

TOWN OF MADISON, NEW HAMPSHIRE

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015

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FINANCIAL REPORT
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Madison
Madison, New Hampshire 03849

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

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, which 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 of 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, the major fund and the aggregate remaining fund information of the Town of Madison, New Hampshire as of December 31, 2015, and the respective changes in financial position thereof and budget to actual comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.B.5. to the financial statements, in 2015, the Town adopted new accounting guidance regarding the accounting and reporting for pensions. Our opinion is 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 pension related schedules on pages 28 – 29 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. 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 inquires 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.

The Town of Madison has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Other Supplementary Information

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

July 26, 2016

Roberts & Greene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,810,058
Investments	17,814
Intergovernmental receivable	9,900
Other receivables, net of allowance for uncollectibles	599,841
Prepaid items	56,042
Tax deeded property held for resale	65,587
Capital assets, not being depreciated:	
Land	1,979,699
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,128,883
Machinery, vehicles and equipment	717,514
Infrastructure	<u>1,203,654</u>
Total assets	<u>9,588,992</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions (See Note IV.B.)	<u>241,176</u>
 LIABILITIES	
Accounts payable	45,111
Accrued payroll and benefits	18,426
Accrued interest payable	4,079
Intergovernmental payable	2,827,695
Performance and escrow deposits	1,000
Noncurrent obligations:	
Due within one year:	
Capital leases payable	103,327
Accrued landfill postclosure care costs	3,500
Due in more than one year:	
Capital leases payable	92,058
Compensated absences	25,621
Accrued landfill postclosure care costs	42,000
Net pension liability	<u>1,100,351</u>
Total liabilities	<u>4,263,168</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions (See Note IV.B.)	124,196
Unearned revenue	<u>13,505</u>
Total deferred inflows of resources	<u>137,701</u>
 NET POSITION	
Net investment in capital assets	4,834,365
Restricted for:	
Perpetual care:	
Nonexpendable	31,206
Expendable	527
Other purposes	7,024
Unrestricted	<u>556,177</u>
Total net position	<u>\$ 5,429,299</u>

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

EXHIBIT 2
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 1,019,601	\$ 25,234	\$ 34	\$ (994,333)
Public safety	547,008	1,665	-	(545,343)
Highways and streets	563,460	-	94,284	(469,176)
Sanitation	175,472	27,508	-	(147,964)
Health	22,342	-	-	(22,342)
Welfare	15,071	2,592	-	(12,479)
Culture and recreation	124,906	1,612	-	(123,294)
Conservation	26,301	-	9,900	(16,401)
Interest on long-term debt	4,988	-	-	(4,988)
Capital outlay	319	-	-	(319)
Total governmental activities	<u>\$ 2,499,468</u>	<u>\$ 58,611</u>	<u>\$ 104,218</u>	<u>(2,336,639)</u>
General revenues:				
Property taxes				1,779,797
Other taxes				87,439
Licenses and permits				496,858
Grants and contributions not restricted to specific programs				123,198
Miscellaneous				134,819
Total general revenues				<u>2,622,111</u>
Change in net position				285,472
Net position, beginning, as restated, see Note III.D.				5,143,827
Net position, ending				<u>\$ 5,429,299</u>

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

EXHIBIT 3
TOWN OF MADISON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,068,788	\$ 741,270	\$ 3,810,058
Investments	-	17,814	17,814
Receivables, net of allowance for uncollectibles:			
Taxes	599,841	-	599,841
Intergovernmental	-	9,900	9,900
Interfund receivable	-	596	596
Prepaid items	56,042	-	56,042
Tax deeded property held for resale	65,587	-	65,587
Total assets	<u>\$3,790,258</u>	<u>\$ 769,580</u>	<u>\$ 4,559,838</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 27,473	\$ 17,638	\$ 45,111
Accrued salaries and benefits	18,426	-	18,426
Intergovernmental payable	2,827,695	-	2,827,695
Interfund payable	590	6	596
Escrow and performance deposits	1,000	-	1,000
Total liabilities	<u>2,875,184</u>	<u>17,644</u>	<u>2,892,828</u>
Deferred inflows of resources:			
Deferred revenue	<u>304,965</u>	<u>-</u>	<u>304,965</u>
Fund balances:			
Nonspendable	121,629	36,306	157,935
Restricted	-	25,462	25,462
Committed	99,820	690,168	789,988
Assigned	36,250	-	36,250
Unassigned	352,410	-	352,410
Total fund balances	<u>610,109</u>	<u>751,936</u>	<u>1,362,045</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,790,258</u>	<u>\$ 769,580</u>	<u>\$ 4,559,838</u>

