

TOWN OF NOTTINGHAM

Nottingham, New Hampshire

FINANCIAL STATEMENTS

December 31, 2015

TOWN OF NOTTINGHAM

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INDEPENDENT AUDITOR'S REPORT

GRZELAK AND COMPANY, P.C.

Certified Public Accountants

Members – American Institute of CPA’s (AICPA)
Member – AICPA Government Audit Quality Center (GAQC)
Member – AICPA Private Company Practice Section (PCPS)
Members – New Hampshire Society of CPA’s

P.O. Box 8
Laconia, New Hampshire 03247-0008
Tel (603) 524-6734
GCO-Audit@gcocpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Nottingham
Nottingham, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Nottingham as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Nottingham, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statement No. 68

As discussed in Note 1 to the financial statements, in 2015, the Town of Nottingham adopted new accounting guidance prescribed by GASB 68 for its pension plan – a multiple-employer, cost-sharing, defined benefit pension plan. Because GASB 68 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements. The Statement of Net Position discloses the Town of Nottingham's Net Pension Liability and some deferred outflows of resources and deferred inflows of resources related to the Town of Nottingham's pension plan. The Statement of Activities discloses the adjustment to the Town of Nottingham's Beginning Net Position. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other postemployment benefits, schedule of the town's proportionate share of net pension liability, and schedule of town contributions on pages 7 through 21 and 57 through 65 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Nottingham's basic financial statements. The combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Grzelak and Co., P.C.

GRZELAK & COMPANY, P.C., CPA'S

Laconia, New Hampshire
June 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Nottingham
For the Year Ended December 31, 2015**

The Board of Selectmen and the Town Administrator, as "management" of the Town of Nottingham (the "Town"), a local municipality located in the County of Rockingham, New Hampshire, submits this section of the Town's annual financial report in order to present our discussion and analysis of the Town's financial performance during the year ended December 31, 2015 in accordance with the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's total combined net position increased by \$736,546 or 7% between December 31, 2014 and 2015.
- The Town's total combined net position amounted to \$11,218,135 at December 31, 2015. Net position consisted of: \$9,302,396 net investment in capital assets; \$351,827 restricted for capital reserves; \$1,308,604 restricted for nonmajor funds for purposes of each established fund; and an unrestricted net position balance of \$255,308.
- The Town has a \$2,608,147 liability for long-term obligations. This does not mean that the Town has this entire payment requirement for next year; rather, only \$141,476 of these obligations is due to be paid during the year ended December 31, 2015.
- The Town's long-term liabilities, consisting of general obligation bonds, compensated absence obligations, other postemployment obligations, and net pension liabilities decreased by a net (additions less reductions) \$68,136 during the year ended December 31, 2015. The net decrease consisted of \$157,484 in payments made against bonds, \$27,146 in additions to compensated absences, \$47,479 in increases to other postemployment obligations, and \$14,723 in additions to net pension liabilities.
- During the year, the Town's expenses were \$736,546 less than the \$4,468,602 in revenues generated from charges for services, operating grants and contributions and general revenues (consisting of property taxes and local, state and federal grants and contributions not restricted to specific purposes).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

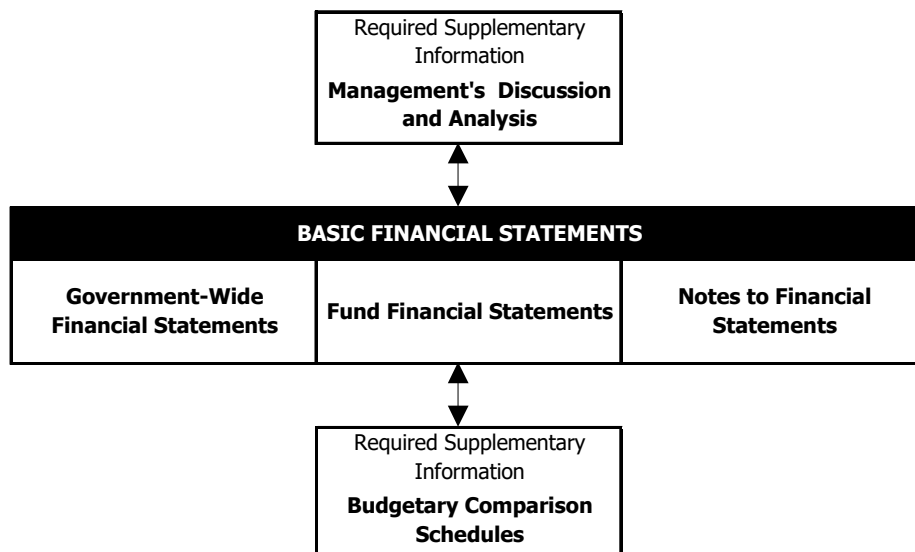
This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of six primary sections or components: (1) basic government-wide financial statements, (full accrual financial statements), (2) basic fund financial statements, (modified accrual financial statements, current financial resources only), (3) notes to basic financial statements, (4) required supplementary information, (5) notes to required supplementary information, and (6) other supplementary information.

The basic financial statements include two kinds of statements that present different views of the Town based upon measurement focus and basis of accounting.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The governmental funds statements tell how the Town's services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Exhibit A-1 shows how the required parts of this annual report are arranged and related to one another.

Exhibit A-1



MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Nottingham
For the Year Ended December 31, 2015**

Exhibit A-2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain.

Exhibit A-2

	Government-Wide	Fund Statements	
		Governmental	Fiduciary
SCOPE	Entire Town government (except fiduciary funds)	All activities of the Town that are not proprietary or fiduciary	Instances in which the Town is the trustee or agent for someone else's resources
REQUIRED FINANCIAL STATEMENTS	Statement of Net Position	Balance Sheet	Statement of Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Changes in Fiduciary Net Position
ACCOUNTING BASIS	Accrual	Modified Accrual	Accrual
MEASUREMENT FOCUS	Economic Resources	Current Financial Resources	Economic Resources
TYPE OF INFORMATION ASSETS AND LIABILITIES	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term; the Agency funds do not currently have capital assets although they can
TYPE OF INFORMATION REVENUES, EXPENSES, AND EXPENDITURES	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

Government-Wide Financial Statements:

The first two basic statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status and report net position and changes in it. Net position is the difference between assets and liabilities and is one way to measure the Town's financial health, or financial position.

- Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating, respectively.
- In order to assess the overall health of the Town other non-financial factors should also be considered, such as changes in the Town's general revenues (principally property taxes and general state aid), and federal and state intergovernmental revenues (grant programs); the condition of the Town's buildings and other depreciable property (likelihood of emergency repairs or maintenance); and other items subject to significant financial or budgetary uncertainty.

The government-wide financial statements of the Town are included in the Governmental Activities category. Most of the Town's basic services are included here, such as executive, public safety, highway maintenance, sanitation, culture and recreation and conservation services. General revenues, including property taxes, state aid, and federal and state grant programs, finance most of these activities.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. State law, regulation or bond covenants actually require the establishment of some funds, while others are established to comply with the requirements of grantors. The Town has two kinds of funds:

Governmental Funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationships (or differences) between them.

Fiduciary Funds - The Town is responsible for other assets that, because of an agency arrangement, can be used only for the intended purposes. These funds are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

CONDENSED FINANCIAL INFORMATION AND ANALYSIS OF THE TOWN AS A WHOLE

Net Position

Exhibit B-1 shows the composition of the Town's total combined net position, which increased between December 31, 2014 and 2015 by \$736,546 or 7% to \$11,218,135.

Exhibit B-1 NET POSITION

	Governmental Activities		
	2014	2015	Change
Assets	(as restated)		
Current and other assets	\$ 8,972,517	\$ 8,666,524	\$ (305,993)
Noncurrent assets	<u>10,170,023</u>	<u>10,430,623</u>	<u>260,600</u>
Total assets	19,142,540	19,097,147	(45,393)
Deferred Outflows of Resources			
Deferred outflows of resources	<u>137,804</u>	<u>129,598</u>	<u>(8,206)</u>
Total deferred outflows of resources	137,804	129,598	(8,206)
Liabilities			
Current liabilities	6,131,396	5,453,657	(677,739)
Noncurrent liabilities	<u>2,534,807</u>	<u>2,466,671</u>	<u>(68,136)</u>
Total liabilities	8,666,203	7,920,328	(745,875)
Deferred Inflows of Resources			
Deferred inflows of resources	<u>132,552</u>	<u>88,282</u>	<u>(44,270)</u>
Total deferred inflows of resources	132,552	88,282	(44,270)
Net Position			
Net investment in capital assets	8,897,092	9,302,396	405,304
Restricted	1,692,930	1,660,431	(32,499)
Unrestricted	<u>(108,433)</u>	<u>255,308</u>	<u>363,741</u>
Total net position	<u>\$ 10,481,589</u>	<u>\$ 11,218,135</u>	<u>\$ 736,546</u>

A portion of the net position are either invested in capital assets or restricted as to the purposes they can be used for.

- The Town's investment in capital assets (land and land improvements, buildings, vehicles, furniture and equipment and infrastructure, net of accumulated depreciation), net of related debt, is the largest component of the total combined net position.
- Restricted net position represents capital project, capital reserves and specific fund net position amounts that are not available for discretionary spending.

