

Town of Durham, New Hampshire
Annual Financial Statements
For the Year Ended December 31, 2013

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, 2013, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (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 capital 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 the 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, 2013, 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, 2013, 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 41 through 45 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 9, 2014

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, 2013.

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 \$15,727,573 (i.e., net position), a change of \$1,049,475 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$6,065,043, a change of \$(1,605,143) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$(109,933), a change of \$(776,427) in comparison to the prior year.

- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$17,899,715, a change of \$4,018,451 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>2013</u>	<u>2012</u>
Current and other assets	\$ 18,653,896	\$ 20,066,760
Capital assets	<u>28,956,911</u>	<u>23,562,179</u>
Total assets	47,610,807	43,628,939
Current liabilities	12,870,905	14,253,981
Noncurrent liabilities	18,751,087	14,189,120
Deferred inflows	<u>261,242</u>	<u>507,740</u>
Total liabilities and deferred inflows	31,883,234	28,950,841
Net position:		
Net investment in capital assets	12,080,452	11,447,775
Restricted	2,286,726	2,126,679
Unrestricted	<u>1,360,395</u>	<u>1,103,644</u>
Total net position	<u>\$ 15,727,573</u>	<u>\$ 14,678,098</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,121,144	\$ 2,766,735
Operating grants and contributions	5,000	130,747
Capital grants and contributions	687,296	925,769
General revenues:		
Property taxes	7,227,051	7,074,818
Motor vehicle permit fees	870,120	832,938
Penalties and interest on taxes	187,417	218,887
Grants and contributions not restricted to specific programs	3,733,517	3,273,359
Investment income	6,566	11,486
Other	<u>201,432</u>	<u>425,752</u>
Total revenues	16,039,543	15,660,491

(continued)

(continued)

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Expenses:		
General government	1,888,552	2,019,232
Public safety	6,693,964	5,606,910
Highway and streets	2,494,574	2,238,895
Sanitation	2,027,345	2,301,357
Water distribution and treatment	339,664	332,771
Health	19,965	19,469
Welfare	14,596	25,894
Culture and recreation	814,027	907,188
Conservation	6,115	5,447
Interest on long-term debt	<u>691,266</u>	<u>487,454</u>
Total expenses	<u>14,990,068</u>	<u>13,944,617</u>
Change in net position	1,049,475	1,715,874
Net position - beginning of year	<u>14,678,098</u>	<u>12,962,224</u>
Net position - end of year	<u>\$ 15,727,573</u>	<u>\$ 14,678,098</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 \$15,727,573, a change of \$1,049,475 from the prior year.

The largest portion of net position \$12,080,452 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 \$2,286,726 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,360,395 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 \$1,049,475. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ (1,021,585)
Capital project fund activities, accrual basis	2,181,597
Nonmajor fund activities, accrual basis	112,534
Principal debt service in excess of depreciation expense	307,459
Other	<u>(530,530)</u>
Total	<u>\$ 1,049,475</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 \$6,065,043, a change of \$(1,605,143) in comparison to the prior year. Key elements of this change are as follows:

General fund operations	\$ (1,021,585)
Capital project fund activities	(743,604)
Nonmajor fund activities	<u>160,046</u>
Total	<u>\$ (1,605,143)</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 \$(109,933), while total fund balance was \$2,755,061. 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>12/31/13</u>	<u>12/31/12</u>	<u>Change</u>	% of Total General Fund Expenditures
Unassigned fund balance	\$ (109,933)	\$ 666,494	\$ (776,427)	-0.9%
Total fund balance	\$ 2,755,061	\$ 3,776,646	\$ (1,021,585)	22.6%

The total fund balance of the general fund changed by \$(1,021,585) during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 245,234
Expenditures in excess of budget	(39,854)
Expenditures of prior year encumbrances	39,426
Excess of tax collections vs. net assessment	(367,903)
Change in capital reserves	(53,798)
Library transfer to capital project fund	(1,046,097)
Library activities, net of transfer	<u>201,407</u>
Total	<u>\$ (1,021,585)</u>

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

	<u>12/31/13</u>	<u>12/31/12</u>	<u>Change</u>
Capital reserves	\$ <u>928,491</u>	\$ <u>982,289</u>	\$ <u>(53,798)</u>
Total	\$ <u><u>928,491</u></u>	\$ <u><u>982,289</u></u>	\$ <u><u>(53,798)</u></u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and the final amended budget resulted in an overall change in appropriations of \$23,932. The reason for this amendment was:

- The acceptance and expenditure of a grant totaling \$1,561 from the New Hampshire Highway Safety Agency to purchase a data monitoring collection device (StealthStat) for the Durham Police Department.
- The acceptance and expenditure of \$22,371 in unanticipated revenue from the State of New Hampshire Department of Safety for FEMA declaration #4105-DR-NH following the February 8-10, 2013, winter snow storm.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$28,956,911 (net of accumulated depreciation), a change of \$5,394,732 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:

Spruce Forest	\$	375,000
Excavator - Rubber Tire	\$	200,041
Dump Truck	\$	136,000
Fire Radio Replacements	\$	202,198
Fire Utility Vehicle	\$	37,952
Fire Car 2	\$	65,862
Police Radio Replacements	\$	49,652
Radio Signal Upgrade	\$	114,613
2 Police Cruisers	\$	61,866
New Town Office	\$	949,750
Madbury/Garrison Ave	\$	102,026
College Brook Interceptor	\$	139,754
Sludge Dewatering Upgrade	\$	84,318

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 \$17,899,715, 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
15 Newmarket Road
Durham, NH 03824

TOWN OF DURHAM, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2013

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 14,228,445
Restricted cash	1,980,237
Receivables, net of allowance for uncollectibles:	
Property taxes	1,258,785
User fees	286,662
Intergovernmental	102,204
Other assets	488,830
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	308,733
Capital assets:	
Land and construction in progress	12,413,279
Other capital assets, net of accumulated depreciation	<u>16,543,632</u>
TOTAL ASSETS	47,610,807
LIABILITIES	
Current:	
Accounts payable	651,107
Retainage payable	60,777
Accrued liabilities	574,899
Tax refunds payable	125,000
Due to school district	9,608,031
Due to other governments	4,326
Other current liabilities	273,786
Current portion of long-term liabilities:	
Bonds payable	1,466,261
Landfill	10,000
Compensated absence	67,100
Other liabilities	29,618
Noncurrent:	
Bonds payable, net of current portion	16,433,454
Landfill, net of current portion	200,000
Compensated absence, net of current portion	603,898
Other liabilities, net of current portion	495,182
Accrued other post employment benefits	1,018,553
DEFERRED INFLOWS OF RESOURCES	<u>261,242</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	31,883,234
NET POSITION	
Net investment in capital assets	12,080,452
Restricted for:	
Grants and other statutory restrictions	1,891,919
Permanent funds:	
Nonexpendable	368,470
Expendable	26,337
Unrestricted	<u>1,360,395</u>
TOTAL NET POSITION	\$ <u>15,727,573</u>

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, 2013

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 1,888,552	\$ 356,927	\$ 5,000	\$ -	\$ (1,526,625)
Public safety	6,693,964	609,402	-	183,307	(5,901,255)
Highway and streets	2,494,574	6,067	-	14,018	(2,474,489)
Sanitation	2,027,345	1,416,672	-	94,485	(516,188)
Water distribution and treatment	339,664	501,431	-	147,113	308,880
Health	19,965	-	-	-	(19,965)
Welfare	14,596	-	-	-	(14,596)
Culture and recreation	814,027	230,645	-	248,373	(335,009)
Conservation	6,115	-	-	-	(6,115)
Interest	691,266	-	-	-	(691,266)
Total Governmental Activities	<u>\$ 14,990,068</u>	<u>\$ 3,121,144</u>	<u>\$ 5,000</u>	<u>\$ 687,296</u>	(11,176,628)
General Revenues:					
					7,227,051
					870,120
					187,417
					3,733,517
					6,566
					201,432
Total general revenues					<u>12,226,103</u>
Change in Net Position					1,049,475
Net Position:					
Beginning of year					<u>14,678,098</u>
End of year					<u>\$ 15,727,573</u>