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

EXHIBIT 4
TOWN OF MADISON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Position
December 31, 2015

Total fund balances of governmental funds (Exhibit 3)		\$ 1,362,045
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 6,549,388	
Less accumulated depreciation	<u>(1,519,638)</u>	5,029,750
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (596)	
Payables	<u>596</u>	-
Revenues that are not available to pay for current period expenditures are deferred in the funds.		
Deferred tax revenue		291,460
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(4,079)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases outstanding	\$ 195,385	
Compensated absences payable	25,621	
Accrued landfill postclosure care costs	45,500	
Net pension liability	<u>1,100,351</u>	(1,366,857)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 241,176	
Deferred inflows of resources related to pensions	<u>(124,196)</u>	116,980
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 5,429,299</u></u>

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

EXHIBIT 5
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,878,850	\$ 590	\$ 1,879,440
Licenses, permits and fees	496,858	-	496,858
Intergovernmental	217,482	9,900	227,382
Charges for services	56,344	2,267	58,611
Miscellaneous	107,135	27,718	134,853
Total revenues	<u>2,756,669</u>	<u>40,475</u>	<u>2,797,144</u>
Expenditures:			
Current:			
General government	942,347	57,687	1,000,034
Public safety	488,501	-	488,501
Highways and streets	507,283	-	507,283
Sanitation	168,948	-	168,948
Health	22,342	-	22,342
Welfare	15,071	-	15,071
Culture and recreation	95,290	25,557	120,847
Conservation	3,362	22,939	26,301
Debt service:			
Principal	62,502	-	62,502
Interest	3,650	-	3,650
Capital outlay	420,739	178	420,917
Total expenditures	<u>2,730,035</u>	<u>106,361</u>	<u>2,836,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,634</u>	<u>(65,886)</u>	<u>(39,252)</u>
Other financing sources (uses):			
Transfers in	594	88,287	88,881
Transfers out	(88,281)	(600)	(88,881)
Inception of capital leases	163,533	-	163,533
Total other financing sources and uses	<u>75,846</u>	<u>87,687</u>	<u>163,533</u>
Net change in fund balances	102,480	21,801	124,281
Fund balances, beginning	507,629	730,135	1,237,764
Fund balances, ending	<u>\$ 610,109</u>	<u>\$ 751,936</u>	<u>\$ 1,362,045</u>

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

EXHIBIT 6
TOWN OF MADISON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances of governmental funds (Exhibit 5)		\$ 124,281
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	\$ 397,156	
Depreciation expense	<u>(156,867)</u>	240,289
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (88,881)	
Transfers out	<u>88,881</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue		(12,204)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Inception of capital lease	\$ (163,533)	
Repayment of capital lease principal	<u>105,111</u>	(58,422)
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.		
Increase in accrued interest expense	\$ (1,338)	
Increase in compensated absences payable	(11,112)	
Decrease in accrued landfill postclosure care costs	<u>3,500</u>	(8,950)
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 expense.		
Town pension contributions	\$ 109,126	
Cost of benefits earned, net of employee contributions	<u>(108,648)</u>	478
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 285,472</u></u>