Unrestricted net position is a positive \$255,308 at December 31, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Nottingham
For the Year Ended December 31, 2015**

Change in Net position

The Town's total revenues were \$4,468,602 while total expenses were \$3,732,056, resulting in an increase in net position of \$736,546.

Exhibit B-2 shows that a significant portion of the Town's total revenues came from the following general revenue sources; 55.27% from property taxes, 23.12% from local sources and unrestricted fees, 5.22% from State of New Hampshire source intergovernmental revenues primarily derived from state aid programs. Program revenues directly associated with a specific department accounted for the following percentages of total revenues, charges for services provided 6.89% of total revenues while operating grants and contributions provided 4.55% of total revenues.

Exhibit B-2 SOURCES OF TOWN REVENUES

Governmental Activities							
	<u>2014</u>		<u>2015</u>		<u>Change</u>		
Program Revenues							
Charges for services	\$	304,318	7.05%	\$	307,687	6.89%	\$ 3,369 1.11%
Operating grants and contributions		130,058	3.01%		203,299	4.55%	73,241 56.31%
General Revenues							
Property taxes		2,593,931	60.05%		2,469,610	55.27%	(124,321) -4.79%
Local sources		935,803	21.66%		1,033,358	23.12%	97,555 10.42%
State of New Hampshire sources		233,340	5.40%		233,328	5.22%	(12) -0.01%
Miscellaneous		121,409	2.81%		221,320	4.95%	99,911 82.29%
Other sources		675	0.02%		-	0.00%	(675) -100.00%
	\$	<u>4,319,534</u>	<u>100.00%</u>	\$	<u>4,468,602</u>	<u>100.00%</u>	\$ <u>149,068</u> <u>3.45%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

Exhibit B-3 shows that public safety expenses accounted for 21.51% of total expenses, while 27.69% were for general government services and 6.22% were for maintenance of highways and streets.

Exhibit B-3 TOWN EXPENSES

Governmental Activities

	<u>2014</u>		<u>2015</u>		<u>Change</u>	
Functions / Programs						
General government	\$ 1,049,588	28.65%	\$ 1,033,375	27.69%	\$ (16,213)	-1.54%
Public safety	749,296	20.45%	802,770	21.51%	53,474	7.14%
Highways and streets	469,137	12.80%	231,993	6.22%	(237,144)	-50.55%
Sanitation	176,467	4.82%	191,580	5.13%	15,113	8.56%
Health	5,037	0.14%	4,186	0.11%	(851)	-16.89%
Welfare	29,766	0.81%	31,165	0.84%	1,399	4.70%
Culture and recreation	134,969	3.68%	163,183	4.37%	28,214	20.90%
Library	214,704	5.86%	220,382	5.91%	5,678	2.64%
Conservation	755	0.02%	5,217	0.14%	4,462	590.99%
Debt service	26,335	0.72%	42,954	1.15%	16,619	63.11%
Capital outlay	53,450	1.46%	270,964	7.26%	217,514	406.95%
Other financing uses	50,340	1.37%	27,999	0.75%	(22,341)	-44.38%
Unallocated						
Depreciation	<u>704,217</u>	<u>19.22%</u>	<u>706,288</u>	<u>18.92%</u>	<u>2,071</u>	<u>0.29%</u>
	<u>\$ 3,664,061</u>	<u>100.00%</u>	<u>\$ 3,732,056</u>	<u>100.00%</u>	<u>\$ 67,995</u>	<u>1.86%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Nottingham
For the Year Ended December 31, 2015**

Governmental Activities

Exhibit B-4 presents the net cost of the Town's largest functions based upon the total expense, less charges for services and operating grants and contributions, of each function. The net cost reflects the amount that was funded by general revenues (principally property taxes and general state aid).

Exhibit B-4 TOTAL AND NET COST OF SERVICES

	2014		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions / Programs				
General government	\$ 1,049,588	\$ 890,608	\$ 1,033,375	\$ 886,269
Public safety	749,296	732,102	802,770	770,485
Highways and streets	469,137	334,881	231,993	28,694
Sanitation	176,467	176,467	191,580	147,173
Health	5,037	5,037	4,186	4,186
Welfare	29,766	29,766	31,165	31,165
Culture and recreation	134,969	11,023	163,183	79,294
Library	214,704	214,704	220,382	220,382
Conservation	755	755	5,217	5,217
Debt Service	26,335	26,335	42,954	42,954
Capital outlay	53,450	53,450	270,964	270,964
Other financing uses/nonoperating expenses	50,340	50,340	27,999	27,999
Unallocated				
Depreciation	704,217	704,217	706,288	706,288
	\$ 3,664,061	\$ 3,229,685	\$ 3,732,056	\$ 3,221,070

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

The total cost of all governmental activities this year was \$3,732,056; the total net cost was \$3,221,070. The primary financing for these activities of the Town was as follows:

General Revenues

- Taxes - The amount that was paid by taxpayers was \$2,382,710 from property taxes, \$53,750 from land use change taxes, \$20,432 from yield taxes, and \$173 from other taxes. Interest collected on delinquent taxes was \$130,036, while abatements charged against current year taxes were \$117,491.
- Licenses, permits and fees - Motor vehicle permits were \$907,115 while building permits were \$53,167 and other licenses, permits and fees totaled \$73,076.
- State of NH sources - Meals and rental tax distributions were \$233,328.
- Miscellaneous revenues – Interest on investments were reported in the amount of \$6,009, sales of municipal property were \$114,015 while other miscellaneous revenues amounted to \$101,296.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

ANALYSIS OF BALANCES AND TRANSACTIONS OF THE TOWN'S INDIVIDUAL FUNDS

General Fund

The general fund balance increased \$257,938 during the year from a surplus balance of \$1,787,801 at December 31, 2014 to a \$2,045,739 fund balance at December 31, 2015. The December 31, 2015 fund balance was comprised of \$351,827 restricted for capital reserves, \$20,000 committed at town meeting, and \$1,673,912 of unassigned fund balance.

Nonmajor Governmental Funds

Library Fund

The library fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The library fund is used to account for the operations of the Town library. The library fund balance was \$40,084 at December 31, 2015.

Recreation Revolving Fund

The recreation revolving fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The recreation revolving fund was established in accordance with state statutes to account for revenues collected in connection with recreation programs and activities. The recreation revolving fund balance was \$172,910 at December 31, 2015.

Conservation Fund

The conservation fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The conservation fund was established to account for land use change tax revenues voted at a previous town meeting to be set aside for conservation purposes. The conservation fund balance was \$478,053 at December 31, 2015.

DARE Fund

The DARE fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The DARE fund was established to account for donations earmarked for a specific purpose. The DARE fund had a balance of \$5,122 at December 31, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

NCPP Playground Fund

The NCPP playground fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The NCPP playground fund was established to account for revenues and donations earmarked specifically for the construction of the playground. The NCPP playground fund had a balance of \$18,591 at December 31, 2015.

Ambulance Fund

The ambulance fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The ambulance fund was established to account for revenues from ambulance service billings. The ambulance fund balance was \$358,955 at December 31, 2015.

Theatre Project Fund

The Theatre Project fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The fund was established to account for revenues and donations earmarked specifically for the theatre project. The fund balance at December 31, 2015 was \$7,656.

Cable Franchise Fee Fund

The cable franchise fee fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The fund was established in 2011 to account for upgrades to the towns' cable TV system. 50% of annual cable franchise fees are designated to the fund. The fund balance at December 31, 2015 was \$30,000 which is the limit that was set at the 2015 town meeting.

Common Trust Funds

The common trust funds are classified as a permanent trust fund and are aggregated in the category nonmajor governmental funds in the basic financial statements. The common trust funds balance was \$76,799 at December 31, 2015. The fund balance is comprised of nonspendable endowments in the amount of \$51,255 and \$25,544 of restricted income.

McLean Rescue Squad Fund

The McLean rescue squad fund is classified as a permanent trust fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The McLean Rescue Squad fund was established in 1997 in accordance with the last will and testament of Douglas McLean. The trust was accepted by the Town and transferred to the Trustees of Trust Funds in 2004 in accordance with a Rockingham County Probate Court Decree. The McLean Rescue Squad Fund balance was \$120,434 at December 31, 2015. The fund balance is comprised of \$109,168 of nonspendable endowments and \$11,266 of restricted income.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

For the year ended December 31, 2015 the Town did not revise its statutory budgetary line items; rather, the Town's budgetary control was managed on an aggregate total budget-to-actual basis; total estimated revenues and appropriations versus actual revenues and expenditures.

Final Versus Original Budget Comparison

The original and final budgets varied by \$0 of encumbrances carried forward from the prior year.

Actual Versus Final Budget Comparison

The amounts of actual inflows (resources) and outflows (charges to appropriations) varied from the final budget for the following significant items:

- Actual inflows (resources) exceeded the budgetary revenue estimates by a positive variance of \$229,733.
- Actual outflows (expenditures or charges to appropriations) were less than the total budgeted appropriations by \$174,512.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2015, the Town had invested \$10,430,623 (\$31,703,137 at cost or estimated cost less accumulated depreciation of \$21,272,514) in a broad range of capital assets, including land and land improvements, infrastructure, buildings, vehicles and machinery and equipment as summarized in Exhibit C-1.

