

**TOWN OF DURHAM, NEW HAMPSHIRE**

**Annual Financial Statements**

**For the Year Ended December 31, 2014**

**Town of Durham, New Hampshire**

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## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Durham, New Hampshire

**Additional Offices:**

Nashua, NH  
Andover, MA  
Greenfield, MA  
Ellsworth, ME

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of December 31, 2014, and for the year then ended, 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**

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

### **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 from material misstatement.

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

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unqualified audit opinion on each major fund and the aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities.

### **Basis for Qualified Opinion on Governmental Activities**

Management has not included any of the Town of Durham, New Hampshire's capital assets acquired in years prior to 2004, nor the accumulated depreciation and depreciation expense related to those assets in the governmental activities. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

### **Qualified Opinion on Governmental Activities**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on Governmental Activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Durham, New Hampshire, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Opinion on Major Funds and Aggregate Remaining Fund Information**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Durham, New Hampshire, as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information appearing on pages 40 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Melanson Heath*

June 2, 2015

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

As management of the Town of Durham, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Durham, New Hampshire for the fiscal year ended December 31, 2014.

### **A. 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 Town'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).

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. The governmental activities include general government, public safety, highways and streets, sanitation, water distribution and treatment, health, welfare, culture and recreation, and conservation.

**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 fiduciary 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.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$16,824,809 (i.e., net position), a change of \$1,097,236 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$4,464,063, a change of \$(1,600,980) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$65,330, a change of \$175,263 in comparison to the prior year.

- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$20,376,277, a change of \$2,476,562 in comparison to the prior year.

### **C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current year.

#### NET POSITION

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 17,086,276	\$ 18,653,896
Capital assets	<u>35,251,178</u>	<u>28,956,911</u>
Total assets	52,337,454	47,610,807
Current liabilities	13,573,795	12,870,905
Noncurrent liabilities	21,491,113	18,751,087
Deferred inflows	<u>447,737</u>	<u>261,242</u>
Total liabilities and deferred inflows	35,512,645	31,883,234
Net position:		
Net investment in capital assets	14,274,014	12,080,452
Restricted	2,650,912	2,286,726
Unrestricted	<u>(100,117)</u>	<u>1,360,395</u>
Total net position	<u>\$ 16,824,809</u>	<u>\$ 15,727,573</u>

#### CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,505,443	\$ 3,121,144
Operating grants and contributions	-	5,000
Capital grants and contributions	215,837	687,296
General revenues:		
Property taxes	7,456,860	7,227,051
Motor vehicle permit fees	946,353	870,120
Penalties and interest on taxes	229,498	187,417
Grants and contributions not restricted to specific programs	3,741,839	3,733,517
Investment income	2,570	6,566
Other	<u>570,292</u>	<u>201,432</u>
Total revenues	16,668,692	16,039,543

(continued)

(continued)

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Expenses:		
General government	2,292,664	1,888,552
Public safety	7,001,611	6,693,964
Highway and streets	2,045,057	2,494,574
Sanitation	2,201,930	2,027,345
Water distribution and treatment	341,074	339,664
Health	19,165	19,965
Welfare	35,862	14,596
Culture and recreation	894,925	814,027
Conservation	35,079	6,115
Interest on long-term debt	704,089	691,266
	<u>15,571,456</u>	<u>14,990,068</u>
Change in net position	1,097,236	1,049,475
Net position - beginning of year	<u>15,727,573</u>	<u>14,678,098</u>
Net position - end of year	<u>\$ 16,824,809</u>	<u>\$ 15,727,573</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$16,824,809, a change of \$1,097,236 from the prior year.

The largest portion of net position \$14,274,014 reflects our investment in capital assets (e.g., land, buildings, machinery, 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 \$2,650,912 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(100,117) may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$1,097,236. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ (347,728)
Capital project fund activities, accrual basis	1,484,653
Nonmajor fund activities	370,891
Principal debt service in excess of depreciation expense	336,391
Change in other post-employment benefits liability	(202,521)
Other	<u>(544,450)</u>
Total	<u>\$ 1,097,236</u>

#### **D. 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.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,464,063, a change of \$(1,600,980) in comparison to the prior year. Key elements of this change are as follows:

General fund operations	\$ (347,728)
Capital project fund activities	(1,624,143)
Nonmajor fund activities	<u>370,891</u>
Total	<u>\$ (1,600,980)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$65,330, while total fund balance was \$2,407,333. 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>12/31/14</u>	<u>12/31/13</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 65,330	\$ (109,933)	\$ 175,263	0.5%
Total fund balance	\$ 2,407,333	\$ 2,755,061	\$ (347,728)	19.0%

The total fund balance of the general fund changed by \$(347,728) during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$	366,428
Expenditures in excess of budget		(133,996)
Current year encumbrances to be expended in subsequent year over prior year encumbrances		4,890
Adjust tax revenue to budgetary basis		219,156
Change in capital reserves		76,592
Library transfer to capital project fund		(118,963)
Library activities, net of transfer		42,472
Use of fund balance as a funding source		<u>(804,307)</u>
Total	\$	<u><u>(347,728)</u></u>

Included in the total general fund balance are the Town's capital reserve accounts with the following balances:

	<u>12/31/14</u>	<u>12/31/13</u>	<u>Change</u>
Capital reserves	\$ <u>1,005,083</u>	\$ <u>928,491</u>	\$ <u>76,592</u>
Total	\$ <u><u>1,005,083</u></u>	\$ <u><u>928,491</u></u>	\$ <u><u>76,592</u></u>

#### **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original and the final amended budget resulted in an overall change in appropriations of \$661,160. The reason for this amendment was:

- The acceptance and expenditure of a grant totaling \$12,000 from the New Hampshire Division of Historical Resources to hire a preservation consultant to prepare a historic resources chapter of the Durham Master Plan.
- The acceptance and expenditure of \$4,700 in unanticipated revenue received by the Town to be used for the development of a Wildlife Habitat and Land Stewardship Plan for the Town-owned Oyster River Forest and approximately 40-acre Spruce Hole Conservation Area.
- The acceptance and expenditure of \$644,460 from unassigned fund balance for the construction of the new town hall building located at 8 Newmarket Road.