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

EXHIBIT 7
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 1,773,787	\$ 1,866,646	\$ 92,859
Licenses, permits and fees	466,784	496,858	30,074
Intergovernmental	216,585	217,482	897
Charges for services	24,780	56,344	31,564
Miscellaneous	79,411	107,135	27,724
Total revenues	<u>2,561,347</u>	<u>2,744,465</u>	<u>183,118</u>
EXPENDITURES			
Current:			
General government	1,011,353	924,944	86,409
Public safety	517,042	497,587	19,455
Highways and streets	528,147	470,713	57,434
Sanitation	170,231	168,948	1,283
Health	22,812	22,342	470
Welfare	29,500	15,071	14,429
Culture and recreation	103,437	94,194	9,243
Conservation	3,750	3,362	388
Debt service:			
Principal	62,502	62,502	-
Interest on long-term debt	3,650	3,650	-
Interest on tax anticipation note	1	-	1
Capital outlay	623,509	357,026	266,483
Total expenditures	<u>3,075,934</u>	<u>2,620,339</u>	<u>455,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(514,587)</u>	<u>124,126</u>	<u>638,713</u>
Other financing sources (uses):			
Transfers in	264,588	594	(263,994)
Transfers out	(88,281)	(88,281)	-
Long-term debt issued	99,999	-	(99,999)
Total other financing sources and uses	<u>276,306</u>	<u>(87,687)</u>	<u>(363,993)</u>
Net change in fund balance	<u>\$ (238,281)</u>	36,439	<u>\$ 274,720</u>
Increase in nonspendable fund balance		(28,190)	
Unassigned fund balance, beginning		635,621	
Unassigned fund balance, ending		<u>\$ 643,870</u>	

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

EXHIBIT 8
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 10,684	\$ 407,976
Liabilities:		
Due to other governmental units	-	407,976
Net position:		
Held in trust for specific purposes	<u>\$ 10,684</u>	<u>\$ -</u>

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

EXHIBIT 9
TOWN OF MADISON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2015

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 8
Net position, beginning	<u>10,676</u>
Net position, ending	<u><u>\$ 10,684</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Madison (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2015.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Madison is a municipal corporation governed by a board of selectmen consisting of three members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major individual, governmental fund is reported in separate columns with composite columns for the nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The governmental activities statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

In addition, the Town reports nine nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Agency Funds – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town’s agency funds are used to account for the various capital reserve accounts held by the trustees of trust funds on behalf of the local school and village districts.

I.B.5. *Change in Accounting Principle*

The Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended December 31, 2015. This resulted in the inclusion of pension related liability and deferred inflows and outflows of resources in governmental activities. The prior year’s net position was restated as shown in Note III.D.

I.C. *Assets, Liabilities, and Net Position or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town’s treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**

Investments are stated at fair value based on quoted market prices. New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or 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 monies 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.

I.C.2. Capital Assets and Depreciation

Generally, the Town's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town normally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Buildings and building improvements	10-150
Machinery, vehicles and equipment	5-35
Infrastructure	30-50

I.C.3. Long-Term Liabilities

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds. Included in long-term obligations are capital leases; compensated absences representing amounts for vacation and compensatory time that have been earned by employees and are carried over to be used in the future; an accrual for landfill postclosure care costs expected to be incurred over the next thirteen years; and the net position liability as described in Note IV.B.

**TOWN OF MADISON, NEW HAMPSHIRE
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I.C.4. *Equity*

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, reduced by outstanding debt used to acquire those assets.
- Restricted for perpetual care, which represents the balance of permanent funds for which income earned must be used for cemetery care. This amount is segregated between nonexpendable representing principal that must be retained, and expendable representing investment income that can be used.
- Restricted for other purposes, which represents permanent funds for purposes other than perpetual care.
- Unrestricted, which consists of the remaining balance of net position.

The governmental fund financial statements report the following components of fund balance:

- Nonspendable, which consists of endowments in the Permanent Fund, and prepaid items and tax deeded property in the General Fund.
- Restricted, which represents the expendable income in the permanent funds, and the library fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting.
- Assigned, which consists of other appropriations encumbered by the Board of Selectmen for future obligations.
- Unassigned, which represents the remaining fund balance in the General Fund.

I.C.5. *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and disclosed in the accompanying notes. Accordingly, actual results could differ from those estimates.

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II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2015, \$235,000 of the General Fund unassigned fund balance from 2014 was used to reduce taxes, and \$3,281 was voted from surplus by Town Meeting.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as commitments or assignments of fund balance and do not constitute expenditures or liabilities because they will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 2,745,059
Adjustments:	
Basis difference:	
Capital lease inception	163,533
Tax revenue deferred in the prior year	303,664
Tax revenue deferred in the current year	(291,460)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,920,796</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,708,620
Adjustments:	
Basis difference:	
Encumbrances, beginning	82,233
Encumbrances, ending	(136,070)
Capital lease inception	163,533
Per Exhibit 5 (GAAP basis)	<u>\$ 2,818,316</u>

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Unassigned fund balance:	
Per Exhibit 7 (budgetary basis)	\$ 643,870
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(291,460)
Per Exhibit 3 (GAAP basis)	<u>\$ 352,410</u>

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Investments

As of December 31, 2015, the Town’s reporting entity had \$17,814 invested in mutual funds.