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

TOWN OF DURHAM, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2013

	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 11,283,818	\$ 1,403,705	\$ 1,540,922	\$ 14,228,445
Restricted cash	1,362,950	-	617,287	1,980,237
Receivables:				
Property taxes	1,776,916	-	827	1,777,743
User fees	71,185	-	215,477	286,662
Due from other funds	2,257	-	87,760	90,017
Due from other governments	2,500	-	99,704	102,204
Other assets	114,997	-	73,833	188,830
TOTAL ASSETS	<u>\$ 14,614,623</u>	<u>\$ 1,403,705</u>	<u>\$ 2,635,810</u>	<u>\$ 18,654,138</u>
LIABILITIES				
Accounts payable	\$ 267,332	\$ 319,672	\$ 64,103	\$ 651,107
Retainage payable	-	60,777	-	60,777
Accrued liabilities	323,556	-	21,894	345,450
Tax refunds payable	125,000	-	-	125,000
Due to other funds	87,760	-	2,257	90,017
Due to school district	9,608,031	-	-	9,608,031
Due to other governments	4,326	-	-	4,326
Other liabilities	272,786	-	1,000	273,786
TOTAL LIABILITIES	10,688,791	380,449	89,254	11,158,494
DEFERRED INFLOWS OF RESOURCES	1,170,771	-	259,830	1,430,601
FUND BALANCES				
Nonspendable	114,997	-	442,303	557,300
Restricted	874,038	2,883,289	1,102,042	4,859,369
Committed	1,342,951	-	471,880	1,814,831
Assigned	533,008	-	290,617	823,625
Unassigned	(109,933)	(1,860,033)	(20,116)	(1,990,082)
TOTAL FUND BALANCES	<u>2,755,061</u>	<u>1,023,256</u>	<u>2,286,726</u>	<u>6,065,043</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,614,623</u>	<u>\$ 1,403,705</u>	<u>\$ 2,635,810</u>	<u>\$ 18,654,138</u>

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, 2013

Total governmental fund balances	\$ 6,065,043
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	28,956,911
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	959,134
• Long term mortgage receivables are recognized on the Statement of Net Position	300,000
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(229,449)
• 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>(20,324,066)</u>
Net position of governmental activities	<u><u>\$ 15,727,573</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, 2013

	<u>General</u>	<u>Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 6,822,003	\$ -	\$ 264,250	\$ 7,086,253
Penalties, interest and other taxes	178,005	-	9,412	187,417
Charges for services	610,745	-	2,056,989	2,667,734
Intergovernmental	3,143,213	347,497	539,137	4,029,847
Licenses and permits	384,180	-	69,230	453,410
Investment income	6,293	-	273	6,566
Contributions	280,573	-	1,350	281,923
Miscellaneous	<u>1,395,055</u>	<u>123,380</u>	<u>110,631</u>	<u>1,629,066</u>
Total Revenues	12,820,067	470,877	3,051,272	16,342,216
Expenditures:				
Current:				
General government	1,993,691	992,008	2,757	2,988,456
Public safety	6,239,429	668,545	-	6,907,974
Highway and streets	1,443,260	1,206,152	-	2,649,412
Sanitation	645,543	1,139,888	1,014,775	2,800,206
Water distribution and treatment	-	161,531	290,984	452,515
Health	19,965	-	-	19,965
Welfare	14,596	-	-	14,596
Culture and recreation	694,189	2,419,215	149,137	3,262,541
Conservation	4,768	-	376,347	381,115
Debt service	<u>1,129,416</u>	<u>-</u>	<u>869,163</u>	<u>1,998,579</u>
Total Expenditures	<u>12,184,857</u>	<u>6,587,339</u>	<u>2,703,163</u>	<u>21,475,359</u>
Excess (deficiency) of revenues over expenditures	635,210	(6,116,462)	348,109	(5,133,143)
Other Financing Sources (Uses):				
Proceeds of bonds	-	3,528,000	-	3,528,000
Transfers in	139,199	1,874,168	116,682	2,130,049
Transfers out	<u>(1,795,994)</u>	<u>(29,310)</u>	<u>(304,745)</u>	<u>(2,130,049)</u>
Total Other Financing Sources (Uses)	<u>(1,656,795)</u>	<u>5,372,858</u>	<u>(188,063)</u>	<u>3,528,000</u>
Change in fund balance	(1,021,585)	(743,604)	160,046	(1,605,143)
Fund Equity, at Beginning of Year	<u>3,776,646</u>	<u>1,766,860</u>	<u>2,126,680</u>	<u>7,670,186</u>
Fund Equity, at End of Year	<u>\$ 2,755,061</u>	<u>\$ 1,023,256</u>	<u>\$ 2,286,726</u>	<u>\$ 6,065,043</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, 2013