This amount represents a net increase of 2.56% over the prior year. This year major additions are also summarized in Exhibit C-1.

Exhibit C-1 NET CAPITAL ASSETS AND MAJOR ADDITIONS

Net Capital Assets	Governmental Activities		
	2014	2015	Change
Land and improvements	\$ 1,605,720	\$ 1,705,676	6.22%
Infrastructure	23,352,807	23,885,823	2.28%
Buildings	2,561,111	2,580,111	0.74%
Vehicles	2,171,342	2,315,671	6.65%
Machinery and equipment	1,183,116	1,215,856	2.77%
Capital assets, at cost	30,874,096	31,703,137	2.69%
Accumulated Depreciation	(20,704,073)	(21,272,514)	-2.75%
Capital assets, net	\$ 10,170,023	\$ 10,430,623	2.56%
Increase in Capital Assets, Net		\$ 260,600	
Changes			
Land and improvement additions		\$ 101,400	
Infrastructure additions		533,016	
Building additions		19,000	
Vehicle additions		280,169	
Machinery and equipment additions		35,164	
Gain / (Loss) on disposals		(1,861)	
Depreciation expense		(706,288)	
		\$ 260,600	

More detailed information about the Town's capital assets is presented in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

Debt

At December 31, 2015, the Town had \$2,466,671 of long-term obligations (\$2,608,147 in total obligations less the current portion of \$141,476) as summarized in Exhibit C-2.

This amount represents a net decrease of 2.69% from the prior year.

Exhibit C-2 LONG-TERM LIABILITIES

Long-Term Liabilities	Governmental Activities		
	2014	2015	Change
	(as restated)		
General obligation bonds	\$ 1,400,724	\$ 1,243,240	-11.24%
Compensated absences	105,827	132,973	25.65%
OPEB obligations	133,774	181,253	35.49%
Net pension liability	1,035,958	1,050,681	1.42%
	2,676,283	2,608,147	-2.55%
Less current portion	(141,476)	(141,476)	0.00%
	\$ 2,534,807	\$ 2,466,671	-2.69%
Increase/(Decrease), Net		\$ (68,136)	
Changes in Long-Term Obligations			
Principal payments on general obligation bonds		\$ (157,484)	
Change in compensated absences		27,146	
Change in OPEB obligations		47,479	
Change in net pension liability		14,723	
Change in current portion		-	
		\$ (68,136)	

State law (RSA 195:6II) limits the amount of general obligation debt that the Town may incur at any one time to 1.75% of the locally assessed valuation as equalized by the Commissioner of the New Hampshire Department of Revenue Administration. At December 31, 2015, the Town was significantly below its legal debt limit of approximately \$10,427,861.

More detailed information about the Town's long-term liabilities is presented in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Nottingham
For the Year Ended December 31, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Town management and the Selectmen considered many factors when submitting the 2016 budget to the Municipal Budget Committee and the Town voters.

Priorities for the town, as reflected in the spending planned for 2016, included:

- Maintenance of our investments in town properties, roads and equipment
- Meeting the demands of increased insurance premiums and retirement system contributions
- Keeping town employee overall compensation competitive, and rewarding performance through merit-based wage increases

Savings were anticipated compared to prior years with legal services, debt service, and some fuel and utility costs. We continue to use the Capital Improvement Plan to guide larger investments and provide for the long-term health of the town's finances.

As we have stated in prior years, we are constantly working toward keeping tax rates stable while maintaining reasonable levels of service to the community.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town Administrator.

BASIC FINANCIAL STATEMENTS

TOWN OF NOTTINGHAM

Statement of Net Position December 31, 2015

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 7,109,192
Investments	3,350
Receivables, net	1,565,661
Due from other governments	2,982
Internal balances due to/from other funds	(14,661)
Capital assets:	
Land, improvements, and construction in progress	1,695,691
Other capital assets, net of accumulated depreciation	<u>8,734,932</u>
Total assets	<u>19,097,147</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>129,598</u>
Total deferred outflows of resources	<u>129,598</u>
LIABILITIES	
Accounts payable	122,110
Accrued expenses	47,851
Due to other governments	5,142,220
Current portion long term debt	141,476
Notes payable	1,101,764
Compensated absences	132,973
OPEB Obligation	181,253
Net pension liability	<u>1,050,681</u>
Total liabilities	<u>7,920,328</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>88,282</u>
Total deferred inflows of resources	<u>88,282</u>
NET POSITION	
Net investment in capital assets	9,302,396
Restricted for:	
Capital reserves	351,827
Nonmajor funds and other purposes	1,308,604
Unrestricted	<u>255,308</u>
Total net position	<u>\$ 11,218,135</u>

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

TOWN OF NOTTINGHAM

Statement of Activities Year Ended December 31, 2015

Functions / Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and
				Changes in Net Position
				Primary Governmental Activities
Governmental activities:				
General government	\$ 1,033,375	\$ 147,106	\$ -	\$ (886,269)
Public safety	802,770	32,285	-	(770,485)
Highways and streets	231,993	-	203,299	(28,694)
Sanitation	191,580	44,407	-	(147,173)
Health	4,186	-	-	(4,186)
Welfare	31,165	-	-	(31,165)
Culture and recreation	383,565	83,889	-	(299,676)
Conservation	5,217	-	-	(5,217)
Debt service	42,954	-	-	(42,954)
Capital outlay	270,964	-	-	(270,964)
Other financing uses	27,999	-	-	(27,999)
Depreciation (unallocated)	706,288	-	-	(706,288)
Total governmental activities	<u>3,732,056</u>	<u>307,687</u>	<u>203,299</u>	<u>(3,221,070)</u>
General revenues:				
Taxes				\$ 2,469,610
Charges, grants, and contributions not restricted to specific purposes:				
Licenses, permits and fees				1,033,358
State of NH sources				233,328
Miscellaneous revenues				<u>221,320</u>
Total general revenues				<u>3,957,616</u>
Change in net position				736,546
Net position - beginning (as restated)				<u>10,481,589</u>
Net position - ending				<u>\$ 11,218,135</u>

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

TOWN OF NOTTINGHAM

**Balance Sheet
Governmental Funds
December 31, 2015**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 6,871,875	\$ 237,317	\$ 7,109,192
Investments	3,350	-	3,350
Property taxes receivable	630,063	-	630,063
Land use taxes receivable	7,000	-	7,000
Tax liens receivable	816,268	-	816,268
Accounts receivable	14,968	97,362	112,330
Due from other governments	2,982	-	2,982
Due from other funds	25,231	999,156	1,024,387
Total assets	\$ 8,371,737	\$ 1,333,835	\$ 9,705,572
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 122,110	\$ -	\$ 122,110
Accrued expenses	47,851	-	47,851
Due to other governments	5,142,220	-	5,142,220
Due to other funds	1,013,817	25,231	1,039,048
Total liabilities	6,325,998	25,231	6,351,229
Fund balances:			
Nonspendable	-	160,423	160,423
Restricted	351,827	1,143,059	1,494,886
Committed	20,000	5,122	25,122
Assigned	-	-	-
Unassigned	1,673,912	-	1,673,912
Total fund balances	2,045,739	1,308,604	3,354,343
Total liabilities and fund balances	\$ 8,371,737	\$ 1,333,835	\$ 9,705,572

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

TOWN OF NOTTINGHAM

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position December 31, 2015

Total Fund Balances - Governmental Funds \$ 3,354,343

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost	\$ 31,703,137	
Less accumulated depreciation	<u>(21,272,514)</u>	10,430,623

Long-term liabilities, including bonds payable, are not due in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	(1,243,240)	
Compensated absences	(132,973)	
OPEB obligations	(181,253)	
Net pension liability	<u>(1,050,681)</u>	(2,608,147)

Deferred inflows and outflows of resources are not current financial sources and uses and therefore are not reported in the governmental funds.