III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year’s billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of liened taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2014 property taxes on April 14.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Madison School District, the Village District of Eidelweiss and Carroll County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deeding, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

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The net assessed valuation as of April 1, 2015, upon which the 2015 property tax levy was based was:

For the New Hampshire education tax	\$454,156,128
For all other taxes	\$466,351,328

The tax rates and amounts assessed for the year ended December 31, 2015 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$3.87	\$ 1,805,595
School portion:		
State of New Hampshire	\$2.43	1,105,334
Local	\$8.73	4,070,774
County portion	\$1.48	688,123
Precinct portion:		
Village District of Eidelweiss	\$4.66	<u>429,820</u>
Total property taxes assessed		<u><u>\$ 8,099,646</u></u>

The following details the taxes receivable at year-end:

Property:	
Levy of 2015	\$ 490,349
Unredeemed (under tax lien):	
Levy of 2014	80,220
Levy of 2013	45,414
Levy of 2012	1,584
Levy of 2011	1,655
Levy of 2010	619
Less: allowance for estimated uncollectible taxes	<u>(20,000)</u>
Net taxes receivable	<u><u>\$ 599,841</u></u>

Deferred Revenue

Deferred revenue of \$304,965 at December 31, 2015 consists of \$291,460 of taxes that were not collected within sixty days of year-end, and \$13,505 of prepaid taxes to be applied to the next year's levy. In the Governmental Activities, only the prepaid amounts are reported as unearned revenue.

**TOWN OF MADISON, NEW HAMPSHIRE
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III.A.3. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 1,979,699	\$ -	\$ -	\$ 1,979,699
Construction in progress	93,846	-	(93,846)	-
Total capital assets not being depreciated	<u>2,073,545</u>	<u>-</u>	<u>(93,846)</u>	<u>1,979,699</u>
Being depreciated:				
Buildings and building improvements	1,447,956	-	-	1,447,956
Machinery, vehicles and equipment	1,646,655	177,989	-	1,824,644
Infrastructure	984,076	313,013	-	1,297,089
Total capital assets being depreciated	<u>4,078,687</u>	<u>491,002</u>	<u>-</u>	<u>4,569,689</u>
Total all capital assets	<u>6,152,232</u>	<u>491,002</u>	<u>(93,846)</u>	<u>6,549,388</u>
Less accumulated depreciation:				
Buildings and building improvements	(295,327)	(23,746)	-	(319,073)
Machinery, vehicles and equipment	(995,792)	(111,338)	-	(1,107,130)
Infrastructure	(71,652)	(21,783)	-	(93,435)
Total accumulated depreciation	<u>(1,362,771)</u>	<u>(156,867)</u>	<u>-</u>	<u>(1,519,638)</u>
Net book value, capital assets being depreciated	<u>2,715,916</u>	<u>334,135</u>	<u>-</u>	<u>3,050,051</u>
Net book value, all capital assets	<u>\$ 4,789,461</u>	<u>\$ 334,135</u>	<u>\$ (93,846)</u>	<u>\$ 5,029,750</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 15,025
Public safety	55,178
Highways and streets	72,997
Sanitation	9,608
Culture and recreation	4,059
Total depreciation expense	<u>\$ 156,867</u>

**TOWN OF MADISON, NEW HAMPSHIRE
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III.A.4. Restricted Net Position

The government-wide statement of net position includes restricted net position of \$38,757 for public trust funds reported as restricted for perpetual care or other purposes. These designations reflect purpose restrictions contained in trust indentures.

III.B. Liabilities

III.B.1 Intergovernmental Payables

The amount due to other governments at December 31, 2015 consists of the balance of the 2015 - 2016 district assessment due to the Madison School District in the amount of \$2,581,241, the balance of the 2015 assessment due to the Village District of Eidelweiss in the amount of \$245,733, and fees due to the State of New Hampshire in the amount of \$721.

