

**TOWN OF LONDONDERRY,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

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

**TOWN OF LONDONDERRY, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS.....</b>	3 - 9

**BASIC FINANCIAL STATEMENTS**

<b>Government-wide Financial Statements</b>	
A Statement of Net Position .....	10
B Statement of Activities .....	11
<b>Fund Financial Statements</b>	
<i>Governmental Funds</i>	
C-1 Balance Sheet .....	12
C-2 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	13
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14
C-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
<i>Budgetary Comparison Information</i>	
D Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund .....	16
<i>Fiduciary Funds</i>	
E-1 Statement of Net Position .....	17
E-2 Statement of Changes in Net Position .....	18
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS .....</b>	19 - 40

**REQUIRED SUPPLEMENTARY INFORMATION**

F Schedule of Funding Progress for Other Postemployment Benefit Plan .....	41
G Schedule of the Town's Proportionate Share of Net Pension Liability .....	42
H Schedule of Town Contributions .....	43
<b>NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION .....</b>	44

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

<b>Governmental Funds</b>	
<i>Major General Fund</i>	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis).....	45
2 Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis) .....	46
3 Schedule of Changes in Unassigned Fund Balance.....	47
<i>Nonmajor Governmental Funds</i>	
4 Combining Balance Sheet .....	48
5 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	49



# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

## ***INDEPENDENT AUDITOR'S REPORT***

To the Town Council  
Town of Londonderry  
Londonderry, New Hampshire

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

### ***Emphasis of Matter***

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

### ***Other Matters***

***Required Supplementary Information*** - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 9), the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 41), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 42), and the Schedule

***Town of Londonderry***  
***Independent Auditor's Report***

of Town Contributions (page 43) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

February 12, 2016

*Plodzik & Sanderson*  
*Professional Association*

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

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

### **A. FINANCIAL HIGHLIGHTS**

As stated in Note 2-C on page 27 of this report, the Town has implemented Governmental Accounting Standards Board (GASB) Statement No. 68 and Statement No. 71 pertaining to financial reporting for pensions. This financial reporting change resulted in a decrease of \$30,022,314 to the beginning net position in the government-wide Statement of Net Position. While this change also results in a deficit unrestricted net position balance on the Statement of Net Position, it is important to note that this change has no impact on amounts needed to be raised by taxation for the Town. Similarly, there is no impact on the employer contribution rates paid by the Town to the New Hampshire Retirement System.

As of the close of the current fiscal year, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,176,216 (*total net position*), a change of \$1,256,586 in comparison with the prior year's restated balance.

As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$17,683,715, a change of \$2,178,053 in comparison with the prior year. Approximately 32% of this amount, \$5,638,614, is available for spending at the government's discretion (*unassigned fund balance*).

At the end of the current fiscal year, budgetary unassigned fund balance for the general fund was \$7,611,476, a change of \$1,730,975 in comparison to the restated balance of the prior year.

Total long-term debt (i.e., bonds payable and capital leases) at the close of the current fiscal year was \$13,716,451 a change of \$(2,229,084) in comparison to the prior year.

### **B. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The *Statement of Net Position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements summarize functions that are principally supported by taxes and intergovernmental revenues. The governmental activities include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, conservation, and economic development. The government-wide financial statements can be found on pages 10-12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its general fund and sewer fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

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

The basic fiduciary fund financial statement can be found on pages 17-18 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Financial Statements can be found on pages 19-40 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. Required supplementary information can be found on pages 41-44 of this report.

Additional combining statements and schedules are presented immediately following the required supplementary information. These Supplementary Statements and Schedules can be found on pages 45-49 of this report.

### C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION  
Governmental  
Activities

	2015	Restated 2014	Amount Change	% Change
Current and other assets	\$ 59,012	\$ 46,967	12,045	25.6%
Capital assets	78,198	80,867	(2,669)	-3.3%
Total assets	137,210	127,834	9,376	7.3%
Deferred outflows of resources	2,442	2,447	(5)	(0.2)%
Current liabilities	31,462	4,396	27,066	615.7%
Noncurrent liabilities	48,133	51,538	(3,405)	(6.6)%
Total liabilities	79,595	55,934	23,661	42.3%
Deferred inflows of resources	12,881	28,427	(15,546)	(-54.7)%
Net position:				
Net investment in capital assets	64,482	68,804	(4,322)	-6.3%
Restricted	957	989	(32)	-3.2%
Unrestricted	(18,263)	(23,873)	5,610	-23.5%
Total net position	\$ 47,176	\$ 45,920	1,256	2.7%

## CHANGES IN NET POSITION

Governmental Activities		Amount		
	2015	2014	Change	Change
Revenues:				
Program revenues:				
Charges for services	\$ 6,544	\$ 6,614	(70)	-1.1%
Operating grants and contributions	561	904	(343)	-37.9%
Capital grants and contributions	0	200	(200)	-100.0%
General revenues:				
Property taxes	17,841	17,646	(195)	1.1%
Interest, penalties and other taxes	1,516	1,072	444	41.4%
Motor vehicle registrations	7,076	6,472	604	9.3%
Grants and contributions not restricted to specific programs	1,278	1,132	146	12.9%
Other	1,374	371	1,003	270.4%
Total revenues	36,190	34,411	1,779	5.2%
Expenses:				
General government	4,329	3,646	683	18.7%
Public safety	17,562	18,304	(742)	-4.1%
Highways and streets	4,981	5,377	(396)	-7.4%
Sanitation	5,137	3,610	1,527	42.3%
Health and welfare	114	116	(2)	-1.7%
Culture and recreation	1,841	1,805	36	2.0%
Conservation	21	28	(7)	-25.0%
Economic development	441	389	52	13.4%
Interest	508	579	(71)	-12.3%
Net effect of GASB 68	0	30,022	(30,022)	-100.0%
Total expenses	34,934	63,876	(28,942)	-45.3%
Change in net position before permanent fund contributions	1,256	(29,465)	30,721	-104.3%
Permanent fund contributions	0	14	(14)	-100.0%
Change in net position	1,256	(29,451)	30,707	-104.3%
Net position - beginning of year, as restated	45,920	75,371	(29,451)	-39.1%
Net position - end of year	\$ 47,176	\$ 45,920	\$ 1,256	2.7%

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$47,176,216, a change of \$1,256,586 from the prior year's restated amount.

The largest portion of net position, \$64,481,668, reflects the Town's investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$957,192, represents resources that are subject to external restrictions on how they may be used

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$1,256,586. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$	2,291,175
Sewer fund revenues under expenditures and transfers out		(562,500)
Other nonmajor governmental funds change in fund balance		449,378
Depreciation expense in excess of principal debt service		(592,031)
Increase in compensated absence and OPEB liabilities		(617,248)
Capital additions funded by operating revenues and fund balance reserves		183,313
Other accruals		104,499
Total	\$	1,256,586

#### **D. FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$17,683,715, a change of \$2,178,053 in comparison to the prior year restated balances. Key elements of this change are as follows:

General fund operations, as discussed further below	\$	2,291,175
Sewer fund revenues under expenditures and transfers out		(562,500)
Other nonmajor fund revenues and other financing sources over expenditures and transfers out		449,378
Total	\$	2,178,053

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,794,508, while total fund balance was \$10,203,449. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The results of this comparison are summarized in the table below.