Deferred inflows of resources	(88,282)	
Deferred outflows of resources	<u>129,598</u>	<u>41,316</u>

Total Net Position - Governmental Activities \$ 11,218,135

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

TOWN OF NOTTINGHAM

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended December 31, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 2,422,860	\$ 46,750	\$ 2,469,610
Licenses, permits and fees	1,033,358	-	1,033,358
Federal sources	61,558	-	61,558
State of NH sources	375,069	-	375,069
Charges for services	87,742	179,800	267,542
Miscellaneous revenues	167,725	87,731	255,456
Investment income	5,128	881	6,009
Total revenues	<u>4,153,440</u>	<u>315,162</u>	<u>4,468,602</u>
Expenditures			
General government	1,161,456	-	1,161,456
Public safety	862,755	20,085	882,840
Highways and streets	956,634	-	956,634
Sanitation	201,201	-	201,201
Health	4,186	-	4,186
Welfare	31,165	-	31,165
Culture and recreation	237,588	145,167	382,755
Conservation	1,167	4,050	5,217
Debt service:			
Principal	141,475	-	141,475
Interest	58,963	-	58,963
Capital outlay	270,964	-	270,964
Total expenditures	<u>3,927,554</u>	<u>169,302</u>	<u>4,096,856</u>
Excess (deficiency) of revenues over expenditures	225,886	145,860	371,746
Other Financing Sources (Uses)			
Transfers in	32,052	-	32,052
Transfers out	<u>-</u>	<u>(32,052)</u>	<u>(32,052)</u>
Net change in fund balances	257,938	113,808	371,746
Fund balances - beginning of year	<u>1,787,801</u>	<u>1,194,796</u>	<u>2,982,597</u>
Fund balances - end of year	<u>\$ 2,045,739</u>	<u>\$ 1,308,604</u>	<u>\$ 3,354,343</u>

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

TOWN OF NOTTINGHAM

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2015

Total Net Change in Fund Balances - Governmental Funds \$ 371,746

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 968,749	
Depreciation expense	(706,288)	
Loss on disposal of assets	<u>(1,861)</u>	260,600

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal on bonds		157,484
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In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Compensated absences (increase) decrease		(27,146)
OPEB obligation (increase) decrease		(47,479)
Net pension liability (increase) decrease		(14,723)

The change in deferred inflows and outflows from the *Schedule of Pension Amounts by Employer* related to the New Hampshire Retirement System Cost-Sharing Employer Defined Benefit Pension Plan are reported against pension expense in the governmental activities.

Deferred inflows (increase) decrease	44,270	
Deferred outflows increase (decrease)	<u>(8,206)</u>	<u>36,064</u>

Change in Net Position of Governmental Activities \$ 736,546

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

TOWN OF NOTTINGHAM

Statement of Net Position Fiduciary Funds December 31, 2015

	<u>Local Trusts</u>	<u>Escrow Deposits</u>	<u>School District Capital Reserves</u>	<u>Total Fiduciary Funds</u>
Assets				
Cash and cash equivalents	\$ 8,027	\$ 69,260	\$ 144,997	\$ 222,284
Investments	-	182,346	-	182,346
Due from other funds	-	14,661	-	14,661
Total assets	<u>\$ 8,027</u>	<u>\$ 266,267</u>	<u>\$ 144,997</u>	<u>\$ 419,291</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	144,997	144,997
Held on behalf of others	-	266,267	-	266,267
Total liabilities	<u>\$ -</u>	<u>\$ 266,267</u>	<u>\$ 144,997</u>	<u>\$ 411,264</u>
Net Position				
Held in trust for private purposes	<u>\$ 8,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,027</u>
Total net position	<u>\$ 8,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,027</u>

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

TOWN OF NOTTINGHAM

Statement of Changes in Fiduciary Net Position Private Purpose Trust Funds Year Ended December 31, 2015

	<u>Local Trusts</u>	<u>Total Private Purpose Trust Funds</u>
Additions:		
Miscellaneous revenues	\$ 57	\$ 57
Total additions	<u>57</u>	<u>57</u>
Deductions:		
Welfare	-	-
Culture and recreation	-	-
Total deductions	<u>-</u>	<u>-</u>
Operating income (loss)	<u>57</u>	<u>57</u>
Net position beginning of year	<u>7,970</u>	<u>7,970</u>
Net position end of year	<u>\$ 8,027</u>	<u>\$ 8,027</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Nottingham (the "Town" or "Government") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. The significant accounting policies established in GAAP and used by the Town are discussed below.

A. THE REPORTING ENTITY

The Town is a local government governed by an elected Board of Selectmen. As required by GAAP, these financial statements are required to present the Town and its component units (if any).

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government. Fiscal independency is the ability to complete certain essential fiscal events without substantive approval by a primary government: (a) determine its budget without another government's having the authority to approve and modify that budget; (b) levy taxes or set rates or charges without approval by another government; and (c) issue bonded debt without approval by another government.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town does not have any business type primary activities.

In the government-wide Statement of Net position, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions / programs. The functions / programs are also supported by general revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflect capital-specific grants. The net costs (by function) are normally covered by general revenue. The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Funds are classified into three major categories: governmental, proprietary and fiduciary.

Fund financial statements focus on major funds of the primary government in contrast to the governmental and business type (if any) activities reported in the government-wide financial statements. Major funds represent the government's most important funds and are determined based on a minimum criteria set forth in GASBS No. 34 (numerical formula using total assets, liabilities, revenues, or expenditures/expenses of either fund category or activity combined). Major individual governmental funds are reported in separate columns in the fund financial statements with a combined column for all other nonmajor funds. The general fund is required to be reported as major fund. The following fund types are used by the Town:

1. **Governmental Funds** – The focus of governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

General Fund is the general operating fund of the Town and is used to account for all resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (such as federal and state grants, and restricted revenues, etc.) that are legally restricted to expenditures for specific purposes.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Permanent Funds are used to account for trust arrangements in which the Town is the beneficiary of the earnings on the principal, including public-purpose funds previously classified as nonexpendable trust funds.

2. **Fiduciary Funds** – The reporting focus of fiduciary funds is on net position and, for private purpose trust funds, changes in net position. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide statements. The following is a description of the fiduciary funds of the Town:

Private Purpose Trust Funds are used to report trust arrangements under which the principal and interest benefits individuals, private organizations, or other governments, but not the Town. The assets are essentially held in trust for someone outside the reporting entity.

Agency Funds are used to report assets held in a purely custodial capacity for individuals, organizations, or other governments outside of the reporting entity. The assets for these funds equal the liabilities and there is no operating activity to report.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Two different measurement focuses are used under the new financial reporting model, the flow of current financial resources and the flow of economic resources. The determination of when transactions are recognized is referred to as the basis of accounting. Like measurement focus, there are two different bases of accounting used; the accrual basis and the modified accrual basis.

Government-Wide Financial Statements

The government-wide financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, generally, all revenues, expenses, gains, losses, assets, and liabilities should be recognized when the economic exchange takes place. The government-wide financial statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the entire government. These financial statements do not report fund information. Instead they focus on two specific types of activities performed by the government, "governmental activities" and, when applicable, "business type activities". Governmental and proprietary fund types are included in the governmental and, when applicable, business type activities reported in the government-wide financial statements and therefore utilize the measurement focus and basis of accounting applicable to these statements. Fiduciary funds are not reported in the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and asset are recognized when they susceptible to accrual; i.e., both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within sixty days after year-end. Expenditures and liabilities are recognized in the accounting period in which the fund liability is incurred and due, with certain modifications. Debt service and capital lease payments are recognized when the payment is due and compensated absences, claims and judgments, and special termination benefits are recognized to the extent that the liabilities are "normally expected to be liquidated with expendable available financial resources". Fiduciary fund financial statements use the economic resources measurement focus and the full accrual basis of accounting.

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash and Cash Equivalents and Investments

The Town has defined cash and cash equivalents to include cash on hand, demand deposits as well as short-term investments with a maturity date of within three months of the date acquired by the Town.

Investments are stated at fair value (quoted market price or the best available estimate).

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to at market or near market rates, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Inventories

For fund financial statements, inventories are accounted for utilizing the purchase method. Under this method, inventories are recorded as expenditures when purchased. For government-wide financial statements, inventories are carried at cost using the first-in, first-out method.

Capital Assets

For government-wide financial statements, capital assets purchased or acquired, in accordance with the Town’s capitalization policy, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the assets estimated useful lives.

ASSET	Capitalization Threshold	Estimated Useful Lives
Land	All	na
Land Improvements	All	20
Buildings and Improvements	All	25-50
Machinery, Equipment and Other	\$1,000	5-20
Vehicles	\$1,000	7-15
Infrastructure	\$10,000	20-50

For fund financial statements, capital assets purchased for governmental operations are accounted for as capital expenditures of the governmental fund at the time of purchase.

Compensated Absences

For government-wide financial statements the Town accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. For governmental funds, only the current portion, (the amount estimated to be paid within one operating period) is accrued. The long-term portion represents a reconciling item between the fund and government-wide presentations.

Long-term Obligations

All long-term debt is reported as liabilities in the government-wide financial statements. Long-term debt generally consists of bonds payable, capital leases, accrued compensated absences, and special termination benefits. Governmental funds reported in the fund financial statements are concerned with current financial resources only and do not report long-term debt. Instead, debt proceeds are reported as other financing sources when received and payments of principal and interest are reported as expenditures when due.

Governmental Fund Equity and Fund Balance Policy

The Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement established new fund balance classifications and reporting requirements as follows:

Nonspendable – Are fund balances that cannot be spent because they are either; not in spendable form, such as inventories or prepaid amounts, or are legally or contractually required to be maintained intact, such as the principal of a permanent fund.

Restricted – Are amounts that can only be used for specific purposes because of enabling legislation or externally imposed constraints, such as grant requirements or laws or regulations.

Committed – Are amounts that can be used for specific purposes because of a formal action by the entities highest level of decision-making authority (Board of Selectmen). This would include contractual obligations if existing resources have been committed. Formal action (Board vote at a public meeting) to establish constraints should be taken before year-end, even if the amount might not be determined until the subsequent period.

Assigned – Are amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body (Board of Selectmen), or by and official whom authority has been given (Town Administrator). Such assignments cannot exceed the available fund balance in any particular fund. This is the residual fund balance classification of all governmental funds except the general fund. Assigned fund balances should not be reported in the general fund if doing so causes the government to report a negative “unassigned” general fund balance.

