

TOWN OF MILFORD, NEW HAMPSHIRE

Financial Statements

December 31, 2015

and

Independent Auditor's Report

TOWN OF MILFORD, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2015

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FINANCIAL STATEMENTS
December 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Milford, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milford, New Hampshire (the Town), 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.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Milford, New Hampshire, as of December 31, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milford, New Hampshire, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of changes in the Town’s proportionate share of the net pension liability, and the schedule of Town contributions on pages 37-41 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

The combining nonmajor governmental 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 governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Clukey & Company PC

Manchester, New Hampshire
April 28, 2017

EXHIBIT A
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 13,831,315	\$ 1,346,818	\$ 15,178,133
Investments	2,498,770		2,498,770
Taxes receivable, net	2,067,825		2,067,825
Accounts receivable, net	304,503	252,848	557,351
Unbilled charges for services		477,726	477,726
Due from other governments	759,029	15,078	774,107
Internal balances	184,412	(184,412)	-
Prepaid expenses	173,918		173,918
Inventory		74,062	74,062
Total Current Assets	<u>19,819,772</u>	<u>1,982,120</u>	<u>21,801,892</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	15,069,276	631,790	15,701,066
Depreciable capital assets, net	14,206,865	22,103,530	36,310,395
Total Noncurrent Assets	<u>29,276,141</u>	<u>22,735,320</u>	<u>52,011,461</u>
Total Assets	<u>49,095,913</u>	<u>24,717,440</u>	<u>73,813,353</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	539,749	49,655	589,404
Total Deferred Outflows of Resources	<u>539,749</u>	<u>49,655</u>	<u>589,404</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	396,169	121,981	518,150
Accrued expenses	173,680	38,873	212,553
Retainage payable		19,088	19,088
Due to other governments	12,757,714		12,757,714
Advances from grantors	171,138		171,138
Deposits	9,656	177	9,833
Current portion of bonds payable	305,000	223,210	528,210
Current portion of note payable	110,700	74,490	185,190
Current portion of capital leases payable	346,004		346,004
Current portion of compensated absences payable	29,146		29,146
Total Current Liabilities	<u>14,299,207</u>	<u>477,819</u>	<u>14,777,026</u>
Noncurrent Liabilities:			
Bonds payable	2,215,000	1,884,219	4,099,219
Note payable	1,861,250	1,415,319	3,276,569
Capital leases payable	952,444		952,444
Compensated absences payable	270,076	42,869	312,945
Net pension liability	8,764,606	848,201	9,612,807
Total Noncurrent Liabilities	<u>14,063,376</u>	<u>4,190,608</u>	<u>18,253,984</u>
Total Liabilities	<u>28,362,583</u>	<u>4,668,427</u>	<u>33,031,010</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes collected in advance	4,208		4,208
Other unearned revenue	240		240
Deferred inflows of resources related to pensions	428,441	39,416	467,857
Total Deferred Inflows of Resources	<u>432,889</u>	<u>39,416</u>	<u>472,305</u>
NET POSITION			
Net investment in capital assets	23,555,743	19,118,994	42,674,737
Restricted	1,656,035		1,656,035
Unrestricted (deficit)	(4,371,588)	940,258	(3,431,330)
Total Net Position	<u>\$ 20,840,190</u>	<u>\$ 20,059,252</u>	<u>\$ 40,899,442</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,798,059	\$ 46,899			\$ (4,751,160)		\$ (4,751,160)
Public safety	4,762,976	727,027	\$ 77,696		(3,958,253)		(3,958,253)
Highways and streets	1,949,062		300,533	\$ 958,759	(689,770)		(689,770)
Health and welfare	216,925	14,060			(202,865)		(202,865)
Sanitation	687,887	89,861		12,500	(585,526)		(585,526)
Culture and recreation	1,525,602	116,105		129,911	(1,279,586)		(1,279,586)
Conservation	32,043				(32,043)		(32,043)
Interest and fiscal charges	220,233				(220,233)		(220,233)
Total governmental activities	<u>14,192,787</u>	<u>993,952</u>	<u>378,229</u>	<u>1,101,170</u>	<u>(11,719,436)</u>	<u>\$ -</u>	<u>(11,719,436)</u>
Business-type activities:							
Water Department	1,284,120	1,498,894				214,774	214,774
Sewer Department	2,366,098	1,968,064				(398,034)	(398,034)
Total business-type activities	<u>3,650,218</u>	<u>3,466,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,260)</u>	<u>(183,260)</u>
Total primary government	<u>\$ 17,843,005</u>	<u>\$ 4,460,910</u>	<u>\$ 378,229</u>	<u>\$ 1,101,170</u>	<u>(11,719,436)</u>	<u>(183,260)</u>	<u>(11,902,696)</u>
General revenues:							
Property and other taxes					9,281,515		9,281,515
Licenses and permits					2,819,087		2,819,087
Grants and contributions:							
Rooms and meals tax distribution					731,385		731,385
Railroad tax					821		821
State and federal forest land					1,619		1,619
Interest and investment earnings					70,327	113	70,440
Miscellaneous					349,981	7,577	357,558
Net gain on disposal of assets					40,131		40,131
Total general revenues and net gain on disposal of assets					<u>13,294,866</u>	<u>7,690</u>	<u>13,302,556</u>
Change in net position					1,575,430	(175,570)	1,399,860
Net Position at beginning of year, as restated					<u>19,264,760</u>	<u>20,234,822</u>	<u>39,499,582</u>
Net Position at end of year					<u>\$ 20,840,190</u>	<u>\$ 20,059,252</u>	<u>\$ 40,899,442</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF MILFORD, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 13,831,315		\$ 13,831,315
Investments	920,910	\$ 1,577,860	2,498,770
Taxes receivable, net	2,067,825		2,067,825
Accounts receivable, net	231,431	73,072	304,503
Due from other governments		759,029	759,029
Due from other funds	988,386	349,557	1,337,943
Prepaid expenses	173,918		173,918
Total Assets	<u>18,213,785</u>	<u>2,759,518</u>	<u>20,973,303</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,213,785</u>	<u>\$ 2,759,518</u>	<u>\$ 20,973,303</u>
LIABILITIES			
Accounts payable	\$ 370,866	\$ 25,303	\$ 396,169
Accrued expenses	150,640	298	150,938
Due to other governments	12,756,603	1,111	12,757,714
Advances from grantors		171,138	171,138
Due to other funds	446,944	706,587	1,153,531
Deposits	9,656		9,656
Total Liabilities	<u>13,734,709</u>	<u>904,437</u>	<u>14,639,146</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes collected in advance	4,208		4,208
Unearned property taxes	1,381,726		1,381,726
Other unearned revenue	240		240
Total Deferred Inflows of Resources	<u>1,386,174</u>	<u>-</u>	<u>1,386,174</u>
FUND BALANCES			
Nonspendable	173,918	1,499,253	1,673,171
Restricted	91,248	65,534	156,782
Committed	2,015,798	290,294	2,306,092
Assigned	192,167		192,167
Unassigned	619,771		619,771
Total Fund Balances	<u>3,092,902</u>	<u>1,855,081</u>	<u>4,947,983</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,213,785</u>	<u>\$ 2,759,518</u>	<u>\$ 20,973,303</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF MILFORD, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2015