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

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$35,251,178 (net of accumulated depreciation), a change of \$6,294,267 from the prior year. This investment in capital assets includes land, buildings, improvements, and machinery and equipment.

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

Governmental Activities:

Wiswall Dam Fish Ladder	\$	1,030,321
Drainage - Coe Drive	\$	264,208
Dump Truck	\$	137,494
Engine 1	\$	520,490
Parking Meter Kiosks	\$	148,010
Refuse Truck	\$	204,387
Old Concord Road	\$	1,210,709
Water Meter Upgrades	\$	423,528
2 Police Cruisers	\$	62,521
Madbury/Garrison Ave	\$	102,026
College Brook Interceptor	\$	144,776
Water Tanks Foss Farm Beech Hill	\$	520,138

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

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$20,376,277, all of which was backed by the full faith and credit of the government.

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

## **REQUESTS FOR INFORMATION**

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

Office of Business Manager  
Town of Durham  
8 Newmarket Road  
Durham, NH 03824

TOWN OF DURHAM, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2014

	Governmental <u>Activities</u>
<b>ASSETS</b>	
Current:	
Cash and short-term investments	\$ 13,006,221
Restricted cash	2,076,356
Receivables, net of allowance for uncollectibles:	
Property taxes	1,288,009
User fees	231,621
Intergovernmental	43,423
Other assets	182,406
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	258,240
Capital assets:	
Land and construction in progress	16,126,070
Other capital assets, net of accumulated depreciation	<u>19,125,108</u>
<b>TOTAL ASSETS</b>	<b>52,337,454</b>
<b>LIABILITIES</b>	
Current:	
Accounts payable	816,668
Retainage payable	348,689
Accrued liabilities	360,374
Tax refunds payable	100,000
Due to school district	9,767,004
Due to other governments	23,125
Other current liabilities	273,820
Current portion of long-term liabilities:	
Bonds payable	1,763,242
Landfill	10,000
Compensated absence	71,018
Other liabilities	39,855
Noncurrent:	
Bonds payable, net of current portion	18,613,035
Landfill, net of current portion	190,000
Compensated absence, net of current portion	639,159
Other liabilities, net of current portion	827,845
Accrued other post employment benefits	1,221,074
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>447,737</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>35,512,645</b>
<b>NET POSITION</b>	
Net investment in capital assets	14,274,014
Restricted for:	
Grants and other statutory restrictions	2,256,105
Permanent funds:	
Nonexpendable	376,925
Expendable	17,882
Unrestricted	<u>(100,117)</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u>16,824,809</u></b>

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

TOWN OF DURHAM, NEW HAMPSHIRE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>					
General government	\$ 2,292,664	\$ 357,690	\$ -	\$ -	\$ (1,934,974)
Public safety	7,001,611	817,670	-	-	(6,183,941)
Highway and streets	2,045,057	3,650	-	-	(2,041,407)
Sanitation	2,201,930	1,512,161	-	155,126	(534,643)
Water distribution and treatment	341,074	571,150	-	-	230,076
Health	19,165	-	-	-	(19,165)
Welfare	35,862	-	-	-	(35,862)
Culture and recreation	894,925	243,122	-	60,711	(591,092)
Conservation	35,079	-	-	-	(35,079)
Interest	704,089	-	-	-	(704,089)
Total Governmental Activities	\$ 15,571,456	\$ 3,505,443	\$ -	\$ 215,837	(11,850,176)
		<b>General Revenues:</b>			
					7,456,860
					946,353
					229,498
					3,741,839
					2,570
					570,292
					12,947,412
					1,097,236
		<b>Net Position:</b>			
					15,727,573
					\$ 16,824,809

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

TOWN OF DURHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2014

	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and short-term investments	\$ 10,770,777	\$ 52,374	\$ 2,183,070	\$ 13,006,221
Restricted cash	1,402,136	-	674,220	2,076,356
Receivables:				
Property taxes	1,732,592	-	-	1,732,592
User fees	90,363	-	141,258	231,621
Due from other funds	1,953	-	45,175	47,128
Due from other governments	27,263	-	16,160	43,423
Other assets	182,206	-	200	182,406
<b>TOTAL ASSETS</b>	<b>\$ <u>14,207,290</u></b>	<b>\$ <u>52,374</u></b>	<b>\$ <u>3,060,083</u></b>	<b>\$ <u>17,319,747</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 459,032	\$ 289,572	\$ 68,064	\$ 816,668
Retainage payable	-	348,689	-	348,689
Accrued liabilities	74,450	-	5,742	80,192
Tax refunds payable	100,000	-	-	100,000
Due to other funds	45,175	-	1,953	47,128
Due to school district	9,767,004	-	-	9,767,004
Due to other governments	6,044	-	17,081	23,125
Other liabilities	257,820	15,000	1,000	273,820
<b>TOTAL LIABILITIES</b>	<b>10,709,525</b>	<b>653,261</b>	<b>93,840</b>	<b>11,456,626</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,090,432</b>	<b>-</b>	<b>308,626</b>	<b>1,399,058</b>
<b>FUND BALANCES</b>				
Nonspendable	182,206	-	377,125	559,331
Restricted	412,460	1,215,683	1,487,149	3,115,292
Committed	870,574	-	523,555	1,394,129
Assigned	876,763	-	269,788	1,146,551
Unassigned	65,330	(1,816,570)	-	(1,751,240)
<b>TOTAL FUND BALANCES</b>	<b><u>2,407,333</u></b>	<b><u>(600,887)</u></b>	<b><u>2,657,617</u></b>	<b><u>4,464,063</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>14,207,290</u></b>	<b>\$ <u>52,374</u></b>	<b>\$ <u>3,060,083</u></b>	<b>\$ <u>17,319,747</u></b>