Unassigned – Is the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In instances where both restricted and unrestricted fund balances are available to fund expenditures, the restricted fund balances will be exhausted first, followed by the unrestricted classifications of, committed, assigned and unassigned fund balances.

The Town has not adopted a policy regarding the maintenance of a minimum fund balance.

Revenues

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the period in which the resources are measurable and available. Revenue resulting from non-exchange transactions, in which the Town receives value without directly giving equal value in return, generally includes grants and donations and is recognized when applicable grantor requirements, including purpose, eligibility, timing, and matching have been met.

General revenues on the Statement of Activities include property taxes and aid from various State of New Hampshire sources that are not program revenues (charges for services, or related to operating or capital grant programs).

Use of Estimates

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

Pensions

During the year ended December 31, 2015, the Town adopted Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions*. As a result, the Town is required to report its proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the New Hampshire Retirement System, (NHRS) a Cost-Sharing Multiple Employer Defined Benefit Pension Plan.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Debt Limit

Per state statute, the Town may not incur debt at any one time in excess of 1.75% of its locally assessed valuation as last equalized by the Commissioner of the New Hampshire Department of Revenue Administration.

For the year ended December 31, 2015, the Town had not exceeded its legal debt limit.

Risk Management

The Town is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The Town also participates in the Property/Liability and Workers' Compensation program administered by the New Hampshire Public Risk Management Exchange (Primex). This is a pooled risk management program under RSA 5-B and RSA 281-A. The Town of Nottingham contributions for the calendar year 2015 were \$46,324 and \$33,271 for Property/Liability and Workers' Compensation, respectively. The town was issued a Premium Holiday during the current policy period in the amount of \$30,289.

Claims, Judgments and Contingent Liabilities

Grant Programs

The Town may participate in state, federal and private funded programs, which are governed by various laws, regulations, contracts and agreements of the grantor. Costs charged to these programs are subject to audit or review by the grantor; therefore, to the extent that the Town has not complied with laws, regulations, contracts and agreements of the grantor, refunds of money for any disallowed claims, including amounts already collected, may constitute a contingent liability of the Town. At December 31, 2015, the Town believes that there are no significant contingent liabilities relating to compliance with the laws, regulations, and contracts and agreements governing these programs; therefore, no provision has been recorded in the financial statements for such contingencies.

Litigation

The Town is subject to various claims, and sometimes lawsuits, which arise in the normal course of operations. Management of the Town believes that the outcome of these contingencies will not have a materially adverse effect on the financial statements and accordingly, no provision for loss has been recorded.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 7,112,542
Fiduciary funds:	
Cash and investments	404,630
	<u>\$ 7,517,172</u>

Deposits and investments as of December 31, 2015 consist of the following:

Cash on hand	\$ -
Deposits with financial institutions	7,331,476
Investments	185,696
	<u>\$ 7,517,172</u>

Credit Risk – Deposits

The Town maintains deposits in accordance with RSA 41:29 which states that the treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22 or in solvent banks in the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits, United States government obligations, United States government agency obligations, or obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case. The amount of collected funds on deposit in any one bank shall not for more than 20 days exceed the sum of its paid-up capital and surplus.

Credit Risk - Investments

The Town maintains investments in accordance with RSA 41:29 which states that whenever the town treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the town treasurer shall, with the approval of the selectmen, invest the same in obligations of the United States government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under the laws of the state of New Hampshire or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the state of New Hampshire or in banks recognized by the state treasurer. Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral. At least yearly, the selectmen shall review and adopt an investment policy for the investment of public funds in conformance with the provisions of applicable statutes.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements December 31, 2015

Investments made by the Town as of December 31, 2015 are summarized below:

	<u>Balance</u>	<u>Rating</u>	<u>Rating Agencies</u>
NH Public Deposit Investment Pool	\$ 185,696	na	
	<u>\$ 185,696</u>		

Concentration of Credit Risk

The Town does not have a formal investment policy that limits the amount the Town may invest in any one issuer. Investments of 5% or more of the Town's investments are as follows:

NH Public Deposit Investment Pool	<u>\$ 185,696</u>	<u>100%</u>
	<u>\$ 185,696</u>	<u>100%</u>

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a policy for custodial credit risk on deposits. As of December 31, 2015, \$1,122,887 of the Town's bank balance of \$7,348,926 was covered by FDIC insurance, in addition, deposits with Citizens Bank, N.A. were subject to a Tri-Party Collateral agreement among the town, Citizens Bank and The Bank of New York.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$185,696 in various investments, \$0 is held by the investment's counterparty, not in the name of the Town.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements
December 31, 2015

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Balances

Individual interfund balances at December 31, 2015 were as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General fund	\$ 25,231	\$ 1,013,817
Nonmajor Funds:		
Recreation revolving fund	172,910	-
Playground fund	18,591	-
DARE fund	5,122	-
Conservation fund	478,053	-
Ambulance fund	261,593	-
Theatre project	7,656	-
Cable franchise fee fund	55,231	25,231
Fiduciary Funds:		
Agency funds	14,661	-
	<u>\$ 1,039,048</u>	<u>\$ 1,039,048</u>

Transfers

Individual interfund transfers for the year ended December 31, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 32,052	\$ -
Nonmajor Funds:		
Cable franchise fund	-	25,231
Common trust funds	-	6,821
	<u>\$ 32,052</u>	<u>\$ 32,052</u>

The Town makes routine transfers during the year between the general fund and other funds based upon statutory or budgetary authorization.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental Receivables

Intergovernmental receivables at December 31, 2015 were as follows:

	General Fund
Federal / State Government	
Pass-through grants and other	\$ 2,982
	<u>\$ 2,982</u>

Intergovernmental Payables

Intergovernmental payables at December 31, 2015 consisted of the following:

	<u>General Fund</u>	<u>Fiduciary Funds</u>
Local Governments		
Nottingham School District	\$ 5,142,220	\$ 144,997
	<u>\$ 5,142,220</u>	<u>\$ 144,997</u>

The intergovernmental payable at December 31, 2015 represents the balance of the school district assessment included in the 2015 property tax billings for the school fiscal year ended June 30, 2016 and the School District Capital Reserves held by the Trustees of Trust Funds.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements December 31, 2015

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the Town for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities (at cost)				
Capital assets not being depreciated:				
Land and improvements	\$ 1,595,735	\$ 101,400	\$ 1,444	\$ 1,695,691
	<u>1,595,735</u>	<u>101,400</u>	<u>1,444</u>	<u>1,695,691</u>
Capital assets being depreciated:				
Land improvements	9,985	-	-	9,985
Infrastructure	23,352,807	533,016	-	23,885,823
Buildings	2,561,111	19,000	-	2,580,111
Vehicles	2,171,342	280,169	135,840	2,315,671
Machinery and equipment	1,183,116	35,164	2,424	1,215,856
	<u>29,278,361</u>	<u>867,349</u>	<u>138,264</u>	<u>30,007,446</u>
Less accumulated depreciation:				
Land improvements	4,996	351	-	5,347
Infrastructure	17,763,796	436,309	-	18,200,105
Buildings	810,846	92,539	-	903,385
Vehicles	1,265,311	117,938	135,423	1,247,826
Machinery and equipment	859,124	59,151	2,424	915,851
Accumulated depreciation	<u>20,704,073</u>	<u>706,288</u>	<u>137,847</u>	<u>21,272,514</u>
Capital assets being depreciated, net	<u>8,574,288</u>	<u>161,061</u>	<u>417</u>	<u>8,734,932</u>
Governmental activities capital assets, Net of accumulated depreciation	<u>\$ 10,170,023</u>	<u>\$ 262,461</u>	<u>\$ 1,861</u>	<u>\$ 10,430,623</u>

Depreciation expense for the year ended December 31, 2015 (unallocated)

\$ 706,288

NOTE 7 - LONG-TERM LIABILITIES

The Town can issue general obligation debt instruments to provide funds for the acquisition and construction of major capital equipment, infrastructure and other facilities. General obligation debt instruments are "direct government obligations" and consequently are a pledge of the full faith and credit of the Town. The Town is obligated under certain leases accounted for as capital leases. The leased assets are accounted for as capital assets and capital lease liabilities in the government-wide financial statements. In the governmental fund financial statements the lease is recorded as an expenditure and other financing source in the year executed; annual lease payments are recorded as expenditures when paid. Other long-term obligations include compensated absences, early retirement obligations, and net pension liability.