Net changes in fund balances - total governmental funds	\$ (1,605,143)
<ul style="list-style-type: none"> 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: 	
Capital outlay purchases, net of disposals	6,453,201
Depreciation	(1,058,469)
<ul style="list-style-type: none"> 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 and personal property, motor vehicle, etc.) differ between the two statements. This amount represents the net change in deferred revenue. 	
	140,798
<ul style="list-style-type: none"> 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: 	
Issuance of debt	(3,528,000)
Repayments of debt	1,365,928
Issuance of bond premium	(67,051)
Amortization of bond premium	15,309
<ul style="list-style-type: none"> In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	
	(58,615)
<ul style="list-style-type: none"> 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. 	
	<u>(608,483)</u>
Change in net position of governmental activities	\$ <u>1,049,475</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
Revenues and Other Sources:				
Taxes	\$ 7,189,906	\$ 7,189,906	\$ 7,189,906	\$ -
Penalties, interest and other taxes	186,616	186,616	178,005	(8,611)
Charges for services	387,600	387,600	448,013	60,413
Intergovernmental	3,077,705	3,101,637	3,143,213	41,576
Licenses and permits	1,120,200	1,120,200	1,229,006	108,806
Investment income	1,100	1,100	974	(126)
Miscellaneous	374,578	374,578	524,785	150,207
Transfers in	365,852	365,852	258,821	(107,031)
Other sources	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total Revenues and Other Sources	12,707,557	12,731,489	12,976,723	245,234
Expenditures and Other Uses:				
General government	2,135,113	2,135,113	1,992,879	142,234
Public safety	6,232,779	6,233,940	6,181,799	52,141
Highway and streets	1,329,143	1,351,515	1,454,723	(103,208)
Sanitation	569,264	569,264	645,468	(76,204)
Health	21,666	21,666	19,965	1,701
Welfare	15,000	15,000	14,596	404
Culture and recreation	338,652	338,652	342,972	(4,320)
Conservation	7,420	7,419	4,768	2,651
Debt service	1,131,902	1,131,902	1,129,416	2,486
Transfers out	<u>926,618</u>	<u>927,018</u>	<u>984,757</u>	<u>(57,739)</u>
Total Expenditures and Other Uses	<u>12,707,557</u>	<u>12,731,489</u>	<u>12,771,343</u>	<u>(39,854)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>205,380</u>	\$ <u>205,380</u>

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, 2013

	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ <u>187,731</u>	\$ <u>768,510</u>
Total Assets	187,731	768,510
 <u>LIABILITIES AND NET POSITION</u>		
Other liabilities	<u>-</u>	<u>768,510</u>
Total Liabilities	<u>-</u>	<u>768,510</u>
 <u>NET POSITION</u>		
Total net position held in trust	\$ <u><u>187,731</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, 2013

	<u>Private Purpose Trust Funds</u>
Additions:	
Contributions	\$ 3,302
Interest income	<u>29</u>
Total additions	3,331
Deductions:	
Other	<u>14,750</u>
Total deductions	<u>14,750</u>
Net increase (decrease)	(11,419)
Net position:	
Beginning of year	<u>199,150</u>
End of year	<u><u>\$ 187,731</u></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 2013, it was determined that no entities met the required GASB 39 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)	\$ 12,820,067	\$ 12,184,857
Other financing sources/uses (GAAP Basis)	<u>139,199</u>	<u>1,795,994</u>
Subtotal (GAAP Basis)	12,959,266	13,980,851
Adjust tax revenue to accrual basis	367,903	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(28,682)
Add end-of-year appropriation carryforwards from expenditures	-	68,108
To eliminate library activity	(253,539)	(1,098,229)
To eliminate parking activity	(68,556)	(68,556)
To eliminate capital reserve activity	<u>(28,351)</u>	<u>(82,149)</u>
Budgetary Basis	<u>\$ 12,976,723</u>	<u>\$ 12,771,343</u>

D. Deficit Fund Equity

The following funds reflected deficit balances as of December 31, 2013:

General Fund	\$ (109,933)
Capital Project Fund:	
Beech Hill & Foss Farm Tank Reconditioning	\$ (12,715)
Bennett Road Culvert	(14,625)
Crommets Creek Bridge Repair	(16,195)
Fire Station (New)	(19,328)
Longmarsh Rd Culvert	(14,383)
New Library	(71,364)
Old Concord Rd Pump Station	(278,956)
Pettee Brook Lane Corridor	(20,389)
Rubber Tire Excavator	(200,041)
School Radio Upgrade	(34,453)
Sidewalk Madbury & Garrison	(102,026)
Spruce Hole Well	(170,384)
Stormwater Management System Improvement	(283,668)
Town Office - 8 Newmarket Road	(207,588)
WasteWater Facilities Plan Update	(132,597)
WasteWater Treatment Plant Phase III	<u>(281,321)</u>
Subtotal Capital Project Fund	\$ (1,860,033)
Nonmajor Funds:	
Water Fund	\$ (20,116)

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, 2013, none of the Town's bank balance of \$16,385,744 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, 2013.