III.B.2 Long-Term Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2015	Current Portion
Capital leases payable:						
Highway truck and police vehicle	\$ 213,989	2013	2016	2.49	\$ 54,139	\$ 54,139
Highway truck	\$ 30,000	2014	2017	3.29	20,322	9,997
Police vehicle	\$ 28,006	2015	2018	3.49	20,640	6,646
Highway truck	\$ 135,527	2015	2018	2.69	100,284	32,545
					<u>195,385</u>	<u>103,327</u>
Compensated absences payable:						
Compensatory time					994	
Accrued vacation leave					24,627	
					<u>25,621</u>	-
Accrued landfill postclosure care costs					45,500	3,500
Net pension liability					1,100,351	-
					<u>\$ 1,366,857</u>	<u>\$ 106,827</u>

**TOWN OF MADISON, NEW HAMPSHIRE
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The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	Capital Leases Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Net Pension Liability	Total
Balance, beginning	\$ 136,963	\$ 14,509	\$ 49,000	\$ 970,409	\$ 1,170,881
Additions	163,533	11,112	-	129,942	304,587
Reductions	(105,111)	-	(3,500)	-	(108,611)
Balance, ending	<u>\$ 195,385</u>	<u>\$ 25,621</u>	<u>\$ 45,500</u>	<u>\$ 1,100,351</u>	<u>\$ 1,366,857</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the capital leases as of year-end are as follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 103,327	\$ 5,434	\$ 108,761
2017	50,622	2,651	53,273
2018	41,436	1,171	42,607
Totals	<u>\$ 195,385</u>	<u>\$ 9,256</u>	<u>\$ 204,641</u>

Accrued Landfill Postclosure Care Costs

State and federal laws and regulations require the Town to continue to perform certain maintenance and monitoring functions at the landfill site. Estimated annual cost of postclosure care is \$3,500 per year, and it is expected that monitoring will continue for at least thirteen more years. Actual costs may be different due to inflation, changes in technology, or changes in regulations. The Town plans to pay for postclosure care costs by annual appropriation.

Long-term Debt Authorized and Unissued

The 2015 Town Meeting authorized long-term borrowing not to exceed \$99,999 for the replacement of a fire truck. Due to savings in other areas of the budget, the Board of Selectmen decided that it was not necessary to borrow this money, and therefore, there have not been any bonds or notes issued for this purpose.

**TOWN OF MADISON, NEW HAMPSHIRE
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III.C. Balances and Transfers Within the Reporting Entity

III.C.1 *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another one for goods and services, subsidy commitments outstanding at year end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

The interfund balances consist of \$590 due to the Conservation Commision from the General Fund representing land use change taxes collected, and \$6 due to the Library from the Permanent Fund representing investment earnings.

III.C.2 *Transfers – Payments Within the Reporting Entity*

Transfers within the reporting entity were substantially for the purposes of funding capital reserve and expendable trust funds, and transferring interest earned on library trust funds to the Library. The government-wide statement of activities eliminates transfers reported within the activities columns. The following reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General Fund	\$ -	\$ 88,281	\$ 88,281
Nonmajor Funds	594	6	600
	\$ 594	\$ 88,287	\$ 88,881

III.D. Restatement of Beginning Equity

The beginning equity of the Governmental Activities was restated as follows:

To record net pension liability and related deferrals	\$ (983,849)
Net position, as previously reported	6,127,676
Net position, as restated	\$ 5,143,827

**TOWN OF MADISON, NEW HAMPSHIRE
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III.E. Components of Fund Balances

The following reports components of fund balance, as described in Note I.C.4.:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 36,306
Prepaid items	56,042	-
Tax deeded property	65,587	-
Total nonspendable	<u>121,629</u>	<u>36,306</u>
Restricted:		
General government	-	2,451
Culture and recreation	-	23,011
Total restricted	<u>-</u>	<u>25,462</u>
Committed:		
Public safety	-	5,288
Culture and recreation	-	59,175
Conservation	-	217,587
Capital outlay	99,820	408,118
Total committed	<u>99,820</u>	<u>690,168</u>
Assigned:		
General government	3,000	-
Public safety	33,250	-
Total assigned	<u>36,250</u>	<u>-</u>
Unassigned	352,410	-
Total fund balance	<u>\$ 610,109</u>	<u>\$ 751,936</u>

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the General Fund. During the year, the Town was a member of the Property-Liability Trust, Inc., which is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30.