A summary of long-term liabilities outstanding at December 31, 2015 is as follows:

	General Obligation Bonds	Compensated Absences	OPEB Obligations	Net Pension Liability	Total
				(as restated)	
Beginning balance	\$ 1,400,724	\$ 105,827	\$ 133,774	\$ 1,035,958	\$ 2,676,283
Additions	-	27,146	47,479	14,723	89,348
Reductions	(157,484)	-	-	-	(157,484)
Ending balance	<u>1,243,240</u>	<u>132,973</u>	<u>181,253</u>	<u>1,050,681</u>	<u>2,608,147</u>
Current portion	141,476	-	-	-	141,476
Noncurrent portion	<u>1,101,764</u>	<u>132,973</u>	<u>181,253</u>	<u>1,050,681</u>	<u>2,466,671</u>
	<u>\$ 1,243,240</u>	<u>\$ 132,973</u>	<u>\$ 181,253</u>	<u>\$ 1,050,681</u>	<u>\$ 2,608,147</u>

Long-term liabilities outstanding at December 31, 2015 consisted of the following:

	Issue Year	Interest Rate	Maturity Date	Original Amount of Issue	Balance Outstanding
<u>General Obligation Bonds and Notes</u>					
Community Center Renovation	2002	3.00%	8/15/2017	\$ 440,000	\$ 60,000
State Revolving Loan Proceeds	2003	3.69%	6/1/2024	121,691	115,013
Promissory Note - Easement	2007	4.44%	7/31/2027	850,000	531,250
Promissory Note - Fire Station	2007	4.44%	7/31/2027	800,000	476,297
Salt/Sand Sheds Note	2009	4.46%	7/30/2019	180,000	60,680
					<u>1,243,240</u>
<u>Other Long-Term Obligations</u>					
Compensated absences					132,973
OPEB obligations					181,253
Net pension liability					<u>1,050,681</u>
					<u>1,364,907</u>
					<u>\$ 2,608,147</u>

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements December 31, 2015

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 141,476	\$ 53,592	\$ 195,068
2017	141,476	47,369	188,845
2018	111,475	41,113	152,588
2019	111,475	36,209	147,684
2020	96,305	31,473	127,778
After	<u>641,033</u>	<u>103,332</u>	<u>744,365</u>
	<u>\$ 1,243,240</u>	<u>\$ 313,088</u>	<u>\$ 1,556,328</u>

NOTE 8 - PROPERTY TAXES

Property Tax Calendar

The Town is responsible for assessing, collecting and distributing property taxes in accordance with state legislation. The property tax year is from April 1 - March 31. Unpaid property taxes may be liened (following statutory notification and procedural guidelines) as soon as 30-days after the final bill (or installment) is due. Unpaid taxes are assessed interest at a rate of 12% up to the "lien date," at which time the rate increases to 18%. Two years from the execution of the real estate tax lien the Tax Collector may execute to the lienholder a "deed" of the property subject to the real estate tax lien and not redeemed (paid).

Revenue Recognition

The Town recognizes property tax revenues when they are levied (i.e., after a warrant for collection is committed to the Tax Collector by the Board of Selectmen). This is a GAAP departure (from *GASB Statement #1* generally, and specifically *NCGA Interpretation -3 "Revenue Recognition - Property Taxes"*). Under GAAP, certain disclosures are required of property tax revenues that are not received during the period, or within 60-days thereafter, that are recognized as receivables without a corresponding reserve. The Town believes that this application of GAAP to its property tax revenues would result in misleading financial statements since such GAAP application would reduce fund balance by the amount of uncollected property taxes; concurrent with a GAAP requirement to record an expenditure (and payable) for the amount due to the local education authority (such amount based solely on a share of the uncollected property taxes). This GAAP departure as applied to New Hampshire towns was addressed by the GASB in 1984. The GASB, in responding to an inquiry on this matter, provided justification for the departure from the 60-day rule due to the unique legislation in the State of New Hampshire regarding the Town's responsibility for (and expenditure recognition of) intergovernmental payments to the local education authority (school district). This justification has been reviewed and accepted by the New Hampshire Department of Revenue Administration (which requires GAAP-based regulatory reporting) and has been established as a widely prevalent practice followed by most New Hampshire towns.

Allocation of Property Tax Assessment

Total Property Tax Commitment	<u>\$ 11,955,547</u>	
		Rate Per
Property Tax Allocation:		<u>\$1,000</u>
Town Portion	\$ 2,509,671	\$ 4.20
Less: War Service Credit	(133,600)	
Local School Portion	7,732,046	12.98
State School Portion	1,260,174	2.17
County Portion	<u>587,256</u>	<u>0.99</u>
Total Allocation	<u>\$ 11,955,547</u>	<u>\$ 20.34</u>

NOTE 9 - PENSION PLAN

The Town participates in the New Hampshire Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan and trust established in 1967 by RSA 100-A:2 administered by a Board of Trustees. The plan is a contributory plan that provides service, disability, death and vested retirement benefits to members and their beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, New Hampshire 03301.

The System is funded by contributions from both the employees and the Town. Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature while the employer contribution rates are determined by the System Board of Trustees based on an actuarial valuation. Plan members are required to contribute 7.0%, for Group I employees, 11.55% for Group II Police, and 11.8% for Group II Fire employees, of their covered salary, and the town is required to contribute at an actuarially determined rate. The Town's contribution rates as of December 31, 2015 were 11.17% for Group I employees, 26.38% for Group II Policemen, and 29.16% for Group II Firemen, as applicable. The Town's contributions to the System for the years ending December 31, 2015, 2014, and 2013 were \$99,124, \$99,036, and \$93,602, respectively.

NOTE 10 – PROPORTIONATE SHARE OF NET PENSION LIABILITY

The Town implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense information about the fiduciary net position of the New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS.

General Information about the Pension Plan

Plan description. The New Hampshire Retirement System (NHRS) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25.

The Pension Plan was established in 1967 by RSA 100-A: 2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers with in the State are eligible and required to participate in the Pension Plan.

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

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

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

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

Contributions. By Statute, the Board of Trustees of the System is responsible for the certification of employer contribution rates, which are determined through the preparation of biennial valuation of the System's assets by the System's actuary using the entry age normal cost method.

The employer contributions used in the schedules of employer allocations as of and for the year ended June 30, 2015 is a component of total employer contributions presented in the System's financial statements for the corresponding period.

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

As of December 31, 2015, the Town reported a liability of \$1,050,681 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. At June 30, 2015, the Town's proportion was 0.02652213 percent, which was a decrease of 0.00107702 from its proportion measured as of June 30, 2014.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements December 31, 2015

For the year ended December 31, 2015, the Town recognized pension expense of \$80,484. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,056
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	28,080
Changes in proportion and differences between Employer contributions and proportionate share of contributions Employer contributions subsequent to the measurement date	75,945	37,146
	<u>53,653</u>	<u>-</u>
Total	<u>\$ 129,598</u>	<u>\$ 88,282</u>

\$53,653 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Amount
2016	\$ (16,972)
2017	(16,972)
2018	(16,972)
2019	(16,971)
2020	-
Thereafter	-
Total	<u>\$ (67,887)</u>

Actuarial assumptions. The collective pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions which apply to 2015 measurements:

Inflation	3.00%
Salary increases	3.75 - 5.8% average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005–June 30, 2010.

The long-term expected rate of return on pension plan investments was selected from a best-estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2015:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
Large Cap Equities	22.50%	3.00%
Small /Mid Cap Equities	7.50%	3.00%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.00%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	-0.70%
Short Duration	2.50%	-1.00%
Global Multi-Sector Fixed Income	11.00%	0.28%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	25.00%	
Private Equity	5.00%	5.50%
Private Debt	5.00%	4.50%
Real Estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	25.00%	
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefits payments to determine the collective total pension liability.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements December 31, 2015

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease to 6.75%	Current single rate assumption 7.75%	1% Increase to 8.75%
Employer's proportionate share of the net pension liability:			
June 30, 2015	\$ 1,383,085	\$ 1,050,681	\$ 767,305
June 30, 2014	\$ 1,364,525	\$ 1,035,958	\$ 758,762

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

Changes of assumptions. The change in assumptions about future economic or demographic factors or other inputs is amortized over the average of the expected remaining service life of active and inactive members, which is 5.3941 years in 2015. The first year of amortizations is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The collective amount of change in assumptions for the year ended June 30, 2015 is \$0.

NOTE 11 - DEFERRED COMPENSATION PLAN

The Town offers to all full-time employees the option of participating in a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. The Town provides a matching contribution of up to 3% of the eligible employee's annual salary. For the year ended December 31, 2015 the Town's contribution to the plan amounted to \$14,696.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (OPEB's) – GASB 45**Plan description and annual OPEB cost**

New Hampshire law requires municipalities to permit retired employees and their spouses to continue medical coverage after retirement if they pay the full premium rate charged for active employees. When the same premiums are charged to active employees and retirees, and the town is unable to obtain age-adjusted premium information for the retirees, GASB 45 requires the town to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

The town provides medical benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a state-wide health insurance consortium. Employee in Group I are eligible for retirement benefits beginning at age 50. Employees in Group II are eligible for benefits beginning at age 45. The retiree pays 100% for the cost of benefits. Certain service provisions apply at various retirement ages. Retirees are required to pay 100% of the cost for coverage. This valuation does not account for the cost of benefits to retirees or their spouses after age 65. Surviving beneficiaries continue to receive coverage after the death of the eligible retired employee but are required to pay 100% of the cost.

The town implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. This required the Town to calculate and record a net other post-employment benefit obligation at year end. The Town used the alternative measurement method to prepare this valuation permitted by Statement 45. The net other post-employment benefit obligation is basically the cumulative difference between the required contribution and the actual contributions made.