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 lienied 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, 2013 consist of the following:

Real Estate:	
2013	\$ 1,310,847
Tax Liens	431,608
Land Use	827
Elderly Lien	<u>34,461</u>
Total	<u>\$ 1,777,743</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	\$ 210,225

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2013.

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, 2013 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 2,257	\$ 87,760
Special Revenue Funds	87,760	1,348
Permanent Trust Funds	-	909
Total	<u>\$ 90,017</u>	<u>\$ 90,017</u>

10. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 502,528	\$ -	\$ -	\$ 502,528
Buildings and improvements	5,019,472	104,200	-	5,123,672
Machinery, equipment, and furnishings	3,334,701	1,632,924	(24,681)	4,942,944
Infrastructure	<u>7,539,210</u>	<u>2,778,802</u>	<u>-</u>	<u>10,318,012</u>
Total capital assets, being depreciated	16,395,911	4,515,926	(24,681)	20,887,156
Less accumulated depreciation for:				
Land improvements	(94,416)	(17,078)	-	(111,494)
Buildings and improvements	(893,961)	(107,739)	-	(1,001,700)
Machinery, equipment, and furnishings	(1,240,898)	(417,275)	24,681	(1,633,492)
Infrastructure	<u>(1,080,461)</u>	<u>(516,377)</u>	<u>-</u>	<u>(1,596,838)</u>
Total accumulated depreciation	<u>(3,309,736)</u>	<u>(1,058,469)</u>	<u>24,681</u>	<u>(4,343,524)</u>
Total capital assets, being depreciated, net	13,086,175	3,457,457	-	16,543,632
Capital assets, not being depreciated:				
Land	2,526,891	375,000	-	2,901,891
Construction in progress	<u>7,949,113</u>	<u>4,820,433</u>	<u>(3,258,158)</u>	<u>9,511,388</u>
Total capital assets, not being depreciated	<u>10,476,004</u>	<u>5,195,433</u>	<u>(3,258,158)</u>	<u>12,413,279</u>
Governmental activities capital assets, net	<u>\$ 23,562,179</u>	<u>\$ 8,652,890</u>	<u>\$ (3,258,158)</u>	<u>\$ 28,956,911</u>

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

Governmental Activities:		
General government	\$	9,844
Public safety		204,617
Highway and streets		541,923
Sanitation		232,429
Water distribution and treatment		40,476
Culture and recreation		<u>29,180</u>
Total depreciation expense - governmental activities	\$	<u><u>1,058,469</u></u>

11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent 2013 expenditures paid in 2014.

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</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>12/31/13</u>
Capital improvements	12/31/19	3.00-4.50%	\$ 605,000
Water improvements	12/01/16	3.47%	201,259
Landfill closure	02/01/24	3.69%	441,516
Capital improvements	06/01/24	3.69%	2,098,225
Capital improvements	11/15/26	3.80-4.00%	1,855,000
Capital improvements	11/15/28	3.00-4.050%	2,080,000
Capital improvements	08/15/30	3.00-5.00%	1,055,000
Capital improvements	08/15/32	1.85-4.00%	4,245,000
Capital improvements	03/01/33	2.00-4.125%	3,528,000
Dover Rd Pump Station	10/01/32	2.72%	1,247,608
Spruce Hole Well Dev	01/01/23	1.70%	222,500
Water Meter Upgrade	01/01/23	1.70%	<u>320,607</u>
Total Governmental Activities:			\$ <u><u>17,899,715</u></u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2013 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,466,261	\$ 649,917	\$ 2,116,178
2015	1,482,851	590,650	2,073,501
2016	1,482,410	539,187	2,021,597
2017	1,310,491	483,352	1,793,843
2018	1,303,211	434,050	1,737,261
2019 - 2023	5,606,268	1,487,311	7,093,579
2024 - 2028	3,420,575	634,214	4,054,789
Thereafter	<u>1,827,648</u>	<u>180,194</u>	<u>2,007,842</u>
Total	<u>\$ 17,899,715</u>	<u>\$ 4,998,875</u>	<u>\$ 22,898,590</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, 2013:

General fund	\$ 8,191,493
Special revenue funds	<u>9,708,222</u>
Total	<u>\$ 17,899,715</u>