General Fund	6/30/15	6/30/14*	Change	% of Total General Fund Expenditures
Unassigned fund balance	\$ 6,794,508	\$ 4,727,526	\$ 2,066,982	23.5%
Total fund balance	\$ 10,203,449	\$ 7,912,274	\$ 2,291,175	35.3%
*As Restated				

The total fund balance of the general fund changed by \$2,291,175 during the current fiscal year. The primary underlying reasons for this change in fund balance are as follows:

Revenues in excess of budget	\$ 2,232,627 *
Expenditures less than budget	305,007*
Excess of prior year encumbrances over current year	(27,668)
Capital reserve fund operations	(554,798)
Other	336,007
Total	<u>\$ 2,291,175</u>

\*See Section E below for additional information regarding these changes

The Town's capital reserves and expendable trust funds are included in total general fund balance as follows:

	6/30/15	6/30/14	Change
Capital reserve funds	\$ 1,127,348	\$ 1,604,098	\$ (476,705)
Expendable trust funds	693,523	771,571	(78,048)
Total	<u>\$ 1,820,871</u>	<u>\$ 2,375,669</u>	<u>\$ (554,798)</u>

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

There was no difference between the Town's total Original Budget and the total Final Budget.

Significant budget to actual variances for general fund revenues and expenditures include the following:

- Land use change taxes exceeded estimates by \$267,342 due to higher than anticipated parcels being removed from current use.
- Income from departments revenue was over budget by \$348,166, which was a combination of increases in ambulance revenues and cable franchise fees.
- Building permit revenue exceeded estimates by \$455,153 as a result of higher than expected business and residential development.
- Motor vehicle permit fees were over budget by \$798,740
- Legal department expenditures were over budget by \$(72,063) due to ongoing legal issues primarily regarding impact fees.
- Financial administration and election & registration expenditures were under budget by \$90,538 due to personnel restructuring in both departments.

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

**Capital assets.** Total investment in capital assets for governmental activities at year end amounted to \$78,198,119 (net of accumulated depreciation), a change of \$(2,668,802) from the prior year. This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, vehicles and equipment, intangibles, improvements other than buildings, and infrastructure.

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

- \$1,396,579 for machinery, vehicles, and equipment asset additions.
- \$(2,852,115) in current year depreciation expense.

Additional information on the Town's capital assets can be found in Note 7 on page 31 of this report.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$12,710,000, all of which was backed by the full faith and credit of the government. In addition, the Town has outstanding capital leases totaling \$1,006,451, which include both a purchase option and a non-appropriation clause.

**Credit rating** As of June 30, 2015, the Town's credit rating on outstanding bonded debt was Aa2, which was unchanged from the prior year.

Additional information on the Town's long-term debt can be found in Note 11 and Note 12 on pages 33-34 of this report.

## **G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The general outlook for the Town of Londonderry is positive. The 3.2% unemployment rate for the Manchester/Londonderry area, according to the New Hampshire Employment Security Bureau, is slightly under the overall U.S. unemployment rate of 5.0% (Nov, 2015). The Town, in partnership with the State of New Hampshire, continues to strongly invest in its public works infrastructure, such as the construction of Pettengill Road by Manchester-Boston Regional Airport, and is poised to benefit from continued improvements in the overall economy.

For the upcoming fiscal year (2016), the taxpayers approved at the Annual Budgetary Town Meeting a \$32,657,020 operating and capital improvement budget. During the year the Town will be investing \$500,000 in its Roadway Maintenance Trust Fund, which was created in 2012 to minimize the amount of debt issued for road construction projects. The Town also voted to increase fire and police personnel by five (5) new hires in the FY16 budget. Londonderry also continues to see a boon in new industrial, commercial, and residential growth adding nearly \$90,000,000 in new valuation in the past year alone – most of which came from industrial growth in the Airport District of Town.

## **REQUESTS FOR INFORMATION**

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

Director of Finance & Administration  
Town of Londonderry  
268B Mammoth Road  
Londonderry, New Hampshire 03053

## ***BASIC FINANCIAL STATEMENTS***

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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 40,843,860
Investments	4,507,783
Taxes receivable (net)	12,586,099
Accounts receivable (net)	1,037,037
Prepaid items	2,264
Tax deeded property, subject to resale	35,518
Capital assets:	
Land and construction in progress	19,594,948
Other capital assets, net of depreciation	58,603,171
Total assets	<u>137,210,680</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	<u>2,442,041</u>
<b>LIABILITIES</b>	
Accounts payable	2,296,553
Accrued salaries and benefits	467,922
Retainage payable	113,592
Accrued interest payable	201,541
Intergovernmental payable	28,379,488
Other	2,791
Long-term liabilities:	
Due within one year	2,098,175
Due in more than one year	17,724,774
Net pension liability	28,310,207
Total liabilities	<u>79,595,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - Property taxes	9,251,532
Deferred amounts related to pensions	3,629,930
Total deferred inflows of resources	<u>12,881,462</u>
<b>NET POSITION</b>	
Net investment in capital assets	64,481,668
Restricted	957,192
Unrestricted	<u>(18,262,644)</u>
Total net position	<u><u>\$ 47,176,216</u></u>

