219	43,945	-	60,646,164
Improvements other than buildings	412,390	-	-	412,390
Machinery, equipment, and furnishings	5,858,206	-	-	5,858,206
Total capital assets being depreciated	<u>66,872,815</u>	<u>43,945</u>	<u>-</u>	<u>66,916,760</u>
Total all capital assets	<u>67,892,310</u>	<u>4,625,253</u>	<u>(271,069)</u>	<u>72,246,494</u>
Less accumulated depreciation:				
Buildings and systems	(23,405,525)	(1,076,854)	-	(24,482,379)
Improvements other than buildings	(400,550)	(1,973)	-	(402,523)
Machinery, equipment, and furnishings	(4,813,811)	(207,845)	-	(5,021,656)
Total accumulated depreciation	<u>(28,619,886)</u>	<u>(1,286,672)</u>	<u>-</u>	<u>(29,906,558)</u>
Net book value, capital assets being depreciated	<u>38,252,929</u>	<u>(1,242,727)</u>	<u>-</u>	<u>37,010,202</u>
Net book value, all business-type activities capital assets	<u>\$ 39,272,424</u>	<u>\$ 3,338,581</u>	<u>\$ (271,069)</u>	<u>\$ 42,339,936</u>

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental activities:	
General government	\$ 173,866
Public safety	471,129
Highways and streets	2,002,706
Sanitation	112,333
Culture and recreation	54,337
Total depreciation expense	<u>\$ 2,814,371</u>

Depreciation expenses of \$1,286,672 in the business-type activities are charged against the sanitation function.

NOTE 8 – INTERNAL BALANCES

The composition of the internal balances as of June 30, 2015 is amounts paid out of the general fund on behalf of the capital project fund being operated in the proprietary sewer fund in the amount of \$1,894,766.

NOTE 9 - ACCRUED SALARIES AND BENEFITS

	General Fund	Proprietary Sewer Fund
Salary and employee benefits	\$ 913,959	\$ -
Current portion of compensated absences	-	94,396
Total accrued liabilities	<u>\$ 913,959</u>	<u>\$ 94,396</u>

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 10 – INTERGOVERNMENTAL PAYABLES

General fund:	
Amount due to the New Hampshire Retirement System	\$ 85,551
Amount due to the Merrimack School District	10,000
Total general fund	<u>95,551</u>
Sewer fund:	
State of New Hampshire - Water Pollution Control Revolving Loan Fund Program (see Note 12)	<u>5,078,820</u>
Agency fund:	
Amounts held for School District	3,995,997
Amounts held for Village District	3,929,895
Total agency fund	<u>7,925,892</u>
Total intergovernmental payables due	<u>\$ 13,100,263</u>

NOTE 11 – DEFERRED OUTFLOW/INFLOWS OF RESOURCES

Deferred outflows of resources of \$1,666,142 in the governmental activities and \$380,352 in the proprietary sewer fund, total \$2,046,494 at June 30, 2015 and consist of deferred amounts related to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	Entity-wide Basis		Governmental Funds	
	Governmental Activities	Business-type Activities	General	Other Governmental
Unavailable revenues	\$ 1,128,161	\$ 134,544	\$ 1,118,161	\$ 10,000
Deferred amounts related to pensions	2,222,028	507,251	-	-
Taxes collected in advance	34,812,557	-	35,331,115	-
Total deferred inflows of resources	<u>\$ 38,162,746</u>	<u>\$ 641,795</u>	<u>\$ 36,449,276</u>	<u>\$ 10,000</u>