C. Changes in General Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

	Total Balance <u>1/1/13</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>12/31/13</u>	Less Current Portion	Equals Long-Term Portion <u>12/31/13</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 13,881,264	\$ 5,384,379 *	\$ (1,365,928)	\$ 17,899,715	\$ (1,466,261)	\$ 16,433,454
Other:						
Landfill closure	220,000	-	(10,000)	210,000	(10,000)	200,000
Compensated absences	646,765	24,233	-	670,998	(67,100)	603,898
Bond premium	473,058	67,051	(15,309)	524,800	(29,618)	495,182
Accrued other post-employment benefits	<u>816,032</u>	<u>202,521</u>	<u>-</u>	<u>1,018,553</u>	<u>-</u>	<u>1,018,553</u>
Totals	<u>\$ 16,037,119</u>	<u>\$ 5,678,184</u>	<u>\$ (1,391,237)</u>	<u>\$ 20,324,066</u>	<u>\$ (1,572,979)</u>	<u>\$ 18,751,087</u>

*\$1,856,379 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.

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 \$210,000 reported as landfill closure and postclosure care liability at December 31, 2013 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, 2013:

	Entity-wide Basis	Fund Basis	
	Governmental	Governmental Funds	
	Activities	General	Nonmajor
		Fund	Fund
Taxes paid in advance	\$ 1,412	\$ 1,412	\$ -
Deposits received in advance	259,830	-	259,830
Unearned revenue	-	1,169,359	-
Total	<u>\$ 261,242</u>	<u>\$ 1,170,771</u>	<u>\$ 259,830</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, 2013:

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, 2013:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid expenditures	\$ 114,997	\$ -	\$ 73,833	\$ 188,830
Nonexpendable permanent funds	<u>-</u>	<u>-</u>	<u>368,470</u>	<u>368,470</u>
Total Nonexpendable	114,997	-	442,303	557,300
Restricted				
Bonded projects	-	2,883,289	-	2,883,289
Special revenue funds	-	-	1,075,705	1,075,705
Reserved for expenditures	874,038	-	-	874,038
Expendable permanent funds	<u>-</u>	<u>-</u>	<u>26,337</u>	<u>26,337</u>
Total Restricted	874,038	2,883,289	1,102,042	4,859,369
Committed				
Capital reserve funds	698,491	-	471,880	1,170,371
Reserved for expenditures	<u>644,460</u>	<u>-</u>	<u>-</u>	<u>644,460</u>
Total Committed	1,342,951	-	471,880	1,814,831
Assigned				
Encumbrances	68,108	-	33,617	101,725
Reserved for expenditures	<u>464,900</u>	<u>-</u>	<u>257,000</u>	<u>721,900</u>
Total Assigned	533,008	-	290,617	823,625
Unassigned				
Unassigned	<u>(109,933)</u>	<u>(1,860,033)</u>	<u>(20,116)</u>	<u>(1,990,082)</u>
Total Unassigned	<u>(109,933)</u>	<u>(1,860,033)</u>	<u>(20,116)</u>	<u>(1,990,082)</u>
Total Fund Balance	<u>\$ 2,755,061</u>	<u>\$ 1,023,256</u>	<u>\$ 2,286,726</u>	<u>\$ 6,065,043</u>

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 undesignated 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	\$ (109,933)
Deferred revenue	1,170,771
Allowance for doubtful accounts	(210,225)
Other GAAP differences	<u>(1,413)</u>
Tax Rate Setting Balance	<u>\$ 849,200</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 2013 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, 2013, 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>816,032</u>
Net OPEB obligation - end of year	<u><u>\$ 1,018,553</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>
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, 2013 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 advance 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, For January – June 2013, 8.80% for employees, 19.95% for police, and 22.89% for fire. Then from July – December 31, 2013, 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, 2013, 2012, and 2011 were \$1,545,824, \$852,583, and \$850,573, 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, 2013, was \$5,596,244.