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

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

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 4,329,370	\$ 27,015	\$ -	\$ (4,302,355)
Public safety	17,561,733	3,954,948	-	(13,606,785)
Highways and streets	4,980,623	-	513,632	(4,466,991)
Sanitation	5,137,541	2,552,224	42,926	(2,542,391)
Health	51,264	-	-	(51,264)
Welfare	63,017	-	-	(63,017)
Culture and recreation	1,840,753	9,813	-	(1,830,940)
Conservation	21,041	-	4,900	(16,141)
Economic development	440,766	-	-	(440,766)
Interest on long-term debt	507,718	-	-	(507,718)
Total governmental activities	<u>\$ 34,933,826</u>	<u>\$ 6,544,000</u>	<u>\$ 561,458</u>	<u>(27,828,368)</u>
General revenues:				
Taxes:				
Property				17,840,919
Other				1,515,972
Motor vehicle permit fees				7,075,763
Licenses and other fees				724,235
Grants and contributions not restricted to specific programs				1,277,810
Miscellaneous				650,255
Total general revenues				<u>29,084,954</u>
Change in net position				1,256,586
Net position, beginning, as restated (see Note 16)				45,919,630
Net position, ending				<u>\$ 47,176,216</u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,525,671	\$ 8,318,189	\$ 40,843,860
Investments	3,595,416	912,367	4,507,783
Accounts receivable (net)	639,530	397,507	1,037,037
Taxes receivable	12,665,456	-	12,665,456
Interfund receivable	1,450,593	-	1,450,593
Prepaid items	2,264	-	2,264
Tax dedeed property, subject to resale	35,518	-	35,518
Total assets	<u>\$ 50,914,448</u>	<u>\$ 9,628,063</u>	<u>\$ 60,542,511</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,724,459	\$ 572,094	\$ 2,296,553
Accrued salaries and benefits	459,195	8,727	467,922
Intergovernmental payable	28,379,488	-	28,379,488
Interfund payable	-	1,450,593	1,450,593
Retainage payable	-	113,592	113,592
Other	-	2,791	2,791
Total liabilities	<u>30,563,142</u>	<u>2,147,797</u>	<u>32,710,939</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - Property taxes	<u>10,147,857</u>	<u>-</u>	<u>10,147,857</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	37,782	871,654	909,436
Restricted	114,094	5,382,696	5,496,790
Committed	2,663,871	2,381,810	5,045,681
Assigned	593,194	-	593,194
Unassigned (deficit)	6,794,508	(1,155,894)	5,638,614
Total fund balances	<u>10,203,449</u>	<u>7,480,266</u>	<u>17,683,715</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,914,448</u>	<u>\$ 9,628,063</u>	<u>\$ 60,542,511</u>

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

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

Total fund balances of governmental funds (Exhibit C-1)		\$ 17,683,715
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 132,683,356	
Less accumulated depreciation	<u>(54,485,237)</u>	
		78,198,119
Certain assets are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions		2,442,041
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (1,450,593)	
Payables	<u>1,450,593</u>	
		-
Other long-term assets (taxes receivable) are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in the funds.		896,325
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(79,357)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(201,541)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 12,710,000	
Capital leases	1,006,451	
Compensated absences	1,758,625	
Other postemployment benefits	4,149,077	
Accrued landfill postclosure care costs	198,796	
Deferred inflows of resources related to pensions	3,629,930	
Net pension liability	<u>28,310,207</u>	
		<u>(51,763,086)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 47,176,216</u></u>

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



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

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 19,390,280	\$ 302,618	\$ 19,692,898
Licenses and permits	7,722,975	-	7,722,975
Intergovernmental	1,732,308	106,960	1,839,268
Charges for services	1,347,466	5,196,534	6,544,000
Miscellaneous	518,152	209,126	727,278
Total revenues	<u>30,711,181</u>	<u>5,815,238</u>	<u>36,526,419</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,438,008	1,133	3,439,141
Public safety	14,737,212	2,686,213	17,423,425
Highways and streets	3,666,677	-	3,666,677
Sanitation	1,842,472	2,688,310	4,530,782
Health	50,864	400	51,264
Welfare	63,017	-	63,017
Culture and recreation	1,643,957	97,330	1,741,287
Conservation	-	21,041	21,041
Economic development	428,343	-	428,343
Debt service:			
Principal	2,136,195	-	2,136,195
Interest	533,802	-	533,802
Capital outlay	344,392	-	344,392
Total expenditures	<u>28,884,939</u>	<u>5,494,427</u>	<u>34,379,366</u>
Excess of revenues over expenditures	<u>1,826,242</u>	<u>320,811</u>	<u>2,147,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	433,933	-	433,933
Transfers out	-	(433,933)	(433,933)
Capital lease inception	31,000	-	31,000
Total other financing sources (uses)	<u>464,933</u>	<u>(433,933)</u>	<u>31,000</u>
Net change in fund balances	2,291,175	(113,122)	2,178,053
Fund balances, beginning, as restated (see Note 16)	7,912,274	7,593,388	15,505,662
Fund balances, ending	<u>\$ 10,203,449</u>	<u>\$ 7,480,266</u>	<u>\$ 17,683,715</u>

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

**EXHIBIT C-4**  
**TOWN OF LONDONDERRY, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2015*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 2,178,053
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 183,313	
Depreciation expense	<u>(2,852,115)</u>	
		(2,668,802)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (433,933)	
Transfers out	<u>433,933</u>	
		-
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		
Contributions subsequent to the measurement date	\$ 2,442,040	
Net pension expense	<u>(1,917,822)</u>	
		\$ 524,218
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in 60 day property tax deferred inflow	\$ (256,650)	
Change in allowance for uncollectible property taxes	<u>(79,357)</u>	
		(336,007)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Capital lease inception	\$ (31,000)	
Repayment of bond principal	1,910,000	
Repayment of capital leases	<u>350,084</u>	
		2,229,084
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 26,084	
Increase in compensated absences payable	(61,704)	
Increase in postemployment benefits payable	(555,544)	
Increase in accrued landfill postclosure care costs	<u>(78,796)</u>	
		(669,960)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 1,256,586</u>

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

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

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 18,740,190	\$ 18,740,190	\$ 19,054,273	\$ 314,083
Licenses and permits	6,470,000	6,470,000	7,722,975	1,252,975
Intergovernmental	1,793,993	1,793,993	1,732,308	(61,685)
Charges for services	999,300	999,300	1,347,466	348,166
Miscellaneous	145,000	145,000	434,007	289,007
Total revenues	28,148,483	28,148,483	30,291,029	2,142,546
<b>EXPENDITURES</b>				
Current:				
General government	3,291,833	3,345,203	3,336,012	9,191
Public safety	14,832,369	14,793,584	14,796,931	(3,347)
Highways and streets	3,157,978	3,163,950	3,129,366	34,584
Sanitation	1,848,889	1,848,889	1,722,472	126,417
Health	50,864	50,864	50,864	-
Welfare	121,268	121,268	63,017	58,251
Culture and recreation	1,721,102	1,712,432	1,681,485	30,947
Conservation	3,300	-	-	-
Economic development	450,235	441,648	383,338	58,310
Debt service:				
Principal	2,142,473	2,142,473	2,136,195	6,278
Interest	537,070	537,070	533,802	3,268
Capital outlay	325,500	325,500	344,392	(18,892)
Total expenditures	28,482,881	28,482,881	28,177,874	305,007
Excess (deficiency) of revenues over (under) expenditures	(334,398)	(334,398)	2,113,155	2,447,553
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	709,398	709,398	799,479	90,081
Transfers out	(375,000)	(375,000)	(375,000)	-
Total other financing sources (uses)	334,398	334,398	424,479	90,081
Net change in fund balances	\$ -	\$ -	2,537,634	\$ 2,537,634
Increase in nonspendable fund balance			(37,782)	
Decrease in restricted fund balance			74,123	
Increase in committed fund balance			(843,000)	
Unassigned fund balance, beginning, as restated (see Note 16)			5,880,501	
Unassigned fund balance, ending			\$ 7,611,476	