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 4,947,983
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	29,276,141
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Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	1,381,726
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Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources attributable to net pension liability	539,749
Deferred inflows of resources attributable to net pension liability	(428,441)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(2,520,000)
Note payable	(1,971,950)
Capital leases payable	(1,298,448)
Accrued interest on long-term obligations	(51,888)
Compensated absences payable	(270,076)
Net pension liability	<u>(8,764,606)</u>

Net Position of Governmental Activities (Exhibit A)	<u>\$ 20,840,190</u>
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EXHIBIT D
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 9,367,211		\$ 9,367,211
Licenses and permits	2,660,160	\$ 158,927	2,819,087
Intergovernmental	1,099,621	983,692	2,083,313
Charges for services	728,018	265,934	993,952
Investment income	33,288	37,039	70,327
Miscellaneous	287,205	102,907	390,112
Total Revenues	<u>14,175,503</u>	<u>1,548,499</u>	<u>15,724,002</u>
Expenditures:			
Current operations:			
General government	4,763,352	152,627	4,915,979
Public safety	4,217,090	207,216	4,424,306
Highways and streets	1,439,257	702,757	2,142,014
Health and welfare	218,183		218,183
Sanitation	663,335	12,500	675,835
Culture and recreation	1,151,734	115,694	1,267,428
Conservation	32,051		32,051
Capital outlay	190,000	619,352	809,352
Debt service:			
Principal retirement	844,471		844,471
Interest and fiscal charges	218,470		218,470
Total Expenditures	<u>13,737,943</u>	<u>1,810,146</u>	<u>15,548,089</u>
Excess of revenues over (under) expenditures	<u>437,560</u>	<u>(261,647)</u>	<u>175,913</u>
Other financing sources (uses):			
Transfers in	39,160	366,111	405,271
Transfers out	<u>(361,469)</u>	<u>(43,802)</u>	<u>(405,271)</u>
Total other financing sources (uses)	<u>(322,309)</u>	<u>322,309</u>	<u>-</u>
Net change in fund balances	115,251	60,662	175,913
Fund balances at beginning of year	<u>2,977,651</u>	<u>1,794,419</u>	<u>4,772,070</u>
Fund balances at end of year	<u>\$ 3,092,902</u>	<u>\$ 1,855,081</u>	<u>\$ 4,947,983</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF MILFORD, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 175,913
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	294,156
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	44,215
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	844,471
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	(1,763)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(71)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense reflects the change in the net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which pension contributions exceeded pension expense in the current period.	<u>218,509</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 1,575,430</u>

EXHIBIT E
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 907,047	\$ 439,771	\$ 1,346,818
Accounts receivable	94,017	158,831	252,848
Unbilled charges for services	204,201	273,525	477,726
Due from other governments		15,078	15,078
Due from other funds	97,387		97,387
Inventory	31,533	42,529	74,062
Total Current Assets	<u>1,334,185</u>	<u>929,734</u>	<u>2,263,919</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable capital assets	555,373	76,417	631,790
Depreciable capital assets, net	<u>8,952,413</u>	<u>13,151,117</u>	<u>22,103,530</u>
Total Noncurrent Assets	<u>9,507,786</u>	<u>13,227,534</u>	<u>22,735,320</u>
Total Assets	<u>10,841,971</u>	<u>14,157,268</u>	<u>24,999,239</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>15,478</u>	<u>34,177</u>	<u>49,655</u>
Total Deferred Outflows of Resources	<u>15,478</u>	<u>34,177</u>	<u>49,655</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	73,881	48,100	121,981
Accrued expenses	24,665	14,208	38,873
Retainage payable	19,088		19,088
Due to other funds		281,799	281,799
Deposits		177	177
Current portion of bonds payable	177,932	45,278	223,210
Current portion of notes payable	<u>60,990</u>	<u>13,500</u>	<u>74,490</u>
Total Current Liabilities	<u>356,556</u>	<u>403,062</u>	<u>759,618</u>
Noncurrent Liabilities:			
Bonds payable	1,249,778	634,441	1,884,219
Notes payable	1,158,819	256,500	1,415,319
Compensated absences payable	10,634	32,235	42,869
Net pension liability	<u>265,545</u>	<u>582,656</u>	<u>848,201</u>
Total Noncurrent Liabilities	<u>2,684,776</u>	<u>1,505,832</u>	<u>4,190,608</u>
Total Liabilities	<u>3,041,332</u>	<u>1,908,894</u>	<u>4,950,226</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>12,287</u>	<u>27,129</u>	<u>39,416</u>
Total Deferred Inflows of Resources	<u>12,287</u>	<u>27,129</u>	<u>39,416</u>
NET POSITION			
Net investment in capital assets	6,841,179	12,277,815	19,118,994
Unrestricted (deficit)	<u>962,651</u>	<u>(22,393)</u>	<u>940,258</u>
Total Net Position	<u>\$ 7,803,830</u>	<u>\$ 12,255,422</u>	<u>\$ 20,059,252</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for services	\$ 1,498,894	\$ 1,968,064	\$ 3,466,958
Miscellaneous	3,675	3,902	7,577
Total operating revenues	<u>1,502,569</u>	<u>1,971,966</u>	<u>3,474,535</u>
Operating expenses:			
Personnel services	311,876	702,162	1,014,038
Contractual services	477,454	636,754	1,114,208
Materials and supplies	126,564	325,221	451,785
Miscellaneous expenses	3,634	24,187	27,821
Depreciation	<u>307,948</u>	<u>654,456</u>	<u>962,404</u>
Total operating expenses	<u>1,227,476</u>	<u>2,342,780</u>	<u>3,570,256</u>
Operating income (loss)	<u>275,093</u>	<u>(370,814)</u>	<u>(95,721)</u>
Non-operating revenues (expenses):			
Interest income	75	38	113
Interest expense	<u>(56,644)</u>	<u>(23,318)</u>	<u>(79,962)</u>
Net non-operating revenues (expenses)	<u>(56,569)</u>	<u>(23,280)</u>	<u>(79,849)</u>
Change in net position	218,524	(394,094)	(175,570)
Net Position at beginning of year, as restated	<u>7,585,306</u>	<u>12,649,516</u>	<u>20,234,822</u>
Net Position at end of year	<u>\$ 7,803,830</u>	<u>\$ 12,255,422</u>	<u>\$ 20,059,252</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities		
	Water Fund	Sewer Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,502,568	\$ 1,952,957	\$ 3,455,525
Cash paid to suppliers	(579,982)	(930,355)	(1,510,337)
Cash paid to employees	(347,123)	(778,262)	(1,125,385)
Net cash provided by operating activities	<u>575,463</u>	<u>244,340</u>	<u>819,803</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(1,293,915)	(124,257)	(1,418,172)
Proceeds from debt issuances	1,412,519	270,000	1,682,519
Principal paid on long-term debt	(160,000)	(45,278)	(205,278)
Interest paid on long-term debt	(59,271)	(23,673)	(82,944)
Net cash provided (used) for capital and related financing activities	<u>(100,667)</u>	<u>76,792</u>	<u>(23,875)</u>
Cash flows from investing activities:			
Interest on investments	<u>75</u>	<u>38</u>	<u>113</u>
Net cash provided by investing activities	<u>75</u>	<u>38</u>	<u>113</u>
Net increase in cash and cash equivalents	474,871	321,170	796,041
Cash and cash equivalents (deficiency) at beginning of year	<u>529,563</u>	<u>(163,198)</u>	<u>366,365</u>
Cash and cash equivalents at end of year	<u>\$ 1,004,434</u>	<u>\$ 157,972</u>	<u>\$ 1,162,406</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 275,093	\$ (370,814)	\$ (95,721)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	307,948	654,456	962,404
Change in deferred outflows related to pensions	(3,705)	(8,344)	(12,049)
Change in deferred inflows related to pensions	(19,539)	(42,704)	(62,243)
Changes in assets and liabilities:			
Accounts receivable	6,952	18,495	25,447
Unbilled charges for services	(6,953)	(37,762)	(44,715)
Due from other governments		258	258
Inventory	8,154	13,347	21,501
Accounts payable	3,485	6,267	9,752
Accrued expenses	(8,954)	(20,253)	(29,207)
Compensated absences payable	(3,823)	(5,479)	(9,302)
Net pension liability	<u>16,805</u>	<u>36,873</u>	<u>53,678</u>
Net cash provided by operating activities	<u>\$ 575,463</u>	<u>\$ 244,340</u>	<u>\$ 819,803</u>
Noncash transactions affecting financial position:			
Capital asset additions included in year end liabilities	<u>\$ 67,278</u>	<u>\$ -</u>	<u>\$ 67,278</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents		\$ 78,060
Investments	\$ 3,819,509	
Total Assets	<u>3,819,509</u>	<u>\$ 78,060</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Due to developers		\$ 78,060
Total Liabilities	<u>-</u>	<u>\$ 78,060</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>3,819,509</u>	
Total Net Position	<u>\$ 3,819,509</u>	