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Governmental activities:				
General obligation bonds payable	\$ 2,225,000	\$ -	\$ (375,000)	\$ 1,850,000
Compensated absences	1,008,333	-	(16,089)	992,244
Accrued landfill postclosure care costs	608,000	-	(128,000)	480,000
Net other postemployment benefits	526,065	159,327	-	685,392
Total long-term liabilities	<u>\$ 4,367,398</u>	<u>\$ 159,327</u>	<u>\$ (519,089)</u>	<u>\$ 4,007,636</u>
Business-type activities:				
General obligation bonds payable	\$ 2,849,687	\$ -	\$ (670,472)	\$ 2,179,215
Compensated absences	38,735	96,472	-	135,207
Total long-term liabilities	<u>\$ 2,888,422</u>	<u>\$ 96,472</u>	<u>\$ (670,472)</u>	<u>\$ 2,314,422</u>

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Long-term liabilities are comprised of the following:

	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2015	Current Portion
Governmental activities:					
General obligation bonds payable:					
Green's Pond land	2002	2018	3.0 - 4.5	\$ 810,000	\$ 270,000
Drainage improvement	2007	2023	4.0 - 4.75	1,040,000	110,000
				<u>1,850,000</u>	<u>380,000</u>
Compensated absences payable				992,244	-
Accrued landfill postclosure care costs payable				480,000	20,000
Other postemployment benefits				685,392	-
Total				<u>\$ 4,007,636</u>	<u>\$ 400,000</u>
Business-type activities:					
General obligation bonds payable:					
Interceptor repair	2012	2019	1.94%	\$ 334,936	\$ 55,823
Dewatering upgrade	2013	2022	1.70%	1,844,279	263,468
				<u>2,179,215</u>	<u>319,291</u>
Compensated absences payable				135,207	-
Total				<u>\$ 2,314,422</u>	<u>\$ 319,291</u>

The annual requirements to amortize all *governmental activities* general obligation bonds outstanding as of June 30, 2015, including interest payments, are as follows:

June 30,	Principal	Interest	Total
2016	\$ 380,000	\$ 37,465	\$ 417,465
2017	385,000	28,775	413,775
2018	390,000	19,825	409,825
2019	125,000	16,825	141,825
2020	130,000	13,700	143,700
2021-2023	440,000	21,256	461,256
Totals	<u>\$ 1,850,000</u>	<u>\$ 137,846</u>	<u>\$ 1,987,846</u>

The annual requirements to amortize all *business-type activities* general obligations bonds outstanding as of June 30, 2015, including interest payments, are as follow:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 319,291	\$ 37,850	\$ 357,141
2017	319,291	32,289	351,580
2018	319,291	26,727	346,018
2019	319,292	21,165	340,457
2020	319,291	15,603	334,894
2021-2022	582,759	14,520	597,279
Totals	<u>\$ 2,179,215</u>	<u>\$ 148,154</u>	<u>\$ 2,327,369</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in 2003. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$480,000 as of June 30, 2015. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

The Town expects to finance the postclosure care costs through annual taxation.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2015 were as follows:

Original Loan Agreement	Purpose	Unissued Amount
August 8, 2012	Water Pollution Control Revolving Loan Fund Program	\$ 1,996,180

The Town of Merrimack entered an agreement with the State of New Hampshire on August 8, 2012 as recipient of a Water Pollution Control Revolving Loan Fund Program, with a principal sum of \$7,075,000 or such lesser amount as shall equal the aggregate of disbursements made hereunder by the State of New Hampshire to the Town of Merrimack. As of June 30, 2015 the Town has drawn down of \$5,078,820, which is reported in the business-type funds as an intergovernmental liability.

NOTE 13 – ENCUMBRANCES

Encumbrances outstanding at June 30, 2015 are as follows:

General fund:	
General government	\$ 234,826
Public safety	142,146
Highways and streets	801,381
Culture and recreation	51,870
Capital outlay	24,430
Total encumbrances	<u>\$ 1,254,653</u>

NOTE 14 – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION

Governmental and business-type activities net position reported on the government-wide Statement of Net Position at June 30, 2015 includes the following:

	Governmental Activities	Proprietary Fund
Net investment in capital assets:		
Net property, buildings, and equipment	\$ 66,905,611	\$ 42,339,936
Less:		
General obligation bonds payable	(1,850,000)	(2,179,215)
Total net investment in capital assets	<u>65,055,611</u>	<u>40,160,721</u>
Restricted net position:		
Permanent funds:		
Nonspendable (principal)	2,229,119	-
Capital project fund	132,311	-
Library purposes	136,937	-
Sewer reserve funds	-	1,105,951
Total restricted	<u>2,498,367</u>	<u>1,105,951</u>
Unrestricted	(6,550,698)	(7,394,375)
Total net position	<u>\$ 61,003,280</u>	<u>\$ 33,872,297</u>

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2015 include the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	\$ 142,830	\$ -	\$ 142,830
Prepaid item	7,883	-	7,883
Long-term receivable	613,666	-	613,666
Nonexpendable portion permanent funds	-	1,668,269	1,668,269
Total nonspendable	<u>764,379</u>	<u>1,668,269</u>	<u>2,432,648</u>
Restricted:			
Capital projects	650,000	132,311	782,311
Library fines	-	136,937	136,937
Heritage commission	-	24,232	24,232
Conservation	-	42,913	42,913
Current use	-	1,216,993	1,216,993
Cable television	-	724,033	724,033
Fire protection	-	57,127	57,127
Expendable portion permanent funds	-	560,850	560,850
Total restricted	<u>650,000</u>	<u>2,895,396</u>	<u>3,545,396</u>
Committed:			
Capital reserve funds	<u>3,217,353</u>	<u>-</u>	<u>3,217,353</u>
Assigned:			
Encumbrances	<u>1,254,653</u>	<u>-</u>	<u>1,254,653</u>
Unassigned	<u>5,084,882</u>	<u>-</u>	<u>5,084,882</u>
Total fund balance	<u>\$ 10,971,267</u>	<u>\$ 4,563,665</u>	<u>\$ 15,534,932</u>

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at July 1, 2014 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements	Proprietary Fund	General Fund
To correct an understatement in expendable trust fund balance	\$ 373,521	\$ -	\$ 373,521
To record net pension liability and deferred outflows of resources for implementation of Governmental Accounting Standards Board Statements No. 68 and No. 71:			
Net pension liability	(19,754,325)	(4,509,576)	-
Deferred outflows of resources	1,500,969	342,646	-
Net position/fund balance, as previously reported	76,362,819	39,321,821	8,148,391
Net position/fund balance, as restated	<u>\$ 58,482,984</u>	<u>\$ 35,154,891</u>	<u>\$ 8,521,912</u>

NOTE 17 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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 with in the State are eligible and required to participate in the Pension Plan. The System issues a publically available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. The contribution rates were 11.55% for police officers, 11.80% for firefighters; all other employees are required to contribute 7% of earnable compensation. For fiscal year 2015, the Town contributed 25.40% for police, 27.85% for fire, and 10.77% for other employees. The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$1,645,107, \$2,062,258, and \$2,094,416, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015 the Town reported a liability of \$21,330,687 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2015, the Town's proportion was .56827493% which was a decrease of .0044936% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the Town recognized pension expense of \$1,917,822. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 158,934	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	2,729,279
Contributions subsequent to the measurement date	1,887,560	-
Total	<u>\$ 2,046,494</u>	<u>\$ 2,729,279</u>

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The \$1,887,560 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Fiscal Year Ending June 30,	
	2016	\$ (647,826)
	2017	(647,826)
	2018	(647,826)
	2019	20,958
	Totals	<u>\$ (1,922,520)</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2013, using the following actuarial assumptions which, accordingly apply to both 2014 and 2013 measurements:

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

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

Long-term Rates of Return: The long-term expected rate of return on pension plan investment 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 rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2014 and 2013:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return	
		2014	2013
Large Cap Equities	22.50%	3.25%	3.75%
Small/Mid Cap Equities	7.50%	3.25%	4.00%
Total domestic equity	30.00%		
Int'l Equities (unhedged)	13.00%	4.25%	4.75%
Emerging Int'l Equities	7.00%	6.50%	6.75%
Total international equity	20.00%		
Core Bonds	18.00%	(0.47%)	(0.96%)
High-Yield Bonds	1.50%	1.50%	2.00%
Global Bonds (unhedged)	5.00%	(1.75%)	(2.25%)
Emerging Market Debt (external)	0.50%	2.00%	1.00%
Total fixed income	25.00%		
Private equity	5.00%	5.75%	6.00%
Private debt	5.00%	5.00%	5.50%
Real estate	10.00%	3.25%	3.00%
Opportunistic	5.00%	2.50%	2.63%
Total alternative investments	25.00%		
Total	100.00%		

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that 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 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 investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2014	\$ 28,095,984	\$ 21,330,687	\$ 15,623,145
June 30, 2013	\$ 31,106,830	\$ 24,263,901	\$ 18,511,774

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separated issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits described in preceding note, the Town provides postemployment benefit options for health care, life insurance, dental insurance, and disability income to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. There are 1,127 participants currently eligible. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The Town has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

Annual required contribution/OPEB cost	\$ 130,247
Interest Net OPEB Obligation	23,673
Adjustment to Annual Required Contribution	5,407
Increase in net OPEB obligation	159,327
Net OPEB obligation, beginning	526,065
Net OPEB obligation, ending	<u>\$ 685,392</u>

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the six preceding years was as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2015	\$ 159,327	\$ -	0.00%	\$ 685,392
June 30, 2014	\$ 141,706	\$ -	0.00%	\$ 526,065
June 30, 2013	\$ 128,297	\$ -	0.00%	\$ 384,359
June 30, 2012	\$ 59,993	\$ -	0.00%	\$ 256,062
June 30, 2011	\$ 59,993	\$ -	0.00%	\$ 196,069
June 30, 2010	\$ 68,038	\$ -	0.00%	\$ 136,076
June 30, 2009	\$ 68,038	\$ -	0.00%	\$ 68,038

As of July 1, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$1,707,132, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,707,132. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5% investment rate of return per annum. The projected annual healthcare cost trend is 9% initially, reduced by decrements to an ultimate rate of 5% by 2024. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at July 1, 2014 was 29 years.

NOTE 19 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Town of Merrimack realized no significant reductions in insurance coverage from the previous year and further no material settlements in excess of provider coverage has occurred in the previous three fiscal years.

NOTE 20 – CONTINGENCIES

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through February 18, 2016, the date the June 30, 2015 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G
TOWN OF MERRIMACK, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
July 1, 2008	\$ -	\$ 1,081,415	\$ 1,081,415	0.00%	N/A	0.00%
July 1, 2010	\$ -	\$ 1,076,514	\$ 1,076,514	0.00%	N/A	0.00%
July 1, 2012	\$ -	\$ 1,530,251	\$ 1,530,251	0.00%	N/A	0.00%
July 1, 2014	\$ -	\$ 1,707,132	\$ 1,707,132	0.00%	N/A	0.00%

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

EXHIBIT H
TOWN OF MERRIMACK, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2015

Fiscal Year	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	July 1, 2014	0.56827493%	\$ 21,330,687	\$ 9,578,569	222.69%	66.32%
June 30, 2014	July 1, 2013	0.56378057%	\$ 24,263,901	\$ 9,390,075	258.40%	59.81%

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

EXHIBIT I
TOWN OF MERRIMACK, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2015

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	July 1, 2014	\$ 1,843,615	\$ 1,843,615	\$ -	\$ 9,578,569	19.25%
June 30, 2014	July 1, 2013	\$ 1,401,861	\$ 1,401,861	\$ -	\$ 9,390,075	14.93%

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

TOWN OF MERRIMACK, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

As required by GASB Statement No. 45, Exhibit G represents the actuarial determined costs associated with the Town's other postemployment benefits for the fiscal year ended June 30, 2015.

Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits H and I represent the actuarial determined costs associated with the Town's pension plan at June 30, 2015.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2014:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 Years beginning July 1, 2014
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	4.29% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF MERRIMACK, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 15,108,126	\$ 15,638,724	\$ 530,598
Land use change	75,000	30,990	(44,010)
Yield	-	13,016	13,016
Other taxes	100,000	100,000	-
Excavation	6,275	320	(5,955)
Payment in lieu of taxes	6,000	3,351	(2,649)
Interest and penalties on taxes	277,489	307,084	29,595
Total from taxes	<u>15,572,890</u>	<u>16,093,485</u>	<u>520,595</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	3,950,000	4,443,619	493,619
Building permits	100,000	84,234	(15,766)
Other	250,874	297,713	46,839
Total from licenses, permits, and fees	<u>4,300,874</u>	<u>4,825,566</u>	<u>524,692</u>
Intergovernmental:			
State:			
Meals and rooms distribution	1,183,758	1,228,123	44,365
Highway block grant	500,216	508,222	8,006
Other	106,825	210,538	103,713
Federal:			
Other	146,585	149,255	2,670
Total from intergovernmental	<u>1,937,384</u>	<u>2,096,138</u>	<u>158,754</u>
Charges for services:			
Income from departments	<u>1,748,510</u>	<u>1,616,831</u>	<u>(131,679)</u>
Miscellaneous:			
Interest on investments	75,000	45,979	(29,021)
Sale of municipal property	5,000	110,185	105,185
Rent of property	4,000	6,500	2,500
Insurance dividends and reimbursements	75,000	270,524	195,524
Contributions and donations	25,516	9,234	(16,282)
Other	400,440	108,896	(291,544)
Total from miscellaneous	<u>584,956</u>	<u>551,318</u>	<u>(33,638)</u>
Total revenues	<u>\$ 24,144,614</u>	<u>\$ 25,183,338</u>	<u>\$ 1,038,724</u>

SCHEDULE 2
TOWN OF MERRIMACK, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Election and registration	\$ -	\$ 26,216	\$ 22,329	\$ -	\$ 3,887
Revaluation of property	-	300,379	290,017	3,000	7,362
Planning and zoning	-	470,290	442,041	14,825	13,424
General government buildings	-	254,205	205,095	45,732	3,378
Other	122,329	1,992,487	2,063,267	171,269	(119,720)
Total general government	122,329	3,043,577	3,022,749	234,826	(91,669)
Public safety:					
Police	61,696	6,111,196	5,915,785	102,918	154,189
Fire	234,989	5,186,121	4,931,349	39,228	450,533
Building inspection	-	338,664	326,405	-	12,259
Emergency management	-	9,625	6,266	-	3,359
Dispatching	-	694,809	705,718	-	(10,909)
Total public safety	296,685	12,340,415	11,885,523	142,146	609,431
Highways and streets:					
Public works garage	-	377,192	365,254	-	11,938
Highways and streets	623,484	3,150,868	2,754,578	801,381	218,393
Other	-	436,675	378,609	-	58,066
Total highways and streets	623,484	3,964,735	3,498,441	801,381	288,397
Sanitation:					
Solid waste disposal	-	1,203,939	1,320,894	-	(116,955)
Health and welfare:					
Administration	-	75,300	75,300	-	-
Direct assistance	-	81,217	68,044	-	13,173
Total health and welfare	-	156,517	143,344	-	13,173
Culture and recreation:					
Parks and recreation	59,459	461,515	556,115	8,548	(43,689)
Library	13,512	1,040,524	999,176	43,322	11,538
Patriotic purposes	-	36,000	33,770	-	2,230
Other	-	2,490	210	-	2,280
Total culture and recreation	72,971	1,540,529	1,589,271	51,870	(27,641)
Conservation	-	4,143	4,143	-	-
Economic development	-	237,665	5,892	-	231,773
Debt service:					
Principal of long-term debt	-	375,000	375,000	-	-
Interest on long-term debt	-	86,399	86,397	-	2
Total debt service	-	461,399	461,397	-	2
Capital outlay	-	109,395	118,141	24,430	(33,176)
Other financing uses:					
Transfers out	-	1,082,300	1,082,300	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 1,115,469	\$ 24,144,614	\$ 23,132,095	\$ 1,254,653	\$ 873,335