Contributions paid in 2015 for fiscal year 2016 ending June 30, 2016, to be recorded as an insurance expenditure/expense totaled \$60,376. There were no unpaid contributions for the year ending June 30, 2016 and due in 2015. The Town also paid \$19,306 for workers' compensation coverage for the year 2015. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

**TOWN OF MADISON, NEW HAMPSHIRE
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IV.B. Retirement Pensions

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The Town's police officers and other employees are members of the NHRS. The NHRS provides service, disability, death and vested retirement benefits for the members and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rates of contribution for police officers, firefighters, and other employees were 11.55%, 11.80%, and 7.0% of gross earnings, respectively. During the first six months of 2015, the rates of contribution from the Town were 25.30% for police and 10.77% for other employees, increasing effective July 1 to 26.38% and 11.17%, respectively, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the Town during the years 2013, 2014 and 2015 were \$80,205, \$102,923 and \$121,035, respectively.

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

At December 31, 2015, the Town reported a liability of \$1,100,351 in governmental activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 municipalities and school districts, actuarially determined. As of June 30, 2015, the Town's proportion was 0.0278%, which was an increase of 0.0019% from its proportion measured as of June 30, 2014.

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For the year 2015, the Town recognized pension expense of \$108,648. At year-end, 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 and difference between employer contributions and proportionate share of contributions	\$ 110,063	\$ -
Differences between expected and actual experience	-	24,146
Net difference between projected and actual earnings on pension plan investments	70,642	100,050
Town contributions subsequent to the measurement date	60,471	-
	<u>\$ 241,176</u>	<u>\$ 124,196</u>

The Town reported \$60,471 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follow:

<u>Year</u>	
2016	\$ 6,033
2017	6,033
2018	6,033
2019	34,624
2020	3,786
	<u>\$ 56,509</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	5.8% average, including inflation
Investment rate of return	7.75% per year

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.

**TOWN OF MADISON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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 one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of net pension liability	\$ 1,448,469	\$ 1,100,351	\$ 803,578

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

IV.C. Contingent Liabilities

There are some claims and suits pending against the Town, which have arisen during the normal course of operations. Management does not feel that the ultimate settlement of these claims will materially impact the financial position of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
TOWN OF MADISON, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

	2015	2014
Town's proportion of net pension liability	0.0278%	0.0259%
Town's proportionate share of the net pension liability	\$1,100,351	\$ 970,409
Town's covered-employee payroll	\$680,864	\$ 646,599
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	161.61%	150.08%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	66.3%

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

EXHIBIT 11
TOWN OF MADISON, NEW HAMPSHIRE
Schedule of the Town's Pension Contributions
New Hampshire Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 121,035	\$ 102,923
Contribution in relation to the contractually required contribution	<u>(121,035)</u>	<u>(102,923)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 680,864	\$ 646,599
Contributions as a percentage of covered-employee payroll	17.78%	15.92%

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

**TOWN OF MADISON, NEW HAMPSIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

The Schedule of the Town's Proportionate Share of the Net pension Liability and the Schedule of Town Pension Contributions are meant to present related information for ten years. Because this is the first year that the Town has adopted GASB Statement No. 68 and presented the pension schedules, only two years are present. An additional year's information will be added each year until there are ten years shown.

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 12
TOWN OF MADISON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2015