See accompanying notes to the basic financial statements

EXHIBIT I
TOWN OF MILFORD, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2015

	Private- Purpose Trust Funds
ADDITIONS:	
Contributions:	
Private donations	\$ 13,393
Total Contributions	<u>13,393</u>
Investment earnings:	
Investment income	206,964
Net decrease in the fair value of investments	<u>(119,261)</u>
Total Investment Earnings	87,703
Less: Investment expense	<u>(9,660)</u>
Net Investment Earnings	<u>78,043</u>
Total Additions	<u>91,436</u>
DEDUCTIONS:	
Benefits	<u>84,578</u>
Total Deductions	<u>84,578</u>
Change in Net Position	6,858
Net Position at beginning of year	<u>3,812,651</u>
Net Position at end of year	<u><u>\$ 3,819,509</u></u>

See accompanying notes to the basic financial statements

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Milford, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Milford, New Hampshire (the Town) was incorporated in 1794. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions as authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the Town's sole major governmental fund:

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

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following are the Town's major proprietary funds:

The *Water Fund* and *Sewer Fund* account for all revenues and expenses pertaining to the Town's water and wastewater operations, respectively. The Water and Sewer Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains various private-purpose trusts, which account for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds account for escrow funds from developers which are held by the Town.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The private-purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements, proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year end.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, charges for services and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2015, the Town did not apply any of its unappropriated fund balance to reduce taxes.

Cash and Cash Equivalents

The Town pools its cash resources for its governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

	Water <u>Fund</u>	Sewer <u>Fund</u>	<u>Totals</u>
Cash and cash equivalents	\$ 907,047	\$ 439,771	\$ 1,346,818
Due from / (to) other funds	97,387	(281,799)	(184,412)
Total cash and cash equivalents	<u>\$ 1,004,434</u>	<u>\$ 157,972</u>	<u>\$ 1,162,406</u>

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at December 31, 2015 are recorded as receivables net of reserves for estimated uncollectibles of \$144,525 in the General Fund.

Accounts Receivable

Ambulance services billed during the current year and prior and uncollected at December 31, 2015 are recorded as receivables net of reserves for estimated uncollectibles of \$909,759 in the General Fund.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2015 are recorded as prepaid items.

Inventory

On government-wide and proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements. In the government-wide financial statements, capital assets are reported in the applicable governmental or business-type activities column.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, water purification and distribution systems, sewer collection and treatment systems, and similar items. Intangible assets of the Town consist of conservation land easements which are reported as non-depreciable capital assets, and software costs which are reported as depreciable capital assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of the business-type activities is also capitalized.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

All reported capital assets except for land, certain intangible assets and construction in process are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Infrastructure	10-75
Land improvements	15-20
Buildings and improvements	10-50
Vehicles and equipment	3-50
Intangible assets	5

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to Town personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused vacation pay earned and, upon retirement, resignation or death will be compensated for such amounts at current rates of pay. No payment for unused sick leave is made upon termination.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide and proprietary fund financial statements.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Pensions

During the year ended December 31, 2015, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the residual amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for the specific purposes stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or in enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority (the annual Town Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance*: Amounts the Town intends to use for a specific purpose. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as "Assigned". The Selectmen expressly delegate the authority to assign amounts to be used for specific purposes to the Town Administrator.
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as unassigned.

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Deficit Fund Balance

At year end, if any of the special revenue funds has a deficit unassigned fund balance, the Board of Selectmen is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue Administration, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 5-15% of the total annual appropriations of the community (which includes the Town, County, and School District).

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Water and Sewer Funds, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

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

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town has not implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 45 were required to be implemented by the Town during the year ended December 31, 2009.