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

TOWN OF DURHAM, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2014

<b>Total governmental fund balances</b>	\$ 4,464,063
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,251,178
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	764,978
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(280,182)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(23,375,228)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 16,824,809</u></u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 7,587,526	\$ -	\$ 63,490	\$ 7,651,016
Penalties, interest and other taxes	222,775	-	6,723	229,498
Charges for services	803,786	-	2,231,916	3,035,702
Intergovernmental	3,226,190	34,452	567,529	3,828,171
Licenses and permits	401,324	-	68,417	469,741
Investment income	1,974	-	596	2,570
Contributions	98,039	-	8,805	106,844
Miscellaneous	<u>1,236,010</u>	<u>456,531</u>	<u>324,970</u>	<u>2,017,511</u>
Total Revenues	13,577,624	490,983	3,272,446	17,341,053
<b>Expenditures:</b>				
Current:				
General government	2,145,719	2,066,009	12,572	4,224,300
Public safety	6,626,275	781,668	-	7,407,943
Highway and streets	1,387,235	955,081	-	2,342,316
Sanitation	638,014	2,583,848	1,036,399	4,258,261
Water distribution and treatment	-	1,303,518	321,912	1,625,430
Health	19,165	-	-	19,165
Welfare	35,862	-	-	35,862
Culture and recreation	703,977	73,456	204,145	981,578
Conservation	30,920	-	4,159	35,079
Debt service	<u>1,078,158</u>	<u>-</u>	<u>1,041,459</u>	<u>2,119,617</u>
Total Expenditures	<u>12,665,325</u>	<u>7,763,580</u>	<u>2,620,646</u>	<u>23,049,551</u>
Excess (deficiency) of revenues over expenditures	912,299	(7,272,597)	651,800	(5,708,498)
<b>Other Financing Sources (Uses):</b>				
Proceeds of bonds	-	3,735,000	-	3,735,000
Proceeds of bond premium	-	372,518	-	372,518
Transfers in	240,762	1,631,130	-	1,871,892
Transfers out	<u>(1,500,789)</u>	<u>(90,194)</u>	<u>(280,909)</u>	<u>(1,871,892)</u>
Total Other Financing Sources (Uses)	<u>(1,260,027)</u>	<u>5,648,454</u>	<u>(280,909)</u>	<u>4,107,518</u>
Change in fund balance	(347,728)	(1,624,143)	370,891	(1,600,980)
Fund Equity, at Beginning of Year	<u>2,755,061</u>	<u>1,023,256</u>	<u>2,286,726</u>	<u>6,065,043</u>
Fund Equity, at End of Year	<u>\$ 2,407,333</u>	<u>\$ (600,887)</u>	<u>\$ 2,657,617</u>	<u>\$ 4,464,063</u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

<b>Net changes in fund balances - total governmental funds</b>	\$ (1,600,980)												
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases, net of disposals</td> <td style="text-align: right;">7,424,137</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(1,129,870)</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate) differ between the two statements. This amount represents the net change in deferred revenue. <span style="float: right;">(494,156)</span></li> <li>• The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(3,942,823)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">1,466,261</td> </tr> <tr> <td>Bond premium received</td> <td style="text-align: right;">(372,518)</td> </tr> <tr> <td>Amortization of bond premium</td> <td style="text-align: right;">29,618</td> </tr> </table> </li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <span style="float: right;">(50,733)</span></li> <li>• Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <span style="float: right;">(231,700)</span></li> </ul>		Capital outlay purchases, net of disposals	7,424,137	Depreciation	(1,129,870)	Issuance of debt	(3,942,823)	Repayments of debt	1,466,261	Bond premium received	(372,518)	Amortization of bond premium	29,618
Capital outlay purchases, net of disposals	7,424,137												
Depreciation	(1,129,870)												
Issuance of debt	(3,942,823)												
Repayments of debt	1,466,261												
Bond premium received	(372,518)												
Amortization of bond premium	29,618												
<b>Change in net position of governmental activities</b>	<u>\$ 1,097,236</u>												