	Special Revenue Funds						Capital	Permanent	Total	
	Madison Library	Old Home Week	Madison PEG TV	Forest Maintenance	Conservation Commission	Police Equipment	Recreation			Projects Fund Expendable Trust
ASSETS										
Cash and cash equivalents	\$ 5,191	\$ 15,968	\$ 2,099	\$ 65,479	\$ 159,256	\$ 5,288	\$ 41,108	\$ 408,118	\$ 38,763	\$ 741,270
Investments	17,814	-	-	-	-	-	-	-	-	17,814
Intergovernmental receivable	-	-	-	9,900	-	-	-	-	-	9,900
Interfund receivable	6	-	-	-	590	-	-	-	-	596
Total assets	<u>\$ 23,011</u>	<u>\$ 15,968</u>	<u>\$ 2,099</u>	<u>\$ 75,379</u>	<u>\$ 159,846</u>	<u>\$ 5,288</u>	<u>\$ 41,108</u>	<u>\$ 408,118</u>	<u>\$ 38,763</u>	<u>\$ 769,580</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ 17,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,638
Interfund payable	-	-	-	-	-	-	-	-	6	6
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>17,644</u>
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	36,306	36,306
Restricted	23,011	-	-	-	-	-	-	-	2,451	25,462
Committed	-	15,968	2,099	57,741	159,846	5,288	41,108	408,118	-	690,168
Total fund balances	<u>23,011</u>	<u>15,968</u>	<u>2,099</u>	<u>57,741</u>	<u>159,846</u>	<u>5,288</u>	<u>41,108</u>	<u>408,118</u>	<u>38,757</u>	<u>751,936</u>
Total liabilities and fund balances	<u>\$ 23,011</u>	<u>\$ 15,968</u>	<u>\$ 2,099</u>	<u>\$ 75,379</u>	<u>\$ 159,846</u>	<u>\$ 5,288</u>	<u>\$ 41,108</u>	<u>\$ 408,118</u>	<u>\$ 38,763</u>	<u>\$ 769,580</u>

EXHIBIT 13
TOWN OF MADISON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	Special Revenue Funds						Capital Projects Fund	Permanent Fund	Total
	Madison Library	Old Home Week	Madison PEG TV	Forest Maintenance	Conservation Commission	Police Equipment	Recreation		
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 590	\$ -	\$ -	\$ -	\$ 590
Intergovernmental	-	-	-	9,900	-	-	-	-	9,900
Charges for services	1,362	-	-	-	-	755	150	-	2,267
Miscellaneous	6,411	15,246	170	9	21	257	5	1,750	3,849
Total revenues	<u>7,773</u>	<u>15,246</u>	<u>170</u>	<u>9,909</u>	<u>611</u>	<u>1,012</u>	<u>155</u>	<u>1,750</u>	<u>3,849</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	57,687	-
Culture and recreation	9,648	9,789	-	-	-	-	-	6,120	-
Conservation	-	-	-	22,569	370	-	-	-	-
Capital outlay	178	-	-	-	-	-	-	-	-
Total expenditures	<u>9,826</u>	<u>9,789</u>	<u>-</u>	<u>22,569</u>	<u>370</u>	<u>-</u>	<u>-</u>	<u>63,807</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,053)</u>	<u>5,457</u>	<u>170</u>	<u>(12,660)</u>	<u>241</u>	<u>1,012</u>	<u>155</u>	<u>(62,057)</u>	<u>3,849</u>
Other financing sources (uses):									
Transfers in	6	-	-	-	-	-	-	88,281	-
Transfers out	-	-	-	-	-	-	-	(594)	(6)
Total other financing sources and uses	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,687</u>	<u>(6)</u>
Net change in fund balances	(2,047)	5,457	170	(12,660)	241	1,012	155	25,630	3,843
Fund balances, beginning	25,058	10,511	1,929	70,401	159,605	4,276	40,953	382,488	34,914
Fund balances, ending	<u>\$ 23,011</u>	<u>\$ 15,968</u>	<u>\$ 2,099</u>	<u>\$ 57,741</u>	<u>\$ 159,846</u>	<u>\$ 5,288</u>	<u>\$ 41,108</u>	<u>\$ 408,118</u>	<u>\$ 38,757</u>

EXHIBIT 14
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,696,315	\$ 1,779,797	\$ 83,482
Land use change	-	590	590
Timber	15,802	16,699	897
Excavation	4,074	4,074	-
Payments in lieu of taxes	14,439	14,439	-
Interest and penalties on delinquent taxes	43,157	51,047	7,890
Total taxes	1,773,787	1,866,646	92,859
Licenses, permits and fees:			
Motor vehicle permits	444,134	461,113	16,979
Building permits	18,500	30,404	11,904
Other	4,150	5,341	1,191
Total licenses, permits and fees	466,784	496,858	30,074
Intergovernmental:			
State sources:			
Meals and rooms distributions	123,108	123,108	-
Highway block grant	93,477	94,284	807
Other	-	90	90
Total intergovernmental	216,585	217,482	897
Charges for services:			
Income from departments	24,780	36,542	11,762
Other	-	19,802	19,802
Total charges for services	24,780	56,344	31,564
Miscellaneous:			
Sale of property	59,591	59,591	-
Interest on investments	18	(187)	(205)
Insurance dividends and reimbursements	-	26,996	26,996
Other	19,802	20,735	933
Total miscellaneous	79,411	107,135	27,724
Other financing sources:			
Transfers in:			
Nonmajor funds	264,588	594	(263,994)
Long-term debt issued	99,999	-	(99,999)
Total other financing sources	364,587	594	(363,993)
Total revenues and other financing sources	2,925,934	\$ 2,745,059	\$ (180,875)
Use of fund balance	238,281		
Total revenues, other financing sources and use of fund balance	\$ 3,164,215		