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

**EXHIBIT E-1**  
**TOWN OF LONDONDERRY, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2015**

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ 633	\$ 1,786,543
Investments	12,887	45,966
Accounts receivable	-	61,723
Total assets	<u>13,520</u>	<u>1,894,232</u>
<b>LIABILITIES</b>		
Intergovernmental payable	-	548,741
Due to others	-	1,345,491
Total liabilities	<u>-</u>	<u>1,894,232</u>
<b>NET POSITION</b>		
Held in trust for specific purposes	<u>\$ 13,520</u>	<u>\$ -</u>

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

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

	Private Purpose Trust
<b>ADDITIONS</b>	
Interest	\$ 474
Change in fair market value	(425)
Total additions	<u>49</u>
<b>DEDUCTIONS</b>	
Scholarships	85
Fees	<u>2</u>
Total deductions	<u>87</u>
Change in net position	(38)
Net position, beginning, as restated (see Note 16)	<u>13,558</u>
Net position, ending	<u><u>\$ 13,520</u></u>

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

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

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

***DETAILED NOTES ON ALL FUNDS***

<b>Cash and Cash Equivalents .....</b>	<b>3</b>
<b>Investments .....</b>	<b>4</b>
<b>Taxes Receivable.....</b>	<b>5</b>
<b>Other Receivables.....</b>	<b>6</b>
<b>Capital Assets.....</b>	<b>7</b>
<b>Interfund Balances and Transfers .....</b>	<b>8</b>
<b>Intergovernmental Payables.....</b>	<b>9</b>
<b>Deferred Outflows/Inflows of Resources .....</b>	<b>10</b>
<b>Capital Leases .....</b>	<b>11</b>
<b>Long-term Liabilities .....</b>	<b>12</b>
<b>Encumbrances .....</b>	<b>13</b>
<b>Governmental Activities Net Position.....</b>	<b>14</b>
<b>Governmental Fund Balances .....</b>	<b>15</b>
<b>Prior Period Adjustments.....</b>	<b>16</b>
<b>Deficit Fund Balances .....</b>	<b>17</b>
<b>Defined Benefit Pension Plan .....</b>	<b>18</b>
<b>Other Postemployment Benefits (OPEB) .....</b>	<b>19</b>

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

<b>Risk Management.....</b>	<b>20</b>
<b>Contingencies.....</b>	<b>21</b>
<b>Performance Deposits .....</b>	<b>22</b>
<b>Subsequent Events.....</b>	<b>23</b>

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

***1-A Reporting Entity***

The Town of Londonderry is a municipal corporation governed by an elected 5-member Town Council. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

***1-B Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

***1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.



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

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Town reports the following major governmental fund:

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

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

Additionally, the Town reports the following fund types:

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

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

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

**Fiduciary Funds** – The Town also reports the following fiduciary funds:

**Private Purpose Trust Funds** - is used to record all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

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

***1-D Cash and Cash Equivalents***

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

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

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

***1-E Investments***

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

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

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

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

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

***1-F Receivables***

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

***1-G Interfund Balances***

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term Interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***1-H Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses as the items are used.

***1-I Capital Assets***

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

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

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

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

***1-J Deferred Outflows/Inflows of Resources***

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

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

***1-K Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on November 3, 2014 and May 18, 2015. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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

The Town net assessed valuation as of April 30, 2015 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 2,900,128,961
For all other taxes	\$ 3,556,514,649

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$5.17	\$ 18,406,886
School portion:		
State of New Hampshire	\$2.17	6,283,982
Local	\$12.82	45,588,816
County portion	\$0.93	3,302,854
Total		<u>\$ 73,582,538</u>

***1-L Compensated Absences***

The Town's policy allows certain employees to earn varying amounts of sick and vacation time based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***1-M Long-term Obligations***

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

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

***1-N Claims and Judgments***

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

***1-O Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

***1-P Net Position/Fund Balance Reporting***

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

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

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

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

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

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

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

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

**Unassigned** – This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

***1-Q Defined Benefit Pension Plan***

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

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

***NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY***

***2-A Budgetary Information***

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town’s operations. The Town adopts a budget for the current year for the general fund, as well as two nonmajor special funds. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

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

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

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

***2-B Budgetary Reconciliation to GAAP Basis***

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

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

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 31,090,508
Adjustment:	
Basis difference:	
Inception of capital leases	31,000
GASB Statement No. 54:	
Revenue of the blended expendable trust funds	84,145
Eliminate transfers between general and expendable trust funds	(365,546)
Change in deferred inflows relating to 60 day property tax revenue recognition	256,650
Change in allowance for uncollectible property taxes	79,357
Per Exhibit C-3 (GAAP basis)	<u>\$ 31,176,114</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 28,552,874
Adjustment:	
Basis differences:	
Encumbrances, beginning	620,862
Encumbrances, ending	(593,194)
Inception of capital leases	31,000
GASB Statement No. 54:	
Expenditures of the blended expendable trust funds	648,397
Eliminate transfers between general and expendable trust funds	(375,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 28,884,939</u>

**2-C Change in Accounting Principle**

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the School District calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$30,022,314 (see Note 18). The reduction accounts for the associated net position liability and deferred outflows of resources related to pensions.

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

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At June 30, 2015, the reported amount of the Town's deposits was \$42,631,036 and the bank balance was \$42,773,424. Of the bank balance \$41,158,494 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name, and \$1,614,930 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 40,843,860
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	1,787,176
Total cash and cash equivalents	<u>\$ 42,631,036</u>

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

**NOTE 4 – INVESTMENTS**

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments.

At June 30, 2015, this Town had the following investments and maturities:

	Fair Value	1-5 Years	6-10 Years	Total
Investments type:				
New Hampshire Public Deposit Investment Pool	\$ 2,586,038	\$ -	\$ -	\$ 2,586,038
Equities	321,459	-	-	321,459
Equity Exchange Traded Funds	54,550	-	-	54,550
Equity Mutual Funds	295,987	-	-	295,987
Municipal Bonds	-	-	27,434	27,434
Fixed Income Exchange Traded Funds	260,448	-	-	260,448
Certificates of Deposit	-	1,020,720	-	1,020,720
Total fair value	<u>\$ 3,518,482</u>	<u>\$ 1,020,720</u>	<u>\$ 27,434</u>	<u>\$ 4,566,636</u>

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

**Credit Risk** - As of June 30, 2015, the Town's investments in US Agencies (Federal Farm Credit Bank) are rated AA+ by Standard and Poor's and Aaa by Moody's Investor's Services.