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

TOWN OF DURHAM, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Taxes	\$ 7,398,065	\$ 7,398,065	\$ 7,368,370	\$ (29,695)
Penalties, interest and other taxes	202,192	202,192	222,775	20,583
Charges for services	545,373	545,373	573,035	27,662
Intergovernmental	3,213,082	3,225,082	3,226,190	1,108
Licenses and permits	1,351,050	1,351,050	1,321,505	(29,545)
Investment income	700	700	759	59
Miscellaneous	60,450	65,150	297,135	231,985
Transfers in	224,270	224,270	368,541	144,271
Use of fund balance	159,847	804,307	804,307	-
<b>Total Revenues and Other Sources</b>	<b>13,155,029</b>	<b>13,816,189</b>	<b>14,182,617</b>	<b>366,428</b>
<b>Expenditures and Other Uses:</b>				
General government	2,246,875	2,094,338	2,139,050	(44,712)
Public safety	6,563,853	6,503,422	6,459,102	44,320
Highway and streets	1,394,412	1,376,325	1,408,404	(32,079)
Sanitation	595,010	593,050	638,014	(44,964)
Health	20,666	20,666	19,165	1,501
Welfare	14,000	14,000	35,862	(21,862)
Culture and recreation	330,519	326,519	294,248	32,271
Conservation	6,518	11,218	30,920	(19,702)
Debt service	1,099,725	1,080,225	1,078,158	2,067
Transfers out	883,451	1,796,426	1,847,262	(50,836)
<b>Total Expenditures and Other Uses</b>	<b>13,155,029</b>	<b>13,816,189</b>	<b>13,950,185</b>	<b>(133,996)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 232,432	\$ 232,432

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

TOWN OF DURHAM, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 DECEMBER 31, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ <u>151,789</u>	\$ <u>797,758</u>
Total Assets	151,789	797,758
 <b><u>LIABILITIES AND NET POSITION</u></b>		
Other liabilities	<u>-</u>	<u>797,758</u>
Total Liabilities	<u>-</u>	<u>797,758</u>
 <b><u>NET POSITION</u></b>		
Total net position held in trust	\$ <u><u>151,789</u></u>	\$ <u><u>-</u></u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private Purpose Trust Funds</u>
<b>Additions:</b>	
Contributions	\$ 5,774
Interest income	<u>85</u>
Total additions	5,859
<b>Deductions:</b>	
Other	12,950
Transfer out	<u>28,851</u>
Total deductions	<u>41,801</u>
Net increase (decrease)	(35,942)
<b>Net position:</b>	
Beginning of year	<u>187,731</u>
End of year	<u>\$ 151,789</u>

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

## Town of Durham, New Hampshire

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Durham, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units, except as indicated in Note 2. The following is a summary of the more significant policies:

##### A. Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2014, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

##### B. Government-wide and Fund Financial Statements

###### Government-wide 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

###### Fund Financial Statements

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

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

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 Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. 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.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for the activity pertaining to various construction/renovation projects and the purchase of vehicles and equipment of the Town.

The *private-purpose trust fund* is used to account for trust arrangements, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

*D. Cash and Short-Term Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment 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 short-term investments". The interest earnings attributable to each fund type are included under investment income.

*E. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds" (i.e., the current portion of interfund loans).

*F. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns 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 useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and building improvements	10-50
Infrastructure	15 - 25
Equipment and vehicles	5-15

### G. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### H. Long-Term Obligations

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

### I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Town Council).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

J. Use of Estimates

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

2. **Departures from Generally Accepted Accounting Principles**

The significant departures of the financial statements from generally accepted accounting principles are as follows:

The government-wide Statement of Net Position does not include any of the Town's capital assets acquired in years prior to 2004, nor the accumulated depreciation on those assets. This is a departure from generally accepted accounting principles of the United States of America.

3. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

The Town's budget is prepared by the Town Administrator's office with the cooperation of the various department heads and submitted to Town Council for review. The Town Council will review the budget for the following year and make any modifications and amendments as necessary.

After reviewing the budget, the Town Council will hold public hearings for discussion.

The final version of the budget is then submitted for approval by the Town Council. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

**B. Budgetary Basis**

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all supplemental appropriations.

**C. Budget/GAAP Reconciliation**

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 13,577,624	\$ 12,665,325
Other financing sources/uses (GAAP Basis)	<u>240,762</u>	<u>1,500,789</u>
Subtotal (GAAP Basis)	13,818,386	14,166,114
Adjust tax revenue to accrual basis	(219,156)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(68,108)
Add end-of-year appropriation carryforwards from expenditures	-	72,998
To eliminate library activity	(61,416)	(137,907)
To eliminate parking activity	(175,728)	(175,728)
To eliminate capital reserve activity	16,224	92,816
Recognize use of fund balance as funding source	<u>804,307</u>	<u>-</u>
Budgetary Basis	<u>\$ 14,182,617</u>	<u>\$ 13,950,185</u>

**D. Deficit Fund Equity**

The following funds reflected deficit balances as of December 31, 2014:

Capital Project Fund:	
Bennett Road Culvert	\$ (6,025)
Chemical Disinfectant Building	(21,853)
Coe Drive Sidewalk	(67,939)
Fire Station (New)	(30,000)
Longmarsh Rd Culvert	(37,328)
Main Street RR Bridge Rehab	(13,726)
New Library	(25,857)
Recycling Facility Repairs	(828)
Refuse Collection Vehicle	(204,387)
Road Resurfacing Program	(25,351)
Spruce Hole Well	(807,071)
Stormwater Management System Improvement	(55,784)
Town Office - 8 Newmarket Road	(330,590)
WasteWater Diesel Generator	(2,675)
WasteWater Facilities Plan Update	(154,956)
WasteWater Major Components	<u>(32,200)</u>
Subtotal Capital Project Fund	\$ (1,816,570)

The deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from capital reserves.

**4. Cash and Investments**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

*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. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The Town does not have a deposit policy for custodial credit risk.

As of December 31, 2014, none of the Town's bank balance of \$15,816,803 was exposed to custodial credit risk as uninsured or uncollateralized.

**5. Restricted Cash**

Restricted cash represents capital reserve funds held by the trustees of trust funds and library funds held by the library trustees as of December 31, 2014.