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 cash equivalents	\$ 15,178,133
Investments	2,498,770
Statement of Fiduciary Net Position:	
Cash and cash equivalents	78,060
Investments	3,819,509
Total deposits and investments	<u>\$ 21,574,472</u>

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

Cash on hand	\$ 41,690
Deposits with financial institutions	15,214,504
Investments	<u>6,318,278</u>
Total deposits and investments	<u>\$ 21,574,472</u>

The Town's investment policy for governmental and proprietary funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The Town limits its investments in accordance with New Hampshire State law (RSA 41:29) to United States Treasury securities maturing in less than one year, short-term obligations of U.S. Government agencies, fully insured or collateralized certificates of deposits in banks incorporated in the State of New Hampshire or national banks located in the State of New Hampshire, repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized, and the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

Responsibility for the investments of the Town's Trust Funds is with the Board of Trustees. The Trustees of Trust Funds have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a). Investments of the library funds are at the discretion of the Library Trustees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy for managing interest rate risk requires investment maturities to be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures, as well as anticipated revenue inflows. Information about the sensitivity of the fair values of the Town's investments subject to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
US Treasury Obligations	\$ 76,876	\$ 50,850	\$ 26,026	
Municipal bonds	117,523		51,832	\$ 65,691
Corporate bonds	531,252	428,529	102,723	
	<u>\$ 725,651</u>	<u>\$ 479,379</u>	<u>\$ 180,581</u>	<u>\$ 65,691</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investment policy states that the Town's objective is to attain the highest possible rate of return while taking into account the legal constraints, cash flow needs and risk levels consistent with the primary objective of capital preservation. The following are the actual ratings as of year end for each investment type:

	<u>Investment Type</u>					
	<u>Municipal Bonds</u>	<u>Corporate Bonds</u>	<u>Money Market Funds</u>	<u>Mutual Funds</u>	<u>State Investment Pool</u>	<u>Totals</u>
Ratings as of Year End Aaa		\$ 177,779			\$ 26,614	\$ 204,393
Aa1	\$ 51,832	50,525				102,357
Aa3	65,691					65,691
A1		175,796				175,796
A2		126,906				126,906
Not Rated		246	\$ 390,271	\$ 1,688,542		2,079,059
Fair Value	<u>\$ 117,523</u>	<u>\$ 531,252</u>	<u>\$ 390,271</u>	<u>\$ 1,688,542</u>	<u>\$ 26,614</u>	<u>\$ 2,754,202</u>

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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's investment policy for assurance against custodial credit risk requires that all investment and depository instruments not covered by federal depository insurance be collateralized.

Of the Town's deposits with financial institutions at year end, \$14,816,461 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2015, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury Obligations	\$ 76,876
Equity securities	3,487,200
Municipal bonds	117,523
Corporate bonds	531,252
Money market funds	390,271
Mutual funds	1,688,542
	<u>\$ 6,291,664</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by State law and is administered by a public body of state, local and banking officials. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 4—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance 1/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2015</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 13,096,361	\$ 134,941		\$ 13,231,302
Easements	131,049			131,049
Construction in process	1,494,322	1,274,603	\$ (1,062,000)	1,706,925
Total capital assets not being depreciated	<u>14,721,732</u>	<u>1,409,544</u>	<u>(1,062,000)</u>	<u>15,069,276</u>
Other capital assets:				
Infrastructure	7,569,650			7,569,650
Land improvements	2,186,403	113,900		2,300,303
Buildings and improvements	10,057,069	295,549		10,352,618
Vehicles and equipment	7,018,106	1,081,760	(558,971)	7,540,895
Intangible assets	200,249	58,795		259,044
Total other capital assets at historical cost	<u>27,031,477</u>	<u>1,550,004</u>	<u>(558,971)</u>	<u>28,022,510</u>
Less accumulated depreciation for:				
Infrastructure	(2,715,363)	(368,436)		(3,083,799)
Land improvements	(1,481,841)	(100,461)		(1,582,302)
Buildings and improvements	(3,744,075)	(472,589)		(4,216,664)
Vehicles and equipment	(4,767,822)	(518,139)	558,971	(4,726,990)
Intangible assets	(192,034)	(13,856)		(205,890)
Total accumulated depreciation	<u>(12,901,135)</u>	<u>(1,473,481)</u>	<u>558,971</u>	<u>(13,815,645)</u>
Total other capital assets, net	<u>14,130,342</u>	<u>76,523</u>	<u>-</u>	<u>14,206,865</u>
Total capital assets, net	<u>\$ 28,852,074</u>	<u>\$ 1,486,067</u>	<u>\$ (1,062,000)</u>	<u>\$ 29,276,141</u>

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Depreciation expense was charged to governmental functions as follows:

General government	\$ 233,125
Public safety	446,168
Highways and streets	530,472
Sanitation	12,077
Culture and recreation	<u>251,639</u>
Total governmental activities depreciation expense	<u>\$ 1,473,481</u>

The balance of assets acquired through capital leases as of December 31, 2015 is as follows:

Vehicles and equipment	\$ 2,304,289
Less: Accumulated depreciation	<u>(370,002)</u>
	<u>\$ 1,934,287</u>

The following is a summary of changes in capital assets of the business-type activities:

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 188,892			\$ 188,892
Easements	54,636			54,636
Construction in process	<u>185,226</u>	\$ 395,746	\$ (192,710)	<u>388,262</u>
Total capital assets not being depreciated	<u>428,754</u>	<u>395,746</u>	<u>(192,710)</u>	<u>631,790</u>
Other capital assets:				
Infrastructure	14,424,803	853,173		15,277,976
Land improvements	56,757			56,757
Buildings and improvements	23,165,404	56,339		23,221,743
Vehicles and equipment	<u>3,547,852</u>	<u>209,860</u>	<u>(3,942)</u>	<u>3,753,770</u>
Total other capital assets at historical cost	<u>41,194,816</u>	<u>1,119,372</u>	<u>(3,942)</u>	<u>42,310,246</u>
Less accumulated depreciation for:				
Infrastructure	(4,522,077)	(311,258)		(4,833,335)
Land improvements	(37,856)	(1,216)		(39,072)
Buildings and improvements	(13,189,637)	(507,778)		(13,697,415)
Vehicles and equipment	<u>(1,498,684)</u>	<u>(142,152)</u>	<u>3,942</u>	<u>(1,636,894)</u>
Total accumulated depreciation	<u>(19,248,254)</u>	<u>(962,404)</u>	<u>3,942</u>	<u>(20,206,716)</u>
Total other capital assets, net	<u>21,946,562</u>	<u>156,968</u>	<u>-</u>	<u>22,103,530</u>
Total capital assets, net	<u>\$ 22,375,316</u>	<u>\$ 552,714</u>	<u>\$ (192,710)</u>	<u>\$ 22,735,320</u>

Depreciation expense was charged to proprietary funds as follows:

Water Fund	\$ 307,948
Sewer Fund	<u>654,456</u>
	<u>\$ 962,404</u>

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

NOTE 5—DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), 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 New Hampshire Retirement System is a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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

Benefits Provided

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 age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a non-vested 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 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.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 21.35%, 23.79%, and 10.44%, respectively, through June 30, 2015 and 22.54%, 25.32%, and 10.86%, respectively, thereafter. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the year ending December 31, 2015 was \$886,887.