Currently, 1 retired employee receives health benefits from the town. The town recognizes the cost of providing health insurance annually as expenditures in the general fund of the funds financial statements as payments are made. For the year ended December 31, 2015, the Town recognized \$6,968 for its share of insurance premiums for currently enrolled retirees.

The town has obtained a valuation report which indicates that the total liability for other post-employment benefits is \$404,021 (\$23,790 related to retirees and \$380,231 related to employees).

The town's annual other post-employment benefit (OPEB) cost (expense) for its plan is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements December 31, 2015

The following table shows the components of the town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the town's net OPEB obligation:

	For the Year Ended December 31, 2015
Annual required contribution (ARC)	\$ 56,682
Interest on Net OPEB	5,351
Less: Adjustment to ARC	<u>(7,586)</u>
Annual OPEB cost	54,447
Contributions made	<u>(6,968)</u>
Increase in net OPEB obligation	47,479
Net OPEB Obligation - beginning of year	<u>133,774</u>
Net OPEB Obligation - end of year	<u>\$ 181,253</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:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$ 54,447	12.80%	\$ 181,253

As of the most recent valuation date, the plan was 0% funded. The accrued liability for benefits was \$404,021 and the value of assets was \$0, resulting in an unfunded accrued liability (UAL) of \$404,021. The covered payroll (annual payroll of active employees covered by the plan) was \$795,032, and the ratio of the UAL to the covered payroll was 50.8%. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include 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 about whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

Cost methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The cost methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the most recent valuation, the Projected Unit Credit cost method was used, the assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date.

The annual healthcare cost trend rates below were applied:

<u>Year</u>	<u>Medical</u>
12/31/2015	9.00%
12/31/2016	8.00%
12/31/2017	7.00%
12/31/2018	6.00%
12/31/2019	5.00%

The remaining amortization period at December 31, 2015 was 29 years.

TOWN OF NOTTINGHAM

Notes to Basic Financial Statements
December 31, 2015

NOTE 13 - FUND BALANCE COMPONENTS

The town's governmental fund balance components under GASB 54 are comprised of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Nonspendable:		
Endowment principal - Common Trust Funds	\$ -	\$ 51,255
Endowment principal - McLean Rescue Squad Fund	-	109,168
Restricted:		
Library Fund	-	40,084
Recreation Revolving Fund	-	172,910
Capital reserves	351,827	-
Conservation Fund	-	478,053
NCPP Playground Fund	-	18,591
Ambulance Fund	-	358,955
Theatre Project	-	7,656
Cable Franchise Fee Fund	-	30,000
Common Trust Funds	-	25,544
McLean Rescue Squad Fund	-	11,266
Committed:		
DARE Fund	-	5,122
Voted at town meeting	20,000	-
Assigned:		
Unassigned:	<u>1,673,912</u>	<u>-</u>
	<u>\$ 2,045,739</u>	<u>\$ 1,308,604</u>

NOTE 14 - RESTATEMENT OF NET POSITION

Implementation of GASB 68 results in the restatement of the government-wide net position as follows:

	<u>Governmental Activities</u>
Net position as of January 1, 2015	\$ 11,512,295
Proportionate share of net pension liabilities of the NHRS	(1,035,958)
Deferred outflows - pension contributions	137,804
Deferred inflows - pension	<u>(132,552)</u>
Net position as of January 1, 2015 - Restated	<u>\$ 10,481,589</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NOTTINGHAM

Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Fund Balance - Beginning	\$ -	\$ -	\$ 1,289,667	\$ 1,289,667
Resources (inflows):				
Taxes				
Property taxes	11,955,547	11,955,547	11,962,186	6,639
Taxes assessed for schools	(8,992,220)	(8,992,220)	(8,992,220)	-
Taxes assessed for county	(587,256)	(587,256)	(587,256)	-
Land use change taxes	-	-	7,000	7,000
Timber taxes	14,000	14,000	20,432	6,432
Interest and penalties on delinquent taxes	100,000	100,000	130,036	30,036
Excavation tax	100	100	173	73
Provision for overlay and abatements	(40,164)	(40,164)	(117,491)	(77,327)
Licenses, permits and fees				
Business licenses and permits	39,000	39,000	63,289	24,289
Motor vehicle permit fees	800,000	800,000	907,115	107,115
Building permits	40,000	40,000	53,167	13,167
Other licenses, permits and fees	33,000	33,000	9,787	(23,213)
Federal sources				
FEMA	-	-	61,558	61,558
State of NH sources				
Meals and rental tax distribution	233,328	233,328	233,328	-
Highway block grant	136,598	136,598	137,774	1,176
State and federal forest land reimbursement	3,967	3,967	3,967	-
Other	3,216	3,216	-	(3,216)
Charges for services				
Income from departments	40,000	40,000	43,335	3,335
Garbage-refuse charges	50,000	50,000	44,407	(5,593)
Miscellaneous revenues				
Sale of municipal property	105,000	105,000	114,015	9,015
Interest on investments	600	600	1,435	835
Rents of property	-	-	1,850	1,850
Insurance dividends and reimbursements	-	-	38,295	38,295
Other miscellaneous sources	45,000	45,000	13,565	(31,435)
Interfund operating transfers in				
Transfers from special revenue funds	22,350	22,350	25,231	2,881
Capital reserve transfers recorded	199,000	199,000	258,000	59,000
Transfers from common trusts	9,000	9,000	6,821	(2,179)
Actual inflows (excluding fund balance)	<u>4,210,066</u>	<u>4,210,066</u>	<u>4,439,799</u>	<u>229,733</u>
Amounts available for appropriation	<u>\$ 4,210,066</u>	<u>\$ 4,210,066</u>	<u>\$ 5,729,466</u>	<u>\$ 1,519,400</u>

TOWN OF NOTTINGHAM

Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance
Charges to appropriations (outflows):				
General government				
Executive	\$ 204,407	\$ 204,407	\$ 164,540	\$ 39,867
Election and registration	83,656	83,656	81,227	2,429
Financial administration	106,627	106,627	93,555	13,072
Revaluation of property	82,307	82,307	145,022	(62,715)
Legal expense	28,010	28,010	6,706	21,304
Personnel administration	473,287	473,287	429,576	43,711
Planning and zoning	24,109	24,109	15,799	8,310
General government building	168,098	168,098	134,859	33,239
Cemeteries	9,000	9,000	6,168	2,832
Insurance not otherwise allocated	80,818	80,818	83,451	(2,633)
Advertising and regional association	2,500	2,500	553	1,947
Public safety				
Police	544,431	544,431	548,028	(3,597)
Fire	266,645	266,645	249,325	17,320
Building inspection	57,505	57,505	61,387	(3,882)
Emergency management	4,260	4,260	4,015	245
Highways and streets				
Highways and streets	535,882	535,882	484,420	51,462
Other highway	478,460	478,460	472,214	6,246
Sanitation				
Solid waste collection	195,995	195,995	201,201	(5,206)
Health				
Pest control	4,820	4,820	4,186	634
Welfare				
Direct assistance	15,204	15,204	3,699	11,505
Vendor payments	26,566	26,566	27,466	(900)
Culture and recreation				
Parks and recreation	78,691	78,691	82,134	(3,443)
Library	153,460	153,460	149,369	4,091
Other culture and recreation	10	10	6,085	(6,075)
Conservation				
Administration	1,820	1,820	1,167	653
Other conservation	4,000	4,000	-	4,000
Debt service				
Principal on long term bonds and notes	141,476	141,476	141,475	1
Interest on long term bonds and notes	59,672	59,672	58,963	709
Capital outlay				
Machinery, vehicles, and equipment	248,000	248,000	270,964	(22,964)
Interfund operating transfers out				
Transfer to special revenue funds	22,350	22,350	-	22,350
Transfer to Capital reserves	108,000	108,000	108,000	-
Total charges to appropriations	<u>4,210,066</u>	<u>4,210,066</u>	<u>4,035,554</u>	<u>174,512</u>
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693,912</u>	<u>\$ 1,693,912</u>

TOWN OF NOTTINGHAM

Schedule of Funding Progress for Other Postemployment Benefits Year Ended December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrual Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Estimated Covered Payroll	UAAL as a Percentage of Covered Payroll (AAL)
January 1, 2013	\$ -	\$ 293,362	\$ 293,362	NA	\$ 698,036	42.00%
January 1, 2014	\$ -	\$ 361,615	\$ 361,615	NA	\$ 779,443	46.40%
January 1, 2015	\$ -	\$ 404,021	\$ 404,021	NA	\$ 795,032	50.80%

See the accompanying notes to the required supplementary information.

TOWN OF NOTTINGHAM

Schedule of the Town's Proportionate Share of NHRS Net Pension Liability Year Ended December 31, 2015

	<u>2014</u>		<u>2015</u>
Town's proportion of the net pension liability (asset)	0.02759915%		0.02652213%
Town's proportionate share of the net pension liability (asset)	\$ 1,035,958	\$	1,050,681
Town's covered-employee payroll	\$ 408,859	\$	407,028
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	253.38%		258.13%
Plan fiduciary net position as a percentage of the total pension liability	66.32%		65.47%

See the accompanying notes to the required supplementary information.