**6. Taxes Receivable**

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. In August of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Taxes receivable at December 31, 2014 consist of the following:

Real Estate:		
2014	\$	1,327,171
Tax Liens		370,960
Elderly Lien		<u>34,461</u>
Total	\$	<u><u>1,732,592</u></u>

**Taxes Collected for Others**

The Town collects taxes for the State of New Hampshire, the Oyster River Cooperative School District and the County of Strafford. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

**7. Allowance for Doubtful Accounts**

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts:

	<u>Governmental</u>
Property taxes	\$ 186,343

## 8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2014.

## 9. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2014 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,953	\$ 45,175
Special Revenue Funds	45,175	-
Permanent Trust Funds	<u>-</u>	<u>1,953</u>
Total	<u>\$ 47,128</u>	<u>\$ 47,128</u>

## 10. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Land improvements	\$ 502,528	\$ -	\$ -	\$ 502,528
Buildings and improvements	5,123,672	-	-	5,123,672
Machinery, equipment, and furnishings	4,942,943	635,979	(24,681)	5,554,241
Infrastructure	<u>10,318,012</u>	<u>3,075,368</u>	<u>-</u>	<u>13,393,380</u>
Total capital assets, being depreciated	20,887,155	3,711,347	(24,681)	24,573,821
Less accumulated depreciation for:				
Land improvements	(111,494)	(15,854)	-	(127,348)
Buildings and improvements	(1,001,700)	(109,153)	-	(1,110,853)
Machinery, equipment, and furnishings	(1,633,492)	(495,499)	24,681	(2,104,310)
Infrastructure	<u>(1,596,838)</u>	<u>(509,364)</u>	<u>-</u>	<u>(2,106,202)</u>
Total accumulated depreciation	<u>(4,343,524)</u>	<u>(1,129,870)</u>	<u>24,681</u>	<u>(5,448,713)</u>
Total capital assets, being depreciated, net	16,543,631	2,581,477	-	19,125,108
Capital assets, not being depreciated:				
Land	2,901,891	-	-	2,901,891
Construction in progress	<u>9,511,389</u>	<u>6,479,374</u>	<u>(2,766,584)</u>	<u>13,224,179</u>
Total capital assets, not being depreciated	<u>12,413,280</u>	<u>6,479,374</u>	<u>(2,766,584)</u>	<u>16,126,070</u>
Governmental activities capital assets, net	<u>\$ 28,956,911</u>	<u>\$ 9,060,851</u>	<u>\$ (2,766,584)</u>	<u>\$ 35,251,178</u>

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

Governmental Activities:	
General government	\$ 9,842
Public safety	240,037
Highway and streets	518,913
Sanitation	289,395
Water distribution and treatment	43,727
Culture and recreation	<u>27,956</u>
Total depreciation expense - governmental activities	\$ <u>1,129,870</u>

**11. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses represent 2014 expenditures paid in 2015.

**12. Tax Refunds Payable**

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Board of Tax and Land Appeals.

**13. Long-Term Debt**

*A. General Obligation Bonds*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/14</u>
Capital improvements	12/31/19	3.00-4.50%	\$ 460,000
Water improvements	12/01/16	3.47%	136,449
Landfill closure	02/01/24	3.69%	401,378
Capital improvements	06/01/24	3.69%	1,940,110
Capital improvements	11/15/26	3.80-4.00%	1,695,000
Capital improvements	11/15/28	3.00-4.050%	1,875,000
Capital improvements	08/15/30	3.00-5.00%	950,000
Capital improvements	08/15/32	1.85-4.00%	3,930,000
Capital improvements	03/01/33	2.00-4.125%	3,360,000
Dover Rd Pump Station	10/01/32	2.72%	1,181,944
Spruce Hole Well Dev	01/01/23	1.70%	211,453
Water Meter Upgrade	01/01/23	1.70%	292,120
Capital improvements	08/15/34	3.04%	3,735,000
Old Concord Road	02/01/34	3.10%	207,823
Total Governmental Activities:			<u>\$ 20,376,277</u>

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2014 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,763,242	\$ 783,061	\$ 2,546,303
2016	1,772,801	706,181	2,478,982
2017	1,595,882	635,744	2,231,626
2018	1,583,602	572,093	2,155,695
2019	1,511,583	508,912	2,020,495
2020 - 2024	6,469,950	1,712,801	8,182,751
2025 - 2029	3,635,275	731,555	4,366,830
Thereafter	2,043,942	190,485	2,234,427
Total	<u>\$ 20,376,277</u>	<u>\$ 5,840,832</u>	<u>\$ 26,217,109</u>

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2014:

General fund	\$ 9,590,567
Special revenue funds	<u>10,785,710</u>
Total	<u>\$ 20,376,277</u>

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

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Total Balance 1/1/14	Additions	Reductions	Total Balance 12/31/14	Less Current Portion	Equals Long-Term Portion 12/31/14
<b><u>Governmental Activities</u></b>						
Bonds payable	\$ 17,899,715	\$ 3,942,823 *	\$ (1,466,261)	\$ 20,376,277	\$ (1,763,242)	\$ 18,613,035
Other:						
Landfill closure	210,000	-	(10,000)	200,000	(10,000)	190,000
Compensated absences	670,998	39,179	-	710,177	(71,018)	639,159
Bond premium	524,800	372,518	(29,618)	867,700	(39,855)	827,845
Accrued other post- employment benefits	1,018,553	202,521	-	1,221,074	-	1,221,074
Totals	\$ <u>20,324,066</u>	\$ <u>4,557,041</u>	\$ <u>(1,505,879)</u>	\$ <u>23,375,228</u>	\$ <u>(1,884,115)</u>	\$ <u>21,491,113</u>

\* \$207,823 addition to bonds payable is the result of prior year note payable through the State Revolving Loan program. A supplemental agreement was executed converting the note payable into a long-term bonds payable during the current period. Actual bond proceeds received amounted to \$3,735,000.