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, 2013

(Unaudited)

Other Post-Employment Benefits

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, 2013

	<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>
ASSETS							
Cash and short-term investments	\$ 11,281,201	\$ -	\$ -	\$ 1,403	\$ 1,214	\$ -	\$ 11,283,818
Restricted cash	-	859,403	503,547	-	-	-	1,362,950
Receivables:							
Property taxes	1,776,916	-	-	-	-	-	1,776,916
User fees	71,185	-	-	-	-	-	71,185
Due from other funds	6,214	69,088	-	-	-	(73,045)	2,257
Due from other governments	2,500	-	-	-	-	-	2,500
Other assets	110,814	-	4,183	-	-	-	114,997
TOTAL ASSETS	<u>\$ 13,248,830</u>	<u>\$ 928,491</u>	<u>\$ 507,730</u>	<u>\$ 1,403</u>	<u>\$ 1,214</u>	<u>\$ (73,045)</u>	<u>\$ 14,614,623</u>
LIABILITIES							
Accounts payable	\$ 262,338	\$ -	\$ 4,879	\$ 115	\$ -	\$ -	\$ 267,332
Accrued liabilities	313,469	-	8,799	1,288	-	-	323,556
Tax refunds payable	125,000	-	-	-	-	-	125,000
Due to other funds	156,848	-	3,957	-	-	(73,045)	87,760
Due to school district	9,608,031	-	-	-	-	-	9,608,031
Due to other governments	4,326	-	-	-	-	-	4,326
Other liabilities	272,786	-	-	-	-	-	272,786
TOTAL LIABILITIES	10,742,798	-	17,635	1,403	-	(73,045)	10,688,791
DEFERRED INFLOWS OF RESOURCES	1,170,771	-	-	-	-	-	1,170,771
FUND BALANCES							
Nonspendable	110,814	-	4,183	-	-	-	114,997
Restricted	386,912	-	485,912	-	1,214	-	874,038
Committed	644,460	698,491	-	-	-	-	1,342,951
Assigned	303,008	230,000	-	-	-	-	533,008
Unassigned	(109,933)	-	-	-	-	-	(109,933)
TOTAL FUND BALANCES	<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>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 13,248,830</u>	<u>\$ 928,491</u>	<u>\$ 507,730</u>	<u>\$ 1,403</u>	<u>\$ 1,214</u>	<u>\$ (73,045)</u>	<u>\$ 14,614,623</u>

See Independent Auditors' Report.

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

DECEMBER 31, 2013

	Special Revenue Funds						
	<u>Sewer Department</u>	<u>Water Department</u>	<u>Conservation Commission</u>	<u>Depot Road</u>	<u>Church Hill Rink</u>	<u>Permanent Fund</u>	<u>Total</u>
ASSETS							
Cash and short-term investments	\$ 434,889	\$ 32,122	\$ 274,653	\$ 188,776	\$ 214,758	\$ 395,724	\$ 1,540,922
Restricted cash	455,152	162,135	-	-	-	-	617,287
Receivables:							
Property taxes	-	-	827	-	-	-	827
User fees	159,807	51,940	-	-	3,730	-	215,477
Due from other funds	16,167	71,593	-	-	-	-	87,760
Due from other governments	99,704	-	-	-	-	-	99,704
Other assets	1,262	60,571	-	-	12,000	-	73,833
TOTAL ASSETS	\$ 1,166,981	\$ 378,361	\$ 275,480	\$ 188,776	\$ 230,488	\$ 395,724	\$ 2,635,810
LIABILITIES							
Accounts payable	\$ 42,670	\$ 6,673	\$ -	\$ 163	\$ 14,589	\$ 8	\$ 64,103
Accrued liabilities	16,819	5,075	-	-	-	-	21,894
Due to other funds	-	-	1,348	-	-	909	2,257
Other liabilities	-	-	1,000	-	-	-	1,000
TOTAL LIABILITIES	59,489	11,748	2,348	163	14,589	917	89,254
DEFERRED INFLOWS OF RESOURCES	156,614	92,430	-	-	10,786	-	259,830
FUND BALANCES							
Nonspendable	1,262	60,571	-	-	12,000	368,470	442,303
Restricted	430,000	-	273,132	179,460	193,113	26,337	1,102,042
Committed	358,152	113,728	-	-	-	-	471,880
Assigned	161,464	120,000	-	9,153	-	-	290,617
Unassigned	-	(20,116)	-	-	-	-	(20,116)
TOTAL FUND BALANCES	950,878	274,183	273,132	188,613	205,113	394,807	2,286,726
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,166,981	\$ 378,361	\$ 275,480	\$ 188,776	\$ 230,488	\$ 395,724	\$ 2,635,810