EXHIBIT 15
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 4,748	\$ 120,247	\$ 121,289	\$ 3,000	\$ 706
Election and registration	-	8,700	6,045	-	2,655
Financial administration	2,385	137,803	137,044	-	3,144
Revaluation of property	-	19,122	15,790	-	3,332
Legal	-	25,000	28,166	-	(3,166)
Personnel administration	-	484,947	467,391	-	17,556
Planning and zoning	8,435	18,720	9,885	-	17,270
General government buildings	3,985	88,420	58,361	-	34,044
Insurance, not otherwise allocated	-	88,592	81,749	-	6,843
PEG-TV	850	19,802	16,627	-	4,025
Total general government	<u>20,403</u>	<u>1,011,353</u>	<u>942,347</u>	<u>3,000</u>	<u>86,409</u>
Public safety:					
Police	6,715	292,054	288,988	-	9,781
Ambulance	-	28,350	28,350	-	-
Fire	17,449	156,900	130,009	32,475	11,865
Building inspection	-	34,837	37,320	-	(2,483)
Emergency management	-	4,901	3,834	775	292
Total public safety	<u>24,164</u>	<u>517,042</u>	<u>488,501</u>	<u>33,250</u>	<u>19,455</u>
Highways and streets:					
Highways and streets	36,570	524,147	503,997	-	56,720
Street lighting	-	4,000	3,286	-	714
Total highways and streets	<u>36,570</u>	<u>528,147</u>	<u>507,283</u>	<u>-</u>	<u>57,434</u>
Sanitation:					
Solid waste disposal	-	170,231	168,948	-	1,283
Health:					
Animal/pest control	-	2,050	1,580	-	470
Health and welfare agencies	-	20,762	20,762	-	-
Total health	<u>-</u>	<u>22,812</u>	<u>22,342</u>	<u>-</u>	<u>470</u>
Welfare	-	29,500	15,071	-	14,429

(continued)

EXHIBIT 15 (continued)
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	625	28,384	26,104	-	2,905
Public library	471	74,153	68,311	-	6,313
Patriotic purposes	-	900	875	-	25
Total culture and recreation	1,096	103,437	95,290	-	9,243
Conservation	-	3,750	3,362	-	388
Debt service:					
Principal	-	62,502	62,502	-	-
Interest on long-term debt	-	3,650	3,650	-	-
Interest on tax anticipation note	-	1	-	-	1
Total debt service	-	66,153	66,152	-	1
Capital outlay:					
Machinery, vehicles and equipment	-	423,509	57,206	99,820	266,483
Improvements other than buildings	-	200,000	200,000	-	-
Total capital outlay	-	623,509	257,206	99,820	266,483
Other financing uses:					
Transfers out:					
Nonmajor funds	-	88,281	88,281	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 82,233	\$ 3,164,215	\$ 2,654,783	\$ 136,070	\$ 455,595

EXHIBIT 16
TOWN OF MADISON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

Unassigned fund balance, beginning		\$ 635,621
Changes:		
Unassigned fund balance used to reduce tax rate		(235,000)
Appropriations voted from fund balance		(3,281)
Budget summary:		
Revenue shortfall (Exhibit 14)	\$ (180,875)	
Unexpended balance of appropriations (Exhibit 15)	<u>455,595</u>	
Budget surplus		274,720
Increase in nonspendable fund balance		<u>(28,190)</u>
Unassigned fund balance, ending		<u><u>\$ 643,870</u></u>