**14. Landfill Closure and Postclosure Care Costs**

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The \$200,000 reported as landfill closure and postclosure care liability at December 31, 2014 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**15. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net assets by the government that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of December 31, 2014:

	Entity-wide Basis	Fund Basis	
		Governmental Funds	
		General Fund	Nonmajor Fund
Taxes paid in advance	\$ 39,111	\$ 39,111	\$ -
Deposits received in advance	408,626	100,000	308,626
Unearned revenue	-	951,321	-
Total	\$ <u>447,737</u>	\$ <u>1,090,432</u>	\$ <u>308,626</u>

## 16. **Restricted Net Position**

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

## 17. **Governmental Funds - Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at December 31, 2014:

**Nonspendable** - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

**Restricted** - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

**Committed** - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote (now reported as part of the general fund per GASB 54), and various special revenue funds.

**Assigned** - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification

includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at December 31, 2014:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Prepaid expenditures	\$ 182,206	\$ -	\$ 200	\$ 182,406
Nonexpendable permanent funds	-	-	376,925	376,925
Total Nonexpendable	182,206	-	377,125	559,331
<b>Restricted</b>				
Bonded projects	-	1,215,683	-	1,215,683
Special revenue funds	-	-	1,462,562	1,462,562
Library operations	411,246	-	-	411,246
Police confidential	1,214	-	-	1,214
Expendable permanent funds	-	-	24,587	24,587
Total Restricted	412,460	1,215,683	1,487,149	3,115,292
<b>Committed</b>				
Capital reserve funds	775,083	-	523,555	1,298,638
TIF district reserve	95,491	-	-	95,491
Total Committed	870,574	-	523,555	1,394,129
<b>Assigned</b>				
Encumbrances	72,998	-	67,788	140,786
Proceeds for future debt payments	573,765	-	-	573,765
Fire station improvements	230,000	-	-	230,000
Water operations	-	-	65,000	65,000
Sewer operations	-	-	137,000	137,000
Total Assigned	876,763	-	269,788	1,146,551
<b>Unassigned</b>				
Unassigned	65,330	(1,816,570)	-	(1,751,240)
Total Unassigned	65,330	(1,816,570)	-	(1,751,240)
Total Fund Balance	\$ 2,407,333	\$ (600,887)	\$ 2,657,617	\$ 4,464,063

## 18. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire

considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 65,330
Unearned revenue	1,090,432
Allowance for doubtful accounts	(186,343)
Other GAAP differences	<u>(139,115)</u>
Tax Rate Setting Balance	<u>\$ 830,304</u>

## 19. **Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

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

## 20. **Post-Employment Healthcare and Life Insurance Benefits**

### **Other Post-Employment Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

#### A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels,

employee contributions and employer contributions are governed by RSA 100-A:50. As of January 1, 2012, the actuarial valuation date, approximately 23 retirees and 56 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

*B. Benefits Provided*

The Town provides medical, prescription drug, and mental health/substance abuse, to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

*C. Funding Policy*

Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

*D. Annual OPEB Costs and Net OPEB Obligation*

The Town's 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending December 31, 2014, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2012.

Annual Required Contribution (ARC)	\$ 278,477
Interest on net OPEB obligation	27,608
Adjustment to ARC	<u>(26,150)</u>
Annual OPEB cost	279,935
Contributions made	<u>(77,414)</u>
Increase in net OPEB obligation	202,521
Net OPEB obligation - beginning of year	<u>1,018,553</u>
Net OPEB obligation - end of year	<u><u>\$ 1,221,074</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 279,935	27.7%	\$ 1,221,074
2013	\$ 279,935	27.7%	\$ 1,018,553
2012	\$ 279,935	27.7%	\$ 816,032

The Town's net OPEB obligation as of December 31, 2014 is recorded as a component of the "other long-term liabilities" line item.

*E. Funded Status and Funding Progress*

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

Actuarial accrued liability (AAL)	\$ 2,441,087
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,441,087</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 3,016,082</u>
UAAL as a percentage of covered payroll	<u>81%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to

that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advanced funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 10%, which decreases to a 5% long-term rate for all healthcare benefits after five years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 3%.

## **21. Retirement System**

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

### *A. Plan Description*

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

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Funding policies, vesting requirements, contribution requirements, and plan assets available to pay benefits are disclosed in the System's annual report available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8509.

## **B. Funding Policy**

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16. The municipal employer contribution rates for period January 1, 2014 to December 31, 2014 were 10.77% for employees, 25.30% for police and 27.74% for fire. The Town's contributions to the System for the years ended December 31, 2014, 2013, and 2012 were \$1,201,489, \$1,005,092, and \$852,583, respectively, which were equal to its annual required contributions for each of these years.

The payroll for employees covered by the System for the year ended December 31, 2014, was \$6,125,116.

## **22. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

## **23. Implementation of New GASB Standards**

The GASB has issued Statement 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the New Hampshire Retirement System's actuarially accrued liability.