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, 2013

	<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>
Revenues:							
Property taxes	\$ 6,822,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,822,003
Penalties, interest and other taxes	178,005	-	-	-	-	-	178,005
Charges for services	448,013	-	-	162,732	-	-	610,745
Intergovernmental	3,143,213	-	-	-	-	-	3,143,213
Licenses and permits	358,886	-	-	25,294	-	-	384,180
Investment income	974	151	5,166	2	-	-	6,293
Contributions	4,000	28,200	248,373	-	-	-	280,573
Miscellaneous	<u>1,394,905</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>1,395,055</u>
Total Revenues	12,349,999	28,351	253,539	188,178	-	-	12,820,067
Expenditures:							
Current:							
General government	1,986,977	6,714	-	-	-	-	1,993,691
Public safety	6,160,873	-	-	78,556	-	-	6,239,429
Highway and streets	1,443,260	-	-	-	-	-	1,443,260
Sanitation	645,543	-	-	-	-	-	645,543
Health	19,965	-	-	-	-	-	19,965
Welfare	14,596	-	-	-	-	-	14,596
Culture and recreation	341,762	-	352,427	-	-	-	694,189
Conservation	4,768	-	-	-	-	-	4,768
Debt service	<u>1,129,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129,416</u>
Total Expenditures	<u>11,747,160</u>	<u>6,714</u>	<u>352,427</u>	<u>78,556</u>	<u>-</u>	<u>-</u>	<u>12,184,857</u>
Excess (deficiency) of revenues over expenditures	602,839	21,637	(98,888)	109,622	-	-	635,210
Other Financing Sources (Uses):							
Transfers in	258,821	223,913	300,295	-	-	(643,830)	139,199
Transfers out	<u>(984,757)</u>	<u>(299,348)</u>	<u>(1,046,097)</u>	<u>(109,622)</u>	<u>-</u>	<u>643,830</u>	<u>(1,795,994)</u>
Total Other Financing Sources (Uses)	<u>(725,936)</u>	<u>(75,435)</u>	<u>(745,802)</u>	<u>(109,622)</u>	<u>-</u>	<u>-</u>	<u>(1,656,795)</u>
Change in fund balance	(123,097)	(53,798)	(844,690)	-	-	-	(1,021,585)
Fund Equity, at Beginning of Year	<u>1,458,358</u>	<u>982,289</u>	<u>1,334,785</u>	<u>-</u>	<u>1,214</u>	<u>-</u>	<u>3,776,646</u>
Fund Equity, at End 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>

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, 2013

	Special Revenue Funds						
	Sewer Department	Water Department	Conservation Commission	Depot Road	Church Hill Rink	Permanent Fund	Total
Revenues:							
Property taxes	\$ -	\$ -	\$ 264,250	\$ -	\$ -	\$ -	\$ 264,250
Penalties, interest and other taxes	4,583	4,002	827	-	-	-	9,412
Charges for services	1,365,842	501,431	-	-	189,716	-	2,056,989
Intergovernmental	510,492	28,645	-	-	-	-	539,137
Licenses and permits	-	-	-	69,230	-	-	69,230
Investment income	66	24	91	17	16	59	273
Contributions	-	-	-	-	200	1,150	1,350
Miscellaneous	69,274	36,223	-	-	5,134	-	110,631
Total Revenues	1,950,257	570,325	265,168	69,247	195,066	1,209	3,051,272
Expenditures:							
Current:							
General government	-	-	-	2,475	-	282	2,757
Sanitation	1,014,775	-	-	-	-	-	1,014,775
Water distribution and treatment	-	290,984	-	-	-	-	290,984
Culture and recreation	-	-	-	-	149,137	-	149,137
Conservation	-	-	376,347	-	-	-	376,347
Debt service	649,229	215,882	-	-	4,052	-	869,163
Total Expenditures	1,664,004	506,866	376,347	2,475	153,189	282	2,703,163
Excess (deficiency) of revenues over expenditures	286,253	63,459	(111,179)	66,772	41,877	927	348,109
Other Financing Sources (Uses):							
Transfers in	45,089	71,593	-	-	-	-	116,682
Transfers out	(129,149)	(123,235)	-	(51,804)	-	(557)	(304,745)
Total Other Financing Sources (Uses)	(84,060)	(51,642)	-	(51,804)	-	(557)	(188,063)
Change in fund balance	202,193	11,817	(111,179)	14,968	41,877	370	160,046
Fund Equity, at Beginning of Year	748,685	262,366	384,311	173,645	163,236	394,437	2,126,680
Fund Equity, at End of Year	\$ 950,878	\$ 274,183	\$ 273,132	\$ 188,613	\$ 205,113	\$ 394,807	\$ 2,286,726

See Independent Auditors' report.