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

At December 31, 2015, the Town reported a liability of \$9,612,807 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 a roll forward of the actuarial valuation from June 30, 2014. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2015, the Town's proportion was approximately 0.2427 percent, which was an increase of 0.0028 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$647,763. 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 210,943
Net difference between projected and actual earnings on pension plan investments		256,914
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 113,239	
Town contributions subsequent to the measurement date	<u>476,165</u>	
Totals	<u>\$ 589,404</u>	<u>\$ 467,857</u>

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$121,547. The Town reported \$476,165 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending December 31	
2016	\$ (158,415)
2017	(158,415)
2018	(158,415)
2019	130,993
2020	(10,366)
	<u>\$ (354,618)</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to 2015 measurements:

Inflation	3.0 percent
Wage inflation	3.75 percent
Salary increases	5.8 percent, average, including inflation
Investment rate of return	7.75 percent, 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. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2011 pursuant to an experience study of the period July 1, 2005 – June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of weighted average long-term expected real rates of return for each major asset class are summarized in the following table:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	Weighted Average Long-Term Expected Real Rate of Return (<u>Net of inflation assumption of 3.0%</u>)
Fixed income	25%	(1.00)-0.28%
Domestic equity	30%	3.00%
International equity	20%	4.00-6.00%
Real estate	10%	3.50%
Private equity	5%	5.50%
Private debt	5%	4.50%
Opportunistic	5%	2.75%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee 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. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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 single discount rate:

	1% Decrease (<u>6.75%</u>)	Current Discount Rate (<u>7.75%</u>)	1% Increase (<u>8.75%</u>)
Town's proportionate share of the net pension liability	\$ 12,654,011	\$ 9,612,807	\$ 7,020,163

NOTE 6—SHORT-TERM OBLIGATIONS

During November 2015, the Town issued a tax anticipation note to assist in the payment of operating expenditures. The borrowing was guaranteed to be repaid from property tax revenue received from the taxpayers within the Town.

The changes in the Town's short-term debt obligations for the year ended December 31, 2015 are as follows:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Balance - January 1, 2015	\$ -
Additions	1,500,000
Reductions	(1,500,000)
Balance - December 31, 2015	<u>\$ -</u>

NOTE 7—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2015 are as follows:

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Governmental activities:					
Bonds payable	\$ 2,915,000		\$ (395,000)	\$ 2,520,000	\$ 305,000
Note payable	2,082,650		(110,700)	1,971,950	110,700
Capital leases payable	1,637,219		(338,771)	1,298,448	346,004
Compensated absences payable	270,005	\$ 57,015	(56,944)	270,076	
Total governmental activities	<u>\$ 6,904,874</u>	<u>\$ 57,015</u>	<u>\$ (901,415)</u>	<u>\$ 6,060,474</u>	<u>\$ 761,704</u>
Business-type activities:					
Bonds payable	\$ 2,119,997	\$ 192,710	\$ (205,278)	\$ 2,107,429	\$ 223,210
Notes payable		1,489,809		1,489,809	74,490
State of New Hampshire revolving loan	179,085	13,625	(192,710)	-	
Compensated absences payable	52,171	4,402	(13,704)	42,869	
Total business-type activities	<u>\$ 2,351,253</u>	<u>\$ 1,700,546</u>	<u>\$ (411,692)</u>	<u>\$ 3,640,107</u>	<u>\$ 297,700</u>

Payments on the bonds payable, note payable and capital leases of the governmental activities are paid out of the General Fund. Payments on the bonds payable and notes payable of the business-type activities are paid out of the Water and Sewer Funds, as applicable to each fund for related debt. Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

Bonds payable at December 31, 2015 are comprised of the following individual issues:

	Interest Rate	Final Maturity Date	Balance at 12/31/2015
Governmental Activities:			
Water Main Extension	4.70-5.30%	08/2017	\$ 70,000
Police Station	3.70-4.50%	09/2024	1,350,000
Mileslip Road Land	4.50%	08/2025	1,100,000
Total governmental activities			<u>\$ 2,520,000</u>

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Business-type Activities:

Water Fund:

Water Main Extension	4.125-4.75%	08/2016	\$ 40,000
Storage Tank	4.50%	08/2025	800,000
Elm Street Phase I	4.0-4.50%	08/2026	395,000
Dram Cup Storage	1.98%	01/2025	192,710
			<u>1,427,710</u>

Sewer Fund:

Outfall Diffuser	4.0-5.0%	08/2026	165,000
Septage Receiving Facility	2.72%	12/2032	514,719
			<u>679,719</u>

Total business-type activities			<u>\$ 2,107,429</u>
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Debt service requirements to retire general obligation bonds outstanding for governmental activities at December 31, 2015 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 305,000	\$ 104,195	\$ 409,195
2017	305,000	91,840	396,840
2018	270,000	79,410	349,410
2019	270,000	68,610	338,610
2020	270,000	57,810	327,810
2021-2025	<u>1,100,000</u>	<u>120,360</u>	<u>1,220,360</u>
	<u>\$ 2,520,000</u>	<u>\$ 522,225</u>	<u>\$ 3,042,225</u>

Debt service requirements to retire general obligation bonds outstanding for business-type activities at December 31, 2015 are as follows:

Water Fund:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 177,932	\$ 56,747	\$ 234,679
2017	137,932	49,627	187,559
2018	133,287	44,072	177,359
2019	133,649	38,935	172,584
2020	134,018	24,747	158,765
2021-2025	<u>675,892</u>	<u>89,340</u>	<u>765,232</u>
2026	<u>35,000</u>	<u>1,662</u>	<u>36,662</u>
	<u>\$ 1,427,710</u>	<u>\$ 305,130</u>	<u>\$ 1,732,840</u>

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Sewer Fund:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 45,278	\$ 21,812	\$ 67,090
2017	45,278	20,238	65,516
2018	45,278	18,665	63,943
2019	45,277	17,166	62,443
2020	45,277	15,649	60,926
2021-2025	226,388	55,377	281,765
2026-2030	166,388	21,301	187,689
2031-2032	60,555	2,471	63,026
	<u>\$ 679,719</u>	<u>\$ 172,679</u>	<u>\$ 852,398</u>