**TOWN OF DURHAM, NEW HAMPSHIRE  
SCHEDULE OF FUNDING PROGRESS  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2014**

(Unaudited)

**Other Post-Employment Benefits**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
1/1/2012	\$ -	\$ 2,441,087	\$ 2,441,087	0.0%	\$ 3,016,082	80.9%
1/1/2011	\$ -	\$ 2,165,559	\$ 2,165,559	0.0%	\$ 2,883,514	75.1%

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE  
COMBINING SCHEDULE - GENERAL FUND BALANCE SHEET

DECEMBER 31, 2014

	<u>General</u>	<u>Capital Reserves</u>	<u>Library</u>	<u>Parking</u>	<u>Police Confidential</u>	<u>Eliminate Due To/From</u>	<u>Total General</u>
<b>ASSETS</b>							
Cash and short-term investments	\$ 10,764,563	\$ -	\$ -	\$ 5,000	\$ 1,214	\$ -	\$ 10,770,777
Restricted cash	-	975,326	426,810	-	-	-	1,402,136
Receivables:							
Property taxes	1,732,592	-	-	-	-	-	1,732,592
User fees	90,363	-	-	-	-	-	90,363
Due from other funds	6,557	29,757	-	-	-	(34,361)	1,953
Due from other governments	27,263	-	-	-	-	-	27,263
Other assets	179,848	-	2,358	-	-	-	182,206
<b>TOTAL ASSETS</b>	<b><u>\$ 12,801,186</u></b>	<b><u>\$ 1,005,083</u></b>	<b><u>\$ 429,168</u></b>	<b><u>\$ 5,000</u></b>	<b><u>\$ 1,214</u></b>	<b><u>\$ (34,361)</u></b>	<b><u>\$ 14,207,290</u></b>
<b>LIABILITIES</b>							
Accounts payable	\$ 450,243	\$ -	\$ 8,493	\$ 296	\$ -	\$ -	\$ 459,032
Accrued liabilities	67,279	-	2,467	4,704	-	-	74,450
Tax refunds payable	100,000	-	-	-	-	-	100,000
Due to other funds	74,932	-	4,604	-	-	(34,361)	45,175
Due to school district	9,767,004	-	-	-	-	-	9,767,004
Due to other governments	6,044	-	-	-	-	-	6,044
Other liabilities	257,820	-	-	-	-	-	257,820
<b>TOTAL LIABILITIES</b>	<b>10,723,322</b>	<b>-</b>	<b>15,564</b>	<b>5,000</b>	<b>-</b>	<b>(34,361)</b>	<b>10,709,525</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,090,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,090,432</b>
<b>FUND BALANCES</b>							
Nonspendable	179,848	-	2,358	-	-	-	182,206
Restricted	-	-	411,246	-	1,214	-	412,460
Committed	95,491	775,083	-	-	-	-	870,574
Assigned	646,763	230,000	-	-	-	-	876,763
Unassigned	65,330	-	-	-	-	-	65,330
<b>TOTAL FUND BALANCES</b>	<b><u>987,432</u></b>	<b><u>1,005,083</u></b>	<b><u>413,604</u></b>	<b><u>-</u></b>	<b><u>1,214</u></b>	<b><u>-</u></b>	<b><u>2,407,333</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 12,801,186</u></b>	<b><u>\$ 1,005,083</u></b>	<b><u>\$ 429,168</u></b>	<b><u>\$ 5,000</u></b>	<b><u>\$ 1,214</u></b>	<b><u>\$ (34,361)</u></b>	<b><u>\$ 14,207,290</u></b>

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE  
 COMBINING SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2014

	Special Revenue Funds					Permanent Fund	Total
	Sewer Department	Water Department	Conservation Commission	Depot Road	Church Hill Rink		
<b>ASSETS</b>							
Cash and short-term investments	\$ 958,890	\$ 104,350	\$ 329,830	\$ 194,714	\$ 191,821	\$ 403,465	\$ 2,183,070
Restricted cash	495,401	178,819	-	-	-	-	674,220
Receivables:							
User fees	63,092	50,223	-	-	27,943	-	141,258
Due from other funds	23,840	11,335	10,000	-	-	-	45,175
Due from other governments	16,160	-	-	-	-	-	16,160
Other assets	200	-	-	-	-	-	200
<b>TOTAL ASSETS</b>	<b>\$ 1,557,583</b>	<b>\$ 344,727</b>	<b>\$ 339,830</b>	<b>\$ 194,714</b>	<b>\$ 219,764</b>	<b>\$ 403,465</b>	<b>\$ 3,060,083</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 38,898	\$ 8,757	\$ 3,160	\$ 168	\$ 17,081	\$ -	\$ 68,064
Accrued liabilities	4,284	1,458	-	-	-	-	5,742
Due to other funds	-	-	-	-	-	1,953	1,953
Due to other governments	17,081	-	-	-	-	-	17,081
Other liabilities	-	-	1,000	-	-	-	1,000
<b>TOTAL LIABILITIES</b>	<b>60,263</b>	<b>10,215</b>	<b>4,160</b>	<b>168</b>	<b>17,081</b>	<b>1,953</b>	<b>93,840</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>190,195</b>	<b>107,645</b>	<b>-</b>	<b>-</b>	<b>10,786</b>	<b>-</b>	<b>308,626</b>
<b>FUND BALANCES</b>							
Nonspendable	200	-	-	-	-	376,925	377,125
Restricted	711,815	33,475	330,829	194,546	191,897	24,587	1,487,149
Committed	398,401	125,154	-	-	-	-	523,555
Assigned	196,709	68,238	4,841	-	-	-	269,788
<b>TOTAL FUND BALANCES</b>	<b>1,307,125</b>	<b>226,867</b>	<b>335,670</b>	<b>194,546</b>	<b>191,897</b>	<b>401,512</b>	<b>2,657,617</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,557,583</b>	<b>\$ 344,727</b>	<b>\$ 339,830</b>	<b>\$ 194,714</b>	<b>\$ 219,764</b>	<b>\$ 403,465</b>	<b>\$ 3,060,083</b>

See Independent Auditors' Report.