SCHEDULE 3
TOWN OF MERRIMACK, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

Unassigned fund balance, beginning		\$ 3,258,678
Changes:		
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,038,724	
Unexpended appropriations (Schedule 2)	<u>873,335</u>	
2015 Budget surplus		1,912,059
Increase in nonspendable fund balance		<u>(85,855)</u>
Unassigned fund balance, ending		<u><u>\$ 5,084,882</u></u>

SCHEDULE 4
TOWN OF MERRIMACK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds						Capital		
	Cable Television	Library Fines	Fire Protection	Heritage	Conservation Commission	Current Use	Project Fund	Permanent Fund	Total
ASSETS									
Cash and cash equivalents	\$ 639,046	\$ 127,221	\$ 57,127	\$ 24,232	\$ 42,913	\$ 1,226,399	\$ 132,311	\$ 180,591	\$ 2,429,840
Investments	-	9,716	-	-	-	-	-	2,048,528	2,058,244
Receivables, net of allowance for uncollectable:									
Accounts	95,272	-	-	-	-	-	-	-	95,272
Total assets	\$ 734,318	\$ 136,937	\$ 57,127	\$ 24,232	\$ 42,913	\$ 1,226,399	\$ 132,311	\$ 2,229,119	\$ 4,583,356
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 285	\$ -	\$ -	\$ -	\$ -	\$ 9,406	\$ -	\$ -	\$ 9,691
Deferred inflows of resources	10,000	-	-	-	-	-	-	-	10,000
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	1,668,269	1,668,269
Restricted	724,033	136,937	57,127	24,232	42,913	1,216,993	132,311	560,850	2,895,396
Total fund balances	724,033	136,937	57,127	24,232	42,913	1,216,993	132,311	2,229,119	4,563,665
Total liabilities, deferred inflows of resources, and fund balances	\$ 734,318	\$ 136,937	\$ 57,127	\$ 24,232	\$ 42,913	\$ 1,226,399	\$ 132,311	\$ 2,229,119	\$ 4,583,356

SCHEDULE 5
TOWN OF MERRIMACK, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds					Capital			
	Cable Television	Library Fines	Fire Protection	Heritage	Conservation Commission	Current Use	Project Fund	Permanent Fund	Total
Revenues:									
Licenses and permits	\$ 278,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,732
Charges for services	-	-	85,386	-	-	-	-	-	85,386
Investment earnings	910	1,017	111	37	59	1,839	457	28,254	32,684
Miscellaneous	-	64,429	-	1,966	2,610	-	119,900	-	188,905
Total revenues	279,642	65,446	85,497	2,003	2,669	1,839	120,357	28,254	585,707
Expenditures:									
Current:									
Public safety	-	-	82,594	-	-	-	-	10,693	93,287
Culture and recreation	219,861	105,610	-	3,472	-	-	-	-	328,943
Conservation	-	-	-	-	455	71,497	-	-	71,952
Total expenditures	219,861	105,610	82,594	3,472	455	71,497	-	10,693	494,182
Net change in fund balances	59,781	(40,164)	2,903	(1,469)	2,214	(69,658)	120,357	17,561	91,525
Fund balances, beginning	664,252	177,101	54,224	25,701	40,699	1,286,651	11,954	2,211,558	4,472,140
Fund balances, ending	\$ 724,033	\$ 136,937	\$ 57,127	\$ 24,232	\$ 42,913	\$ 1,216,993	\$ 132,311	\$ 2,229,119	\$ 4,563,665