General Obligation Notes

Notes payable at December 31, 2015 are comprised of the following individual issues:

	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>12/31/2015</u>
Governmental Activities:			
Ambulance Facility	2.875%	01/2034	<u>\$ 1,971,950</u>
Business-type Activities:			
<i>Water Fund:</i>			
Curtis Well	2.35%	01/2026	\$ 295,000
Union Street Water Main	2.35%	01/2026	132,809
West Elm Street Water Main	2.35%	01/2026	<u>792,000</u>
			<u>1,219,809</u>
<i>Sewer Fund:</i>			
Sanitary Sewer Rehab	2.35%	01/2026	<u>270,000</u>
			<u>270,000</u>
Total business-type activities			<u>\$ 1,489,809</u>

Debt service requirements to retire the general obligation note outstanding for governmental activities at December 31, 2015 are as follows:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 110,700	\$ 57,287	\$ 167,987
2017	110,700	54,105	164,805
2018	110,700	50,922	161,622
2019	110,700	47,739	158,439
2020	110,700	44,557	155,257
2021-2025	553,500	175,045	728,545
2026-2030	553,500	95,479	648,979
2031-2033	311,450	19,096	330,546
	<u>\$ 1,971,950</u>	<u>\$ 544,230</u>	<u>\$ 2,516,180</u>

Debt service requirements to retire the general obligation notes outstanding for business-type activities at December 31, 2015 are as follows:

Water Fund:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 60,990	\$ 14,333	\$ 75,323
2017	121,981	27,232	149,213
2018	121,981	24,366	146,347
2019	121,981	21,499	143,480
2020	121,981	18,632	140,613
2021-2025	609,905	50,165	660,070
2026	60,990	717	61,707
	<u>\$ 1,219,809</u>	<u>\$ 156,944</u>	<u>\$ 1,376,753</u>

Sewer Fund:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 13,500	\$ 3,172	\$ 16,672
2017	27,000	6,028	33,028
2018	27,000	5,393	32,393
2019	27,000	4,759	31,759
2020	27,000	4,124	31,124
2021-2025	135,000	11,104	146,104
2026	13,500	159	13,659
	<u>\$ 270,000</u>	<u>\$ 34,739</u>	<u>\$ 304,739</u>

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

The following are the individual capital lease obligations outstanding for governmental activities at December 31, 2015:

	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2015</u>
Governmental Activities:			
Backhoe	2.14%	04/2016	\$ 21,424
Fire engine	2.29%	04/2018	191,411
Ambulances	1.72%	06/2019	186,654
Dump truck	1.59%	06/2017	50,183
Sweeper	1.72%	06/2019	128,146
Sidewalk tractor	1.95%	02/2018	86,379
Dump truck	2.25%	06/2018	86,371
Ladder truck	2.50%	06/2020	547,880
			<u>\$ 1,298,448</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 346,004	\$ 28,379	\$ 374,383
2017	331,513	20,987	352,500
2018	312,906	13,903	326,809
2019	192,972	7,071	200,043
2020	115,053	2,876	117,929
	<u>\$ 1,298,448</u>	<u>\$ 73,216</u>	<u>\$ 1,371,664</u>

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2015 are as follows:

		<u>Due from</u>			
		Nonmajor			
		General <u>Fund</u>	Governmental <u>Funds</u>	Sewer <u>Fund</u>	<u>Totals</u>
<u>Due to</u>	General Fund		\$ 706,587	\$ 281,799	\$ 988,386
	Nonmajor Governmental Funds	\$ 349,557			349,557
	Water Fund	97,387			97,387
		<u>\$ 446,944</u>	<u>\$ 706,587</u>	<u>\$ 281,799</u>	<u>\$ 1,435,330</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2015 are as follows:

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

	Transfer from	
	General	Nonmajor
	Fund	Governmental
		Funds
Transfer to		Totals
General Fund		\$ 39,160
Nonmajor Governmental Funds	\$ 361,469	4,642
	<u>\$ 361,469</u>	<u>\$ 405,271</u>

NOTE 9—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2015 as follows:

Governmental Activities:	
Permanent Funds - Principal	\$ 1,499,253
Permanent Funds - Income	65,534
Heritage Commission donations	4,424
Conservation Commission donations	26,251
Library Funds	60,573
	<u>\$ 1,656,035</u>

NOTE 10—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2015 are as follows:

	General	Nonmajor	Total
<u>Fund Balances</u>	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<i>Nonspendable:</i>			
Prepaid expenses	\$ 173,918		\$ 173,918
Permanent Funds - Principal		\$ 1,499,253	1,499,253
<i>Restricted for:</i>			
Heritage Commission donations	4,424		4,424
Conservation Commission donations	26,251		26,251
Library Funds	60,573		60,573
Permanent Funds - Income		65,534	65,534
<i>Committed for:</i>			
Continuing appropriations - Non-lapsing	821,164		821,164
Expendable Trust Funds	1,105,172		1,105,172
Conservation Commission	89,462		89,462
Impact Fees Fund		7,026	7,026
Recreation Fund		35,093	35,093
Special Purpose Funds		24,353	24,353
Public Safety Revolving Fund		21,782	21,782
Cable Access Fund		202,040	202,040
<i>Assigned for:</i>			
Encumbrances	191,167		191,167
Heritage Commission	1,000		1,000

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Unassigned:

Unassigned - General operations	619,771		619,771
	<u>\$ 3,092,902</u>	<u>\$ 1,855,081</u>	<u>\$ 4,947,983</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,289,568,697 as of April 1, 2015) and are due in two installments on July 1, 2015 and December 14, 2015. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Milford School District and Hillsborough County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the School District. Total taxes appropriated during the year were \$25,855,838 and \$1,662,660 for the Milford School District and Hillsborough County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes. At December 31, 2015, the balance of the property tax appropriation due to the Milford School District is \$12,753,896 and has been reported in the General Fund as 'Due to other governments' in these financial statements.

NOTE 12—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2015, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2015.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 13—PERFORMANCE DEPOSITS

The Town holds letters of credit and performance bonds from developers until projects have been completed to Town standards. Due to the nature of these deposits, these letters of credit and performance bonds are not included as part of the financial statements. At December 31, 2015, the Town held performance deposits totaling \$2,410,699.

NOTE 14—MILFORD AREA COMMUNICATION CENTER

The Town of Milford is a member of the Milford Area Communication Center. This is a joint venture with three neighboring towns to provide communication dispatch services. The Center is managed by board members representing the participating towns. The Town does not exercise any control over the budgeting and financing of the Center's activities. Financial statements are available from the Milford Area Communication Center. The inter-municipal agreement calls for sharing of budgeted expenses in proportion to population. The Town of Milford's share for the year ended December 31, 2015 amounted to \$542,549 or 71.294%. The Center rents space in the Milford Town Hall for \$3,000 per year.