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

**Concentration of Credit Risk** – The Town places no limit on the amount it may invest in any one issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 4,507,783
Investments per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	58,853
Total investments	<u>\$ 4,566,636</u>

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of June 30, 2015. The amount has been reduced by an allowance for an estimated uncollectible amount of \$79,357. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2015	\$ 11,731,236	\$ 11,731,236
Unredeemed (under tax lien):		
Levy of 2014	442,919	442,919
Levy of 2013	240,709	240,709
Levies of 2012 and prior	249,341	249,341
Excavation	1,251	1,251
Less: allowance for estimated uncollectible taxes	(79,357) *	-
Net taxes receivable	<u>\$ 12,586,099</u>	<u>\$ 12,665,456</u>

\*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60 day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

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

**NOTE 6 – RECEIVABLES**

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

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

	General Fund	Nonmajor Funds	Total
Receivables:			
Accounts	\$ 786,159	\$ 397,507	\$ 1,183,666
Less: allowance for uncollectibles	(146,629)	-	(146,629)
Net total receivables	<u>\$ 639,530</u>	<u>\$ 397,507</u>	<u>\$ 1,037,037</u>

**NOTE 7 – CAPITAL ASSETS**

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

	Balance, beginning	Increases	Decreases	Balance, ending
At cost:				
Not being depreciated:				
Land and land improvements	\$ 12,561,195	\$ -	\$ -	\$ 12,561,195
Construction in progress	8,247,019	-	(1,213,266)	7,033,753
Total capital assets not being depreciated	<u>20,808,214</u>	<u>-</u>	<u>(1,213,266)</u>	<u>19,594,948</u>
Being depreciated:				
Improvements other than buildings	632,637	-	-	632,637
Buildings and building improvements	14,611,272	-	-	14,611,272
Machinery, equipment, and vehicles	11,070,142	1,396,579	-	12,466,721
Infrastructure	84,722,064	-	-	84,722,064
Intangible assets	1,525,714	-	(870,000)	655,714
Total capital assets being depreciated	<u>112,561,829</u>	<u>1,396,579</u>	<u>(870,000)</u>	<u>113,088,408</u>
Total all capital assets	<u>133,370,043</u>	<u>1,396,579</u>	<u>(2,083,266)</u>	<u>132,683,356</u>
Less accumulated depreciation:				
Improvements other than buildings	(304,904)	(63,468)	-	(368,372)
Buildings and building improvements	(3,639,291)	(362,942)	-	(4,002,233)
Machinery, equipment, and vehicles	(9,556,000)	(745,232)	-	(10,301,232)
Infrastructure	(37,554,440)	(1,669,741)	-	(39,224,181)
Intangible assets	(1,448,487)	(10,732)	870,000	(589,219)
Total accumulated depreciation	<u>(52,503,122)</u>	<u>(2,852,115)</u>	<u>870,000</u>	<u>(54,485,237)</u>
Net book value, capital assets being depreciated	<u>60,058,707</u>	<u>(1,455,536)</u>	<u>-</u>	<u>58,603,171</u>
Net book value, all capital assets	<u>\$ 80,866,921</u>	<u>\$ (1,455,536)</u>	<u>\$ (1,213,266)</u>	<u>\$ 78,198,119</u>

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

General government	\$ 377,883
Public safety	563,307
Highways and streets	1,272,230
Sanitation	528,697
Culture and recreation	11,014
Economic development	98,984
Total depreciation expense	<u>\$ 2,852,115</u>



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

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	<u>\$ 1,450,593</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers** - The composition of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>Transfers In:</u>
	General
	<u>Fund</u>
Transfers out:	
Nonmajor funds	<u>\$ 433,933</u>

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$28,928,229 at June 30, 2015 consist of the following:

General fund:	
Balance of 2015-2016 district assessment due to Londonderry School District	\$ 26,718,400
Balance of 2015-2016 property tax commitment due to Rockingham County	1,657,646
Miscellaneous fees due to the State of New Hampshire	<u>3,442</u>
Total general fund	<u>28,379,488</u>
Agency fund:	
Balance of the Londonderry School District trust funds held by the Trustees of Trust Funds	<u>548,741</u>
Total intergovernmental payables due	<u>\$ 28,928,229</u>

**NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of \$2,442,041 in the governmental activities at June 30, 2015 consists of amounts related to pensions, see Note 18 for more information.

Deferred inflows of resources reported in the governmental funds as unavailable revenue are as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 896,325
Property tax revenue committed but not due until subsequent period	9,251,532	9,251,532
Deferred amounts related to pensions (see Note 18)	<u>3,629,930</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 12,881,462</u>	<u>\$ 10,147,857</u>

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

**NOTE 11 – CAPITAL LEASES**

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2015
Capital lease obligations:		
Public safety equipment and vehicles	1.39%	\$ 608,000
Fire truck	1.50%	338,254
Ford pickup	2.40%	24,502
Ford interceptor	5.45%	35,695
Total capital lease obligations		<u>\$ 1,006,451</u>

The annual requirements to amortize the capital leases payable as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2016	\$ 267,969
2017	265,842
2018	263,716
2019	<u>248,371</u>
Total requirements	1,045,898
Less: interest	<u>39,447</u>
Present value of remaining payments	<u>\$ 1,006,451</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

**NOTE 12 – LONG-TERM LIABILITIES**

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

	Balance July 1, 2014 (as restated)	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Bonds payable	\$ 14,620,000	\$ -	\$ (1,910,000)	\$ 12,710,000	\$ 1,810,000
Capital leases	1,325,535	31,000	(350,084)	1,006,451	251,873
Compensated absences	1,696,921	61,704	-	1,758,625	20,702
Accrued landfill postclosure care costs	120,000	78,796	-	198,796	15,600
Net other postemployment benefits	3,593,533	555,544	-	4,149,077	-
Total long-term liabilities	<u>\$ 21,355,989</u>	<u>\$ 727,044</u>	<u>\$ (2,260,084)</u>	<u>\$ 19,822,949</u>	<u>\$ 2,098,175</u>

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

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2015	Current Portion
General obligation bonds payable:						
Multi-purpose refunding bonds	\$ 4,545,000	2009	2016	2.74	\$ 115,000	\$ 115,000
Roadway improvements	\$ 1,200,000	2007	2018	3.07	360,000	120,000
Roadway improvements	\$ 500,000	2014	2018	1.24	300,000	100,000
Roadway improvements	\$ 1,500,000	2010	2019	3.58	600,000	150,000
Roadway improvements	\$ 1,000,000	2011	2020	2.43	500,000	100,000
Roadway improvements	\$ 1,000,000	2011	2021	2.38	600,000	100,000
Roadway improvements	\$ 1,000,000	2012	2022	2.48	700,000	100,000
Mammoth Road sewer	\$ 2,400,000	2002	2022	4.39	840,000	120,000
Multi-purpose bond	\$ 13,652,674	2004	2024	3.83	6,120,000	680,000
Open space and fire station	\$ 4,375,000	2007	2027	4.02	2,575,000	225,000
Total					<u>\$ 12,710,000</u>	<u>\$ 1,810,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,810,000	\$ 445,851	\$ 2,255,851
2017	1,695,000	391,403	2,086,403
2018	1,695,000	330,683	2,025,683
2019	1,475,000	270,259	1,745,259
2020	1,325,000	216,390	1,541,390
2021-2025	4,310,000	429,410	4,739,410
2026-2027	400,000	16,550	416,550
Totals	<u>\$ 12,710,000</u>	<u>\$ 2,100,546</u>	<u>\$ 14,810,546</u>