TOWN OF DURHAM, NEW HAMPSHIRE

GENERAL FUND

COMBINING SCHEDULE - GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Capital Reserves</u>	<u>Library</u>	<u>Parking</u>	<u>Police Confidential</u>	<u>Eliminate Transfers</u>	<u>Total General</u>
<b>Revenues:</b>							
Property taxes	\$ 7,587,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,587,526
Penalties, interest and other taxes	222,775	-	-	-	-	-	222,775
Charges for services	573,035	-	-	230,751	-	-	803,786
Intergovernmental	3,226,190	-	-	-	-	-	3,226,190
Licenses and permits	375,152	-	-	26,172	-	-	401,324
Investment income	759	510	705	-	-	-	1,974
Contributions	7,553	29,775	60,711	-	-	-	98,039
Miscellaneous	<u>1,235,935</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>1,236,010</u>
Total Revenues	13,228,925	30,285	61,416	256,998	-	-	13,577,624
<b>Expenditures:</b>							
Current:							
General government	2,145,719	-	-	-	-	-	2,145,719
Public safety	6,467,502	-	-	158,773	-	-	6,626,275
Highway and streets	1,387,235	-	-	-	-	-	1,387,235
Sanitation	638,014	-	-	-	-	-	638,014
Health	19,165	-	-	-	-	-	19,165
Welfare	35,862	-	-	-	-	-	35,862
Culture and recreation	295,458	-	408,519	-	-	-	703,977
Conservation	30,920	-	-	-	-	-	30,920
Debt service	<u>1,078,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,078,158</u>
Total Expenditures	<u>12,098,033</u>	<u>-</u>	<u>408,519</u>	<u>158,773</u>	<u>-</u>	<u>-</u>	<u>12,665,325</u>
Excess (deficiency) of revenues over expenditures	1,130,892	30,285	(347,103)	98,225	-	-	912,299
<b>Other Financing Sources (Uses):</b>							
Transfers in	368,541	142,790	389,575	-	-	(660,144)	240,762
Transfers out	<u>(1,847,262)</u>	<u>(96,483)</u>	<u>(118,963)</u>	<u>(98,225)</u>	<u>-</u>	<u>660,144</u>	<u>(1,500,789)</u>
Total Other Financing Sources (Uses)	<u>(1,478,721)</u>	<u>46,307</u>	<u>270,612</u>	<u>(98,225)</u>	<u>-</u>	<u>-</u>	<u>(1,260,027)</u>
Change in fund balance	(347,829)	76,592	(76,491)	-	-	-	(347,728)
Fund Equity, at Beginning of Year	<u>1,335,261</u>	<u>928,491</u>	<u>490,095</u>	<u>-</u>	<u>1,214</u>	<u>-</u>	<u>2,755,061</u>
Fund Equity, at End of Year	<u>\$ 987,432</u>	<u>\$ 1,005,083</u>	<u>\$ 413,604</u>	<u>\$ -</u>	<u>\$ 1,214</u>	<u>\$ -</u>	<u>\$ 2,407,333</u>

See Independent Auditors' report.

TOWN OF DURHAM, NEW HAMPSHIRE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds						Total
	Sewer Department	Water Department	Conservation Commission	Depot Road	Church Hill Rink	Permanent Fund	
<b>Revenues:</b>							
Property taxes	\$ -	\$ -	\$ 63,490	\$ -	\$ -	\$ -	\$ 63,490
Penalties, interest and other taxes	3,648	2,868	207	-	-	-	6,723
Charges for services	1,466,575	571,150	-	2,048	192,143	-	2,231,916
Intergovernmental	522,631	44,898	-	-	-	-	567,529
Licenses and permits	-	-	-	68,417	-	-	68,417
Investment income	249	91	53	-	-	203	596
Contributions	-	-	-	-	350	8,455	8,805
Miscellaneous	302,531	17,005	2,947	-	2,487	-	324,970
Total Revenues	2,295,634	636,012	66,697	70,465	194,980	8,658	3,272,446
<b>Expenditures:</b>							
Current:							
General government	-	-	-	11,136	-	1,436	12,572
Sanitation	1,036,399	-	-	-	-	-	1,036,399
Water distribution and treatment	-	321,912	-	-	-	-	321,912
Culture and recreation	-	-	-	-	204,145	-	204,145
Conservation	-	-	4,159	-	-	-	4,159
Debt service	764,388	273,020	-	-	4,051	-	1,041,459
Total Expenditures	1,800,787	594,932	4,159	11,136	208,196	1,436	2,620,646
Excess (deficiency) of revenues over expenditures	494,847	41,080	62,538	59,329	(13,216)	7,222	651,800
<b>Other Financing Sources (Uses):</b>							
Transfers out	(138,600)	(88,396)	-	(53,396)	-	(517)	(280,909)
Total Other Financing Sources (Uses)	(138,600)	(88,396)	-	(53,396)	-	(517)	(280,909)
Change in fund balance	356,247	(47,316)	62,538	5,933	(13,216)	6,705	370,891
Fund Equity, at Beginning of Year	950,878	274,183	273,132	188,613	205,113	394,807	2,286,726
Fund Equity, at End of Year	\$ 1,307,125	\$ 226,867	\$ 335,670	\$ 194,546	\$ 191,897	\$ 401,512	\$ 2,657,617

See Independent Auditors' report.