NOTE 15—COMMITMENTS

Water Supply Contract

On March 21, 2002, the Town of Milford entered into an agreement with Pennichuck Water Works, Inc. for the purpose of supplying water to the Town. The terms of the agreement are for 20 years with minimum payments of \$81,000 per year. Monthly payments commenced April 1, 2002. Each year's appropriation is expected to be made at Town Meeting.

NOTE 16—CONTINGENCIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2015

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 17—RESTATEMENT OF NET POSITION

During the year ended December 31, 2015, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions*, as described in Note 1 of these financial statements. The impact on net position of the Governmental and Business-type Activities as of January 1, 2015 is as follows:

	Governmental Activities	Business-type Activities
Net Position - January 1, 2015 (as previously reported)	\$ 28,136,567	\$ 21,093,398
Amount of restatement due to:		
Net pension liability	(8,209,929)	(794,523)
Deferred outflows related to pensions	388,590	37,606
Deferred inflows related to pensions	(1,050,468)	(101,659)
Net Position - January 1, 2015, as restated	<u>\$ 19,264,760</u>	<u>\$ 20,234,822</u>

Proprietary Funds

The impact of the above restatement on net position of the Water and Sewer Funds as of January 1, 2015 is as follows:

	Water Fund	Sewer Fund
Net Position - January 1, 2015 (as previously reported)	\$ 7,854,099	\$ 13,239,299
Amount of restatement due to:		
Net pension liability	(248,740)	(545,783)
Deferred outflows related to pensions	11,773	25,833
Deferred inflows related to pensions	(31,826)	(69,833)
Net Position - January 1, 2015, as restated	<u>\$ 7,585,306</u>	<u>\$ 12,649,516</u>

NOTE 18—SUBSEQUENT EVENTS

At the March 2016 Annual Town Meeting, voters authorized the issuance of \$142,800 in bonds or notes through the State of New Hampshire Revolving Loan program for storm water video inspection; with 33.9% of the principal balance up to \$73,200, to be forgiven upon project completion. In addition, voters authorized the issuance of \$950,000 in bonds or notes for replacement of the wastewater ultraviolet disinfection system. Such funding to be repaid through income received from wastewater users.

SCHEDULE 1

TOWN OF MILFORD, NEW HAMPSHIRE

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 9,376,445	\$ 9,376,445	\$ 9,281,515	\$ (94,930)
Licenses and permits	2,584,125	2,584,125	2,660,160	76,035
Intergovernmental	1,097,313	1,097,313	1,099,621	2,308
Charges for services	750,000	750,000	728,018	(21,982)
Investment income	6,000	6,000	7,512	1,512
Miscellaneous	275,885	275,885	210,649	(65,236)
Total Revenues	<u>14,089,768</u>	<u>14,089,768</u>	<u>13,987,475</u>	<u>(102,293)</u>
Expenditures:				
Current operations:				
General government	4,873,468	4,873,468	4,832,807	40,661
Public safety	4,296,506	4,296,506	4,227,982	68,524
Highways and streets	1,480,206	1,434,060	1,432,382	1,678
Health and welfare	231,838	231,838	218,183	13,655
Sanitation	683,399	683,399	663,335	20,064
Culture and recreation	336,593	336,593	363,899	(27,306)
Capital outlay	1,355,453	190,000	190,000	-
Debt service:				
Principal retirement	844,475	844,475	844,471	4
Interest and fiscal charges	220,593	220,593	216,914	3,679
Total Expenditures	<u>14,322,531</u>	<u>13,110,932</u>	<u>12,989,973</u>	<u>120,959</u>
Excess of revenues over (under) expenditures	<u>(232,763)</u>	<u>978,836</u>	<u>997,502</u>	<u>18,666</u>
Other financing sources (uses):				
Transfers in	53,000	53,000	34,510	(18,490)
Transfers out	(833,890)	(1,224,325)	(1,189,325)	35,000
Total other financing sources (uses)	<u>(780,890)</u>	<u>(1,171,325)</u>	<u>(1,154,815)</u>	<u>16,510</u>
Net change in fund balance	(1,013,653)	(192,489)	(157,313)	35,176
Fund balances at beginning of year				
- Budgetary Basis	<u>3,069,972</u>	<u>3,069,972</u>	<u>3,069,972</u>	<u>-</u>
Fund balances at end of year				
- Budgetary Basis	<u>\$ 2,056,319</u>	<u>\$ 2,877,483</u>	<u>\$ 2,912,659</u>	<u>\$ 35,176</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF MILFORD, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2015

	<u>For the Measurement Period Ended June 30:</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the net pension liability (asset)	0.2427%	0.2399%	0.2392%
Town's proportionate share of the net pension liability (asset)	\$ 9,612,807	\$ 9,004,452	\$ 10,296,521
Town's covered payroll	\$ 5,800,830	\$ 5,535,219	\$ 5,376,720
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	165.71%	162.68%	191.50%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	66.32%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF MILFORD, NEW HAMPSHIRE
Schedule of Town Contributions
For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 886,887	\$ 781,993	\$ 691,409
Contributions in relation to the contractually required contribution	<u>(886,887)</u>	<u>(781,993)</u>	<u>(691,409)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 6,143,332	\$ 5,598,597	\$ 5,465,686
Contributions as a percentage of covered-employee payroll	14.44%	13.97%	12.65%

See accompanying notes to the required supplementary information

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2015

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary revenues and expenditures, non-budgetary transfers in and out, budgetary expenditures and transfers out, and encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 14,214,663	\$ 14,099,412
Difference in property taxes meeting susceptible to accrual criteria	(85,696)	
Non-budgetary revenues and expenditures	(102,332)	(844,608)
Non-budgetary transfers in and out	(4,650)	(146,034)
Budgetary expenditures and transfers out		972,334
Encumbrances - December 31, 2015		191,167
Encumbrances - December 31, 2014		(92,973)
Per Schedule 1	<u>\$ 14,021,985</u>	<u>\$ 14,179,298</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2015 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 173,918
<i>Committed for:</i>	
Continuing appropriations - Non-lapsing	821,164
<i>Unassigned:</i>	
Unassigned - General Operations	<u>1,917,577</u>
	<u>\$ 2,912,659</u>