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

**Accrued Landfill Postclosure Care Costs** - The Town ceased operating its landfill in prior years. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Purpose	Unissued Amount
Mammoth Road Sewer	\$ 225,000
Auburn Road Water Line	49,600
Exit 4A Construction	4,500,000
Auburn Road Landfill Site	900,000
	<u>\$ 5,674,600</u>

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

**NOTE 13 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2015 are as follows:

General fund:	
General government	\$ 52,078
Public safety	66,690
Highways and streets	401,573
Culture and recreation	37,528
Economic development	35,325
Total encumbrances	<u>\$ 593,194</u>

**NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION**

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

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 78,198,119
Less:	
General obligation bonds payable	(12,710,000)
Capital leases payable	(1,006,451)
Total net investment in capital assets	<u>64,481,668</u>
Restricted:	
Nonexpendable permanent funds	871,654
Expendable permanent funds	85,538
Total restricted	<u>957,192</u>
Unrestricted	(18,262,644)
Total net position	<u>\$ 47,176,216</u>

**NOTE 15 – GOVERNMENTAL FUND BALANCES**

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

**Nonspendable:**

Major fund:		
General:		
Prepaid items	\$ 2,264	
Tax deeded property, subject to resale	35,518	
	<u>37,782</u>	
Nonmajor fund:		
Permanent fund - principal balance	871,654	
Total nonspendable fund balance		\$ 909,436

**Restricted:**

Major fund:		
General:		
TIF District	\$ 114,094	
Nonmajor funds:		
Leach library	38,384	
Sewer	5,252,522	
Capital equipment	6,252	
Permanent - income balance	85,538	
	<u>5,382,696</u>	
Total restricted fund balance		5,496,790

(continued)

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

*Governmental fund balances continued:*

**Committed:**

Major fund:

General:

Expendable trust	\$ 1,820,871
Voted appropriation	843,000
	<u>2,663,871</u>

Nonmajor funds:

Police outside detail	243,237
Police airport division	5,197
Conservation commission	1,564,512
Reclamation fund	515,976
Other special revenue	52,888
	<u>2,381,810</u>

Total committed fund balance		5,045,681
------------------------------	--	-----------

**Assigned:**

Major fund:

General:

Encumbrances	593,194
--------------	---------

**Unassigned:**

Major fund:

General	<u>\$ 6,794,508</u>
---------	---------------------

Nonmajor fund:

Exit 4A (deficit)	<u>(1,155,894)</u>
-------------------	--------------------

Total unassigned fund balance		<u>5,638,614</u>
-------------------------------	--	------------------

Total governmental fund balances		<u><u>\$ 17,683,715</u></u>
----------------------------------	--	-----------------------------

*(This space intentionally left blank.)*

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

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

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

	Government-wide Statements	General Fund (GAAP)	General Fund (Budgetary)	Sewer Fund	Permanent Fund
Adjust for differences in reporting on the full accrual, modified accrual and budgetary basis	\$ 4,792	\$ 67,430	\$ 188,217	\$ -	\$ -
Align health insurance expenditures to coincide with fiscal year	(89,593)	(89,593)	(89,593)	-	-
Record beginning net pension liability associated with GASB Statement No. 68	(32,469,171)	-	-	-	-
Record beginning deferred outflows of resources associated with GASB Statement No. 68	2,446,857	-	-	-	-
Record capital leases payables, previously not reported	(146,807)	-	-	-	-
Remove expenditures deemed to be from prior year	(85,040)	-	-	(85,040)	-
Remove prior year deferred inflow for exchange transactions	39,888	-	-	39,888	-
Reclassify trusts deemed to be private purpose trusts and agency funds	(61,107)	-	-	-	(61,107)
Net position/fund balance, as previously reported	76,279,811	7,934,437	6,590,956	5,860,174	988,648
Net position/fund balance, as restated	<u>\$ 45,919,630</u>	<u>\$ 7,912,274</u>	<u>\$ 6,689,580</u>	<u>\$ 5,815,022</u>	<u>\$ 927,541</u>

The above general fund budgetary restatements result in a restated unassigned budgetary fund balance of \$5,880,501.

**NOTE 17 – DEFICIT FUND BALANCES**

The Exit 4A capital project fund has a deficit fund balance of \$1,155,894 at June 30, 2015. This deficit will be financed through bond proceeds that have been authorized, but will be issued in future periods.

**NOTE 18 – DEFINED BENEFIT PENSION PLAN**

**Plan Description:** The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers with in the State are eligible and required to participate in the Pension Plan. The System issues a publically available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

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

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

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

**Contributions:** The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2015, the Town contributed 14.16% for teachers and 10.77% for other employees. The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$2,241,412, \$2,188,559, and \$2,818,030, respectively, which were paid in full in each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015 the Town reported a liability of \$28,310,207 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2014, the Town's proportion was .75421768% which was an decrease of .00021534% from its proportion measured as of June 30, 2013.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 7,615
Net difference between projected and actual investment earnings on pension plan investments	-	3,622,315
Contributions subsequent to the measurement date	2,442,040	-
Total	<u>\$ 2,442,040</u>	<u>\$ 3,629,930</u>

The \$2,442,040 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2016	\$ (907,232)
2017	(907,232)
2018	(907,232)
2019	(1,003)
Totals	<u>\$ (2,722,699)</u>

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

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

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

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

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

**Long-term Rates of Return:** The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2014 and 2013:

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

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



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

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

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2014	\$ 37,289,148	\$ 28,310,207	\$ 20,735,126
June 30, 2013	\$ 41,626,159	\$ 32,469,171	\$ 24,771,861

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

**NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use them. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the Statement of Net Position over time.

**Plan Description** – In addition to providing the retirement system benefits described in Note 18, the Town indirectly provides postemployment healthcare for retired employees through an implicit rate covered by current year employees. Retirees of the Town that participate in this single employer plan, pay to participate in the Town's healthcare program. Since they are included in the same pool as current employees, the insurance rates are higher for current employees due to age consideration. This increased rate is an implicit rate the Town covers for retirees. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2013, the actuarial valuation date, approximately 26 retirees and 160 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

**Benefits Provided** – Retirees and their covered dependents are eligible to participate in the Town's medical, prescription drug, mental health/substance abuse programs. All active employees who retire from the Town and met the eligibility criteria will receive these benefits.

**Fund Policy** – Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes its implicit rate subsidy of the health plan costs on a pay-as-you-go basis.

**Annual OPEB Costs and Net OPEB Obligation** – The Town's fiscal 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years.