TOWN OF NOTTINGHAM

Schedule of Town Contributions Year Ended December 31, 2015

	<u>2014</u>	<u>2015</u>
Statutorily required pension contribution	\$ 88,424	\$ 89,197
Contributions reported by the PLAN	<u>(89,538)</u>	<u>(88,979)</u>
Contribution (deficiency) excess	<u>\$ (1,114)</u>	<u>\$ 218</u>
Town's covered-employee payroll	\$ 408,859	\$ 407,028
Contributions as a percentage of covered-employee payroll	21.63%	21.91%

See the accompanying notes to the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - BUDGETARY INFORMATION

A. Original Budget

Governmental budgetary appropriations and estimated revenues are accounted for on a fund basis in accordance with state statutes, administrative rules and local laws, policies or procedures. The budgetary process results in a formally adopted Town budget by voters at the annual Town meeting. Subsequent regulatory reviews by departments of the State of New Hampshire are made of the budgetary process (warrant articles, required results of votes, etc.), adopted budget and the estimated revenues of the Town. After final allocation of state aid programs to the Town and approval of final estimated revenues, a balanced Town budget is achieved in accordance with State statute (the "original" budget). The original budget is the first complete, legally appropriated budget adjusted for appropriate changes occurring *before* the beginning of the year.

B. Budgetary Changes, Transfers, Encumbrances and Continuing Appropriations

Budgetary Changes

In accordance with RSA 31:95-b, appropriations may be made by the Board of Selectmen by applying for, accepting and expending unanticipated funds (money from a state, federal or other governmental unit or a private source) which become available during the year without further action by the Town. Such money may be used only for legal purposes for which a Town may appropriate money; shall not require the expenditure of other Town funds except those funds lawfully appropriated for the same purpose; and shall be exempt from the provisions of RSA 32 relative to the limitation of expenditure of Town monies. The statute requires the Board of Selectmen to hold a public hearing on the action to be taken and to comply with various public notice requirements.

Transfers

The Board of Selectmen may authorize budgetary transfers between allowable appropriations (programs, functions or categories); however, total expenditures may not exceed the total allowable appropriations budgeted (which consists of the original budget plus appropriations allowable under RSA 31:95-b, encumbrances carried forward from the prior year and continuing appropriations, if any).

Encumbrances and Continuing Appropriations

All annual appropriations lapse at year-end unless encumbered. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are not expenditures and are reported as a reservation of fund balances in governmental funds and are carried forward to supplement appropriations of the subsequent year.

Certain appropriations that are not "annual appropriations" do not lapse at year-end. These continuing appropriations include those from special or unanticipated revenues, capital projects and specific items that are not required to have been completed at year-end. Continuing appropriations are reported as a reservation of fund balances in governmental funds and are carried forward to supplement appropriations of the subsequent year.

C. Final Budget

The final budget consists of the original budget adjusted for appropriate legal changes applicable to the year, including those occurring during and after the end of the year.

TOWN OF NOTTINGHAM

Notes to Required Supplementary Information
December 31, 2015

NOTE 2 - EXPLANATION OF BUDGETARY TO GAAP DIFFERENCES

Basis and Timing Differences

The basis of accounting or the timing of transactions used or applied by the funds in the basic financial statements (fund financial statements) differs from the basis of accounting or timing of transactions used or applied by the funds for budgetary purposes. The following is an explanation of the differences between budgetary inflows and outflows and GAAP revenues and expenditures.

<u>Budgetary Fund</u>	<u>General Fund</u>
<u>Financial Statement Major Fund</u>	<u>General Fund</u>
Sources / Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,729,466
Differences - Budget to GAAP:	
Budgetary inflows that are not revenues for financial reporting purposes	
Beginning unreserved fund (balance) deficit	(1,289,667)
Capital reserve transfers	(258,000)
Transfers from other funds	(32,052)
Actual revenues that are not inflows for budgetary purposes	
Earnings on capital reserve investments	<u>3,693</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 4,153,440</u>
Uses / Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,035,554
Differences - Budget to GAAP:	
Budgetary outflows that are not expenditures for financial reporting purposes	
Transfers to other funds	(108,000)
Actual expenditures that are not outflows for budgetary purposes	
Transfers to other funds	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 3,927,554</u>

NOTE 3 – SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

The town is required to prepare its financial statements in accordance with accounting principles generally accepted in the United States. Accordingly, the town is required to disclose its obligations for post-employment benefits. In addition to pensions, these benefits include health insurance paid on behalf of retirees. Guidance for the disclosure required is contained in Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions" (GASB No. 45). As part of that disclosure the town is required to include as required supplementary information the Schedule of Funding Progress for the most recent actuarial valuation and the two preceding valuations.

NOTE 4 – GASB 68 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

In accordance with GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, the town is required to disclose historical data for each of the prior ten years within the following schedules:

- **Schedule of the Town’s Proportionate Share of Net Pension Liability**
- **Schedule of Town Contributions**

The information presented in the *Schedule of the Town’s Proportionate Share of Net Pension Liability* is determined as of the measurement date of the collective net pension liability.

The information presented in the *Schedule of Town Contributions* is determined as of the employer’s most recent fiscal year-end.

GASB Statement 68 was implemented during the year ended December 31, 2015, therefore, only the current year’s information is available for presentation. Subsequent year’s information will be added as it becomes available until the ten-year requirement is met.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NOTTINGHAM

**Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2015**

	Library Fund	Recreation Revolving Fund	Conser- vation Fund	DARE Fund	NCPP Playground Fund	Ambulance Fund	Theatre Project	Cable Franchise Fee Fund	Common Trust Funds	McLean Rescue Squad Fund	Total Nonmajor Governmental Funds
Assets											
Cash and cash equivalents	\$ 40,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,799	\$ 120,434	\$ 237,317
Accounts receivable	-	-	-	-	-	97,362	-	-	-	-	97,362
Due from other funds	-	172,910	478,053	5,122	18,591	261,593	7,656	55,231	-	-	999,156
Total assets	<u>\$ 40,084</u>	<u>\$ 172,910</u>	<u>\$ 478,053</u>	<u>\$ 5,122</u>	<u>\$ 18,591</u>	<u>\$ 358,955</u>	<u>\$ 7,656</u>	<u>\$ 55,231</u>	<u>\$ 76,799</u>	<u>\$ 120,434</u>	<u>\$ 1,333,835</u>
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	25,231	-	-	25,231
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,231</u>	<u>-</u>	<u>-</u>	<u>25,231</u>
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	51,255	109,168	160,423
Restricted	40,084	172,910	478,053	-	18,591	358,955	7,656	30,000	25,544	11,266	1,143,059
Committed	-	-	-	5,122	-	-	-	-	-	-	5,122
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>40,084</u>	<u>172,910</u>	<u>478,053</u>	<u>5,122</u>	<u>18,591</u>	<u>358,955</u>	<u>7,656</u>	<u>30,000</u>	<u>76,799</u>	<u>120,434</u>	<u>1,308,604</u>
Total liabilities and fund balances	<u>\$ 40,084</u>	<u>\$ 172,910</u>	<u>\$ 478,053</u>	<u>\$ 5,122</u>	<u>\$ 18,591</u>	<u>\$ 358,955</u>	<u>\$ 7,656</u>	<u>\$ 55,231</u>	<u>\$ 76,799</u>	<u>\$ 120,434</u>	<u>\$ 1,333,835</u>

TOWN OF NOTTINGHAM

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2015

	Library Fund	Recreation Revolving Fund	Conser- vation Fund	DARE Fund	NCP Playground Fund	Ambulance Fund	Theatre Project	Cable Franchise Fee Fund	Common Trust Funds	McLean Rescue Squad Fund	Total Nonmajor Governmental Funds
Revenues											
Taxes	\$ -	\$ -	\$ 46,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,750
Charges for services	-	81,274	-	-	-	98,526	-	-	-	-	179,800
Miscellaneous revenues	67,551	-	20	713	1,797	14	9,679	6,795	1,171	872	88,612
Total revenues and other financing sources	67,551	81,274	46,770	713	1,797	98,540	9,679	6,795	1,171	872	315,162
Expenditures											
Public safety	-	-	-	711	-	19,374	-	-	-	-	20,085
Culture and recreation	71,013	64,252	-	-	565	-	9,337	-	-	-	145,167
Conservation	-	-	4,050	-	-	-	-	-	-	-	4,050
Interfund operating transfers out	-	-	-	-	-	-	-	25,231	6,821	-	32,052
Total expenditures and other financing sources	71,013	64,252	4,050	711	565	19,374	9,337	25,231	6,821	-	201,354
Excess revenue and other financing sources over (under) expenditures and other financing uses	(3,462)	17,022	42,720	2	1,232	79,166	342	(18,436)	(5,650)	872	113,808
Fund balances - beginning of year	43,546	155,888	435,333	5,120	17,359	279,789	7,314	48,436	82,449	119,562	1,194,796
Fund balances - end of year	\$ 40,084	\$ 172,910	\$ 478,053	\$ 5,122	\$ 18,591	\$ 358,955	\$ 7,656	\$ 30,000	\$ 76,799	\$ 120,434	\$ 1,308,604