TOWN OF MILFORD, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2015

**NOTE 3—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF TOWN CONTRIBUTIONS**

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

SCHEDULE A
TOWN OF MILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2015

	Special Revenue Funds	Permanent Funds	Capital Projects Fund	Combining Totals
ASSETS				
Investments		\$ 1,577,860		\$ 1,577,860
Accounts receivable	\$ 73,072			73,072
Due from other governments	759,029			759,029
Due from other funds	255,300		\$ 94,257	349,557
Total Assets	<u>1,087,401</u>	<u>1,577,860</u>	<u>94,257</u>	<u>2,759,518</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,087,401</u>	<u>\$ 1,577,860</u>	<u>\$ 94,257</u>	<u>\$ 2,759,518</u>
LIABILITIES				
Accounts payable	\$ 25,303			\$ 25,303
Accrued expenses	298			298
Due to other governments	1,111			1,111
Advances from grantors	171,138			171,138
Due to other funds	599,257	\$ 13,073	\$ 94,257	706,587
Total Liabilities	<u>797,107</u>	<u>13,073</u>	<u>94,257</u>	<u>904,437</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable		1,499,253		1,499,253
Restricted		65,534		65,534
Committed	290,294			290,294
Total Fund Balances	<u>290,294</u>	<u>1,564,787</u>	<u>-</u>	<u>1,855,081</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,087,401</u>	<u>\$ 1,577,860</u>	<u>\$ 94,257</u>	<u>\$ 2,759,518</u>

SCHEDULE A-1
TOWN OF MILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2015

	Impact Fees Fund	Recreation Fund	Special Purpose Funds	Public Safety Revolving Fund	Cable Access Fund	Combining Totals
ASSETS						
Accounts receivable			\$ 5,553	\$ 25,744	\$ 41,775	\$ 73,072
Due from other governments			759,029			759,029
Due from other funds	\$ 7,026	\$ 35,806	51,777		160,691	255,300
Total Assets	<u>7,026</u>	<u>35,806</u>	<u>816,359</u>	<u>25,744</u>	<u>202,466</u>	<u>1,087,401</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 7,026</u>	<u>\$ 35,806</u>	<u>\$ 816,359</u>	<u>\$ 25,744</u>	<u>\$ 202,466</u>	<u>\$ 1,087,401</u>
LIABILITIES						
Accounts payable		\$ 415	\$ 23,666	\$ 796	\$ 426	\$ 25,303
Accrued expenses		298				298
Due to other governments			1,111			1,111
Advances from grantors			171,138			171,138
Due to other funds			596,091	3,166		599,257
Total Liabilities	<u>\$ -</u>	<u>713</u>	<u>792,006</u>	<u>3,962</u>	<u>426</u>	<u>797,107</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Committed	7,026	35,093	24,353	21,782	202,040	290,294
Total Fund Balances	<u>7,026</u>	<u>35,093</u>	<u>24,353</u>	<u>21,782</u>	<u>202,040</u>	<u>290,294</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,026</u>	<u>\$ 35,806</u>	<u>\$ 816,359</u>	<u>\$ 25,744</u>	<u>\$ 202,466</u>	<u>\$ 1,087,401</u>

SCHEDULE B
TOWN OF MILFORD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2015

	Special Revenue Funds	Permanent Funds	Capital Projects Fund	Combining Totals
Revenues:				
Licenses and permits	\$ 158,927			\$ 158,927
Intergovernmental	983,692			983,692
Charges for services	265,934			265,934
Investment income		\$ 37,039		37,039
Miscellaneous	102,907			102,907
Total Revenues	<u>1,511,460</u>	<u>37,039</u>	<u>\$ -</u>	<u>1,548,499</u>
Expenditures:				
Current operations:				
General government	147,326	5,301		152,627
Public safety	207,216			207,216
Highways and streets	702,757			702,757
Sanitation	12,500			12,500
Culture and recreation	110,487	5,207		115,694
Capital outlay	523,213		96,139	619,352
Total Expenditures	<u>1,703,499</u>	<u>10,508</u>	<u>96,139</u>	<u>1,810,146</u>
Excess of revenues over (under) expenditures	<u>(192,039)</u>	<u>26,531</u>	<u>(96,139)</u>	<u>(261,647)</u>
Other financing sources (uses):				
Transfers in	271,854		94,257	366,111
Transfers out	(26,079)	(17,723)		(43,802)
Total other financing sources (uses)	<u>245,775</u>	<u>(17,723)</u>	<u>94,257</u>	<u>322,309</u>
Net change in fund balances	53,736	8,808	(1,882)	60,662
Fund balances at beginning of year	<u>236,558</u>	<u>1,555,979</u>	<u>1,882</u>	<u>1,794,419</u>
Fund balances at end of year	<u>\$ 290,294</u>	<u>\$ 1,564,787</u>	<u>\$ -</u>	<u>\$ 1,855,081</u>

SCHEDULE B-1

TOWN OF MILFORD, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended December 31, 2015

	Impact Fees <u>Fund</u>	Recreation <u>Fund</u>	Special Purpose <u>Funds</u>	Public Safety Revolving <u>Fund</u>	Cable Access <u>Fund</u>	Combining <u>Totals</u>
Revenues:						
Licenses and permits					\$ 158,927	\$ 158,927
Intergovernmental			\$ 983,692			983,692
Charges for services		\$ 88,955		\$ 176,979		265,934
Miscellaneous	\$ 29,389	6,445	67,073			102,907
Total Revenues	<u>29,389</u>	<u>95,400</u>	<u>1,050,765</u>	<u>176,979</u>	<u>158,927</u>	<u>1,511,460</u>
Expenditures:						
Current operations:						
General government			46,972		100,354	147,326
Public safety			27,034	180,182		207,216
Highways and streets			702,757			702,757
Sanitation			12,500			12,500
Culture and recreation	10,700	88,699	11,088			110,487
Capital outlay			523,213			523,213
Total Expenditures	<u>10,700</u>	<u>88,699</u>	<u>1,323,564</u>	<u>180,182</u>	<u>100,354</u>	<u>1,703,499</u>
Excess of revenues over (under) expenditures	<u>18,689</u>	<u>6,701</u>	<u>(272,799)</u>	<u>(3,203)</u>	<u>58,573</u>	<u>(192,039)</u>
Other financing sources (uses):						
Transfers in			271,854			271,854
Transfers out	(21,437)	(4,642)				(26,079)
Total other financing sources (uses)	<u>(21,437)</u>	<u>(4,642)</u>	<u>271,854</u>	<u>-</u>	<u>-</u>	<u>245,775</u>
Net change in fund balances	(2,748)	2,059	(945)	(3,203)	58,573	53,736
Fund balances at beginning of year	<u>9,774</u>	<u>33,034</u>	<u>25,298</u>	<u>24,985</u>	<u>143,467</u>	<u>236,558</u>
Fund balances at end of year	<u>\$ 7,026</u>	<u>\$ 35,093</u>	<u>\$ 24,353</u>	<u>\$ 21,782</u>	<u>\$ 202,040</u>	<u>\$ 290,294</u>