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

The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2013:

Annual required contribution	\$ 809,764
Interest on net OPEB obligation	161,709
Adjustment to annual required contribution	<u>(153,168)</u>
Annual OPEB cost (expense)	818,305
Contributions made	<u>(262,761)</u>
Increase in net OPEB obligation	555,544
Net OPEB obligation - beginning of year	<u>3,593,533</u>
Net OPEB Obligation - end of year	<u><u>\$ 4,149,077</u></u>

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

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2012	\$ 886,258	\$ (284,489)	32.1%	\$ 2,445,348
June 30, 2013	\$ 887,689	\$ (315,130)	35.5%	\$ 3,017,662
June 30, 2014	\$ 816,936	\$ (241,065)	29.5%	\$ 3,593,533
June 30, 2015	\$ 818,305	\$ (262,761)	32.1%	\$ 4,149,077

As of July 1, 2013, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$7,781,390, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,781,390. The covered payroll (annual payroll of active employees covered by the plan) was \$10,556,099 during fiscal year 2015, and the ratio of the UAAL to the covered payroll was 73.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2013 actuarial valuation, the Projected Unit Credit with linear proration to decrement cost method was used. The actuarial value of the assets was \$0, as the Town has not advance-funded its obligation. The actuarial assumption included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 9.0%, which decreases to a 5.0% long-term rate for all healthcare benefits after eight years. The amortization costs for the initial UAAL is a level percentage of payroll over thirty years based on an open group, with an overall estimated annual inflation rate of 3.0% and total payroll growth estimated at 3.0% per year.

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

**NOTE 20 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2015, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance programs for member towns and cities.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2015 to June 30, 2015 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Londonderry billed and paid for the year ended June 30, 2015 was \$279,938 for workers' compensation and \$217,078 for property/liability.

**NOTE 21 – CONTINGENCIES**

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

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

**NOTE 22 – PERFORMANCE DEPOSITS**

The Town holds letters of credit and surety bonds from developers until projects have been completed to Town standards. Due to the nature of these deposits, these letters of credit and surety bonds are not included as part of the financial statements. As of June 30, 2015, the Town held performance deposits totaling \$8,527,636.

**NOTE 23 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through February 12, 2016, the date the June 30, 2015 financial statements were available to be issued, and one event occurred that required disclosure:

On November 5, 2015, the Town issued \$2,256,000 in General Obligation refunding bonds to refund the remaining balance of the \$4,375,000 General Obligation bonds dated August 15, 2006. The refunding was undertaken to realize a savings in the net interest cost for the remainder of the bond payments.

***REQUIRED SUPPLEMENTARY INFORMATION***

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
July 1, 2008	\$ -	\$ 7,392,805	\$ 7,392,805	0.00%	\$ 11,346,987	65.20%
July 1, 2010	\$ -	\$ 8,173,280	\$ 8,173,280	0.00%	\$ 10,437,881	78.30%
July 1, 2013	\$ -	\$ 7,781,390	\$ 7,781,390	0.00%	\$ 10,556,099	73.70%

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

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

<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Towns Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	July 1, 2014	0.75421768%	\$ 28,310,207	\$ 13,333,262	212.33%	59.81%
June 30, 2014	July 1, 2013	0.00754433%	\$ 32,469,171	\$ 13,171,650	246.51%	66.32%

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

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

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	July 1, 2014	\$ 2,446,857	\$ 2,446,857	\$ -	\$ 13,332,262	18.35%
June 30, 2014	July 1, 2013	\$ 1,875,925	\$ 1,875,925	\$ -	\$ 13,171,650	14.24%

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

**TOWN OF LONDONDERRY, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

***Schedule of Funding Progress for Other Postemployment Benefits (OPEB)***

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

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

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

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

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

**Other Information:**

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



***COMBINING AND INDIVIDUAL FUND SCHEDULES***

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

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 17,791,313	\$ 17,840,919	\$ 49,606
Land use change	-	267,342	267,342
Yield	5,000	5,803	803
Excavation	10,000	-	(10,000)
Payment in lieu of taxes	633,877	633,877	-
Interest and penalties on taxes	300,000	306,332	6,332
Total from taxes	<u>18,740,190</u>	<u>19,054,273</u>	<u>314,083</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	7,000	5,340	(1,660)
Motor vehicle permit fees	6,200,000	6,998,740	798,740
Building permits	225,000	680,153	455,153
Other	38,000	38,742	742
Total from licenses, permits, and fees	<u>6,470,000</u>	<u>7,722,975</u>	<u>1,252,975</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	1,167,136	1,167,136	-
Highway block grant	508,931	513,632	4,701
Water pollution grants	42,926	42,926	-
Other	75,000	8,614	(66,386)
Total from intergovernmental	<u>1,793,993</u>	<u>1,732,308</u>	<u>(61,685)</u>
<b>Charges for services:</b>			
Income from departments	<u>999,300</u>	<u>1,347,466</u>	<u>348,166</u>
<b>Miscellaneous:</b>			
Sale of municipal property	-	2,050	2,050
Interest on investments	20,000	8,850	(11,150)
Insurance dividends and reimbursements	75,000	344,992	269,992
Other	50,000	78,115	28,115
Total from miscellaneous	<u>145,000</u>	<u>434,007</u>	<u>289,007</u>
<b>Other financing sources:</b>			
Transfers in	<u>709,398</u>	<u>799,479</u>	<u>90,081</u>
<b>Total revenues and other financing sources</b>	<u><u>\$ 28,857,881</u></u>	<u><u>\$ 31,090,508</u></u>	<u><u>\$ 2,232,627</u></u>

**SCHEDULE 2**  
**TOWN OF LONDONDERRY, NEW HAMPSHIRE**  
**Major General Fund**

*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2015*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 44,368	\$ 368,368	\$ 404,057	\$ 48,139	\$ (39,460)
Election and registration	-	496,010	458,638	-	37,372
Financial administration	9,480	974,976	931,290	-	53,166
Revaluation of property	-	389,745	380,923	3,939	4,883
Legal	-	174,500	246,563	-	(72,063)
Personnel administration	-	121,670	131,389	-	(9,719)
Planning and zoning	-	47,256	52,143	-	(4,887)
General government buildings	-	506,514	512,019	-	(5,505)
Cemeteries	-	32,974	34,058	-	(1,084)
Insurance, not otherwise allocated	-	229,890	184,582	-	45,308
Other	-	3,300	2,120	-	1,180
Total general government	53,848	3,345,203	3,337,782	52,078	9,191
Public safety:					
Police	6,971	7,965,362	7,802,813	66,690	102,830
Ambulance	-	446,697	477,257	-	(30,560)
Fire	-	6,062,521	6,134,858	-	(72,337)
Building inspection	-	318,004	321,453	-	(3,449)
Emergency management	-	1,000	831	-	169
Total public safety	6,971	14,793,584	14,737,212	66,690	(3,347)
Highways and streets:					
Public works garage	225,000	1,896,068	2,119,180	-	1,888
Highways and streets	134,713	1,227,882	936,319	401,573	24,703
Street lighting	-	40,000	32,007	-	7,993
Total highways and streets	359,713	3,163,950	3,087,506	401,573	34,584
Sanitation:					
Administration	120,000	1,848,889	1,842,472	-	126,417
Health:					
Administration	-	50,864	50,864	-	-
Welfare:					
Direct assistance	-	121,268	63,017	-	58,251
Culture and recreation:					
Parks and recreation	-	149,361	137,226	4,530	7,605
Library	-	1,239,981	1,225,541	-	14,440
Other	-	323,090	281,190	32,998	8,902
Total culture and recreation	-	1,712,432	1,643,957	37,528	30,947
Conservation	-	-	-	-	-
Economic development	80,330	441,648	428,343	35,325	58,310
Debt service:					
Principal of long-term debt	-	2,142,473	2,136,195	-	6,278
Interest on long-term debt	-	537,070	533,802	-	3,268
Total debt service	-	2,679,543	2,669,997	-	9,546
Capital outlay	-	325,500	344,392	-	(18,892)
Other financing uses:					
Transfers out	-	375,000	375,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 620,862	\$ 28,857,881	\$ 28,580,542	\$ 593,194	\$ 305,007

**SCHEDULE 3**  
**TOWN OF LONDONDERRY, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance**  
**For the Fiscal Year Ended June 30, 2015**

Unassigned fund balance, beginning, as restated (see Note 16) (Non-GAAP Budgetary Basis)		\$ 5,880,501
Changes:		
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 2,232,627	
Unexpended balance of appropriations (Schedule 2)	<u>305,007</u>	
2015 Budget surplus		2,537,634
Increase in nonspendable fund balance		(37,782)
Decrease in restricted fund balance		74,123
Increase in committed fund balance		<u>(843,000)</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		7,611,476
<b>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</b>		
To record deferred inflows relating to property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(896,325)
To remove allowance for uncollectible property taxes, not recognized on budgetary basis		<u>79,357</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 6,794,508</u></u>

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

	Special Revenue Funds				
	Police Outside Detail	Police Airport Division	Conservation Commission	Leach Library	Reclamation Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 175,104	\$ -	\$ 1,578,100	\$ 38,384	\$ 516,030
Investments	-	-	-	-	-
Accounts receivable	75,373	285,073	-	-	-
Total assets	<u>\$ 250,477</u>	<u>\$ 285,073</u>	<u>\$ 1,578,100</u>	<u>\$ 38,384</u>	<u>\$ 516,030</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 323	\$ 600	\$ -	\$ -
Accrued salaries and benefits	7,240	-	-	-	-
Interfund payable	-	279,553	12,988	-	54
Retainage payable	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	<u>7,240</u>	<u>279,876</u>	<u>13,588</u>	<u>-</u>	<u>54</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	38,384	-
Committed	243,237	5,197	1,564,512	-	515,976
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>243,237</u>	<u>5,197</u>	<u>1,564,512</u>	<u>38,384</u>	<u>515,976</u>
Total liabilities and fund balances	<u>\$ 250,477</u>	<u>\$ 285,073</u>	<u>\$ 1,578,100</u>	<u>\$ 38,384</u>	<u>\$ 516,030</u>

Special Revenue Funds		Capital Project Funds		Permanent Fund	Total
Sewer	Other Special Revenue	Exit 4A	Capital Equipment		
\$ 5,900,497	\$ 56,893	\$ 2,104	\$ 6,252	\$ 44,825	\$ 8,318,189
-	-	-	-	912,367	912,367
37,061	-	-	-	-	397,507
<u>\$ 5,937,558</u>	<u>\$ 56,893</u>	<u>\$ 2,104</u>	<u>\$ 6,252</u>	<u>\$ 957,192</u>	<u>\$ 9,628,063</u>
\$ 567,166	\$ 4,005	\$ -	\$ -	\$ -	\$ 572,094
1,487	-	-	-	-	8,727
-	-	1,157,998	-	-	1,450,593
113,592	-	-	-	-	113,592
2,791	-	-	-	-	2,791
<u>685,036</u>	<u>4,005</u>	<u>1,157,998</u>	<u>-</u>	<u>-</u>	<u>2,147,797</u>
-	-	-	-	871,654	871,654
5,252,522	-	-	6,252	85,538	5,382,696
-	52,888	-	-	-	2,381,810
-	-	(1,155,894)	-	-	(1,155,894)
<u>5,252,522</u>	<u>52,888</u>	<u>(1,155,894)</u>	<u>6,252</u>	<u>957,192</u>	<u>7,480,266</u>
<u>\$ 5,937,558</u>	<u>\$ 56,893</u>	<u>\$ 2,104</u>	<u>\$ 6,252</u>	<u>\$ 957,192</u>	<u>\$ 9,628,063</u>

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

	Special Revenue Funds			
	Police Outside Detail	Police Airport Division	Conservation Commission	Leach Library
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 302,618	\$ -
Intergovernmental	-	-	4,900	-
Charges for services	476,343	2,274,381	-	-
Miscellaneous	-	-	173	27,433
Total revenues	476,343	2,274,381	307,691	27,433
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	426,595	2,158,558	-	-
Sanitation	-	-	-	-
Health	-	-	-	-
Culture and recreation	-	-	-	30,066
Conservation	-	-	21,041	-
Total expenditures	426,595	2,158,558	21,041	30,066
Excess (deficiency) of revenues over (under) expenditures	49,748	115,823	286,650	(2,633)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(96,433)	-	-
Net change in fund balances	49,748	19,390	286,650	(2,633)
Fund balances (deficit), beginning, as restated (see Note 16)	193,489	(14,193)	1,277,862	41,017
Fund balances (deficit), ending	\$ 243,237	\$ 5,197	\$ 1,564,512	\$ 38,384

Special Revenue Funds			Capital Project Funds		Permanent Fund	Total
Reclamation Fund	Sewer	Other Special Revenue	Exit 4A	Capital Equipment		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,618
-	-	102,060	-	-	-	106,960
-	2,445,810	-	-	-	-	5,196,534
77,070	-	57,164	-	2	47,284	209,126
77,070	2,445,810	159,224	-	2	47,284	5,815,238
-	-	1,000	-	-	133	1,133
-	-	101,060	-	-	-	2,686,213
-	2,688,310	-	-	-	-	2,688,310
-	-	400	-	-	-	400
-	-	67,264	-	-	-	97,330
-	-	-	-	-	-	21,041
-	2,688,310	169,724	-	-	133	5,494,427
77,070	(242,500)	(10,500)	-	2	47,151	320,811
-	(320,000)	-	-	-	(17,500)	(433,933)
77,070	(562,500)	(10,500)	-	2	29,651	(113,122)
438,906	5,815,022	63,388	(1,155,894)	6,250	927,541	7,593,388
\$ 515,976	\$ 5,252,522	\$ 52,888	\$ (1,155,894)	\$ 6,252	\$ 957,192	\$ 7,480,266