The Preliminary Official Statement and the information contained herein are subject to completion or amendment. The County will make available its Final Official Statement with respect to the Notes. This Preliminary Official Statement is for information purposes only and does not constitute an offer to sell or the solicitation of any offer to buy the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 15, 2016

NEW ISSUE

Northeast Municipal Advisors LLC – Financial Advisor

RATING: S&P: (Applied for)

In the opinion of Devine, Millimet & Branch, Professional Association, Bond Counsel to Merrimack County (the "County"), under existing laws as presently enacted, construed and constructed, and assuming, among other matters, compliance with certain covenants, interest on the $17,000,000 2016 Tax Anticipation Notes (the "Notes") (i) will be excluded from gross income of the owners thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), (ii) will not be an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, provided, however, that such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), (iii) may be taken into account in computing certain other taxes imposed with respect to corporations, including, without limitation, the environmental tax and the foreign branch profits tax, and (iv) will be exempt from the New Hampshire personal income tax on interest and dividends. **The Notes will NOT be designated as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Code.** See "THE NOTES—TAX MATTERS" and "APPENDIX B" herein.

COUNTY OF MERRIMACK, NEW HAMPSHIRE
$17,000,000
2016 TAX ANTICIPATION NOTES

Coupon Rate: **CUSIP: 590281** **Reoffering Yield:**

Dated: September 8, 2016 Due: December 29, 2016

The Notes will be issued as fully registered notes and, when issued, will be registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Notes purchased. So long as Cede & Co. is the owner, as nominee of DTC, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Notes. See "THE NOTES—BOOK-ENTRY-ONLY SYSTEM" herein.

Principal and interest on the Notes will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent, at maturity. As long as DTC or its nominee is the owner, such payments will be made directly to such owner. Disbursements of such payments to the DTC Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The legal opinion of Devine, Millimet & Branch, Professional Association of Manchester, New Hampshire ("Bond Counsel"), will be provided to the original purchaser and will indicate that the Notes are valid and binding general obligations of the County of Merrimack, New Hampshire. All taxable property within the territorial limits of the County are subject to taxation without limitation as to rate or amount to pay both principal and interest on tax anticipation notes. It should be noted, however, that Section 2 of the Municipal Finance Act indicates that the amount of each payment of principal and interest on loans such as the Notes shall, without the vote of the County, be annually assessed and collected. (No provision is made, however, for a lien on any portion of the tax levy to secure bonds or notes, judgments thereon, in priority to other claims.) The obligations of the County and the enforcement thereof are subject to the exercise of the sovereign police powers of the State of New Hampshire and the constitutional powers of the United States of America, to the federal bankruptcy act and other existing and future laws affecting creditors' rights to the extent the same may be constitutionally applied and the exercise of judicial discretion in accordance with general equitable principles. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement other than matters expressly set forth in their opinion and they make no representation that they have independently verified the same.

The Notes are offered when, as and if issued, subject to the approval of legality by Bond Counsel, and certain other conditions referred to herein. It is expected that the Notes, in definitive form, will be available for delivery to DTC in New York, New York, on or about September 8, 2016.

No dealer, broker, salesman or other person has been authorized by the issuer or the underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the issuer and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this official statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the issuer since the date hereof.

In connection with this offering, the underwriter may over allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time.

The Notes have not been registered under the Securities Act of 1933, as amended, nor has any indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Notes in accordance with applicable provisions of securities laws of the states in which the Notes have been registered or qualified, and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. None of these states nor any of their agencies have passed upon the merits of the Notes or the accuracy or completeness of this official statement. Any representation to the contrary may be a criminal offense.

For New Hampshire residents: in making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. The Notes have not been recommended by any Federal or State securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this official statement. Any representation to the contrary is a criminal offense.

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CONCERNING OFFICIAL STATEMENT

The information contained herein has been prepared by the County of Merrimack, New Hampshire, (the "County") with the assistance of Northeast Municipal Advisors LLC, Financial Advisor, from the records of the County of Merrimack and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by Northeast Municipal Advisors LLC, as Financial Advisor, or by Devine, Millimet & Branch, Professional Association, as Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Financial Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the County of Merrimack, New Hampshire and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the County of Merrimack, New Hampshire or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the County Treasurer, this Official Statement does not contain any untrue statement of material fact and does not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the County of Merrimack, New Hampshire, is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such, if any, corrections, changes and additions as may be necessary, will be signed by the County Treasurer and furnished at the closing.

This Official Statement is in a form "deemed final" by the County of Merrimack, New Hampshire for purposes of Securities and Exchange Commission's Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)].

August 15, 2016

/s/ Leslie G. Hammond
County Treasurer
County of Merrimack, New Hampshire

OFFICIAL STATEMENT
COUNTY OF MERRIMACK, NEW HAMPSHIRE
$17,000,000
2016 TAX ANTICIPATION NOTES

This Official Statement sets forth certain information in connection with the issuance by the County of Merrimack, New Hampshire (the "County") of its $17,000,000 principal amount of its 2016 Tax Anticipation Notes (the "Notes" or the "2016 Notes").

THE NOTES

DESCRIPTION OF THE NOTES

The Notes will be dated September 8, 2016 and will mature on December 29, 2016 without option of prior redemption. Interest will be payable at maturity. The interest will be calculated on the basis of 30-day months in a 360-day year (111 days). The Notes will be issued as fully-registered Notes with purchases made in book-entry form, in the denominations of $5,000 or any integral multiple thereof to suit the purchaser and will bear interest at the rate determined upon their sale in accordance with the Notice of Sale dated August 15, 2016. Principal and interest will be payable at the banking offices of U.S Bank National Association, Boston, Massachusetts.

It is expected that the Notes will be available for delivery on or about September 8, 2016.

Principal of and interest on the Notes will be payable in Clearing House Funds to the Depository Trust Company ("DTC"), or its nominee, as registered owner of the Notes by U.S Bank National Association, as paying agent (the "Paying Agent"). Transfer of principal and interest payments to Participants (as defined below) of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as defined below) will be the responsibility of such Participants and other nominees of Beneficial Owners. The County will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See "THE NOTES-BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORIZATION AND PURPOSE

In accordance with Chapter 29 of Title II of the State of New Hampshire Revised Statutes Annotated ("RSA") 29:8, the County Treasurer, upon the order of the County Commissioners with approval of the Executive Committee of the County Convention, may borrow in anticipation of taxes to be received. The Executive Committee of the County Convention approved Tax Anticipation Notes in an amount not to exceed $43,000,000 on December 3, 2015. .

This issuance combined with the first issuance of Notes of 2016 in the amount of $17,000,000 dated April 5, 2016 brings the total issuance for 2016 to $34,000,000, which is less than the authorized maximum of $43,000,000.

The following is the calculation of the County's anticipated revenues and expenditures for its 2016 fiscal year:

MERRIMACK COUNTY
PROJECTED CASH FLOW (without TAN proceeds)[1]
FOR THE 12 MONTHS ENDED DECEMBER 31, 2016

Month Ended	Revenues	Expenditures	Monthly Surplus/(Deficit)	Balance
Beginning Cash 1/01/2016				$15,970,075
JANUARY, 2016	$2,867,989	$ (7,181,472)	$(4,313,483)	11,656,592
FEBRUARY	2,236,149	(5,481,934)	(3,245,785)	8,410,807
MARCH	2,038,605	(6,270,004)	(4,231,399)	4,179,408
APRIL	3,266,644	(7,081,822)	(3,815,178)	364,230
MAY	2,215,830	(7,129,318)	(4,913,488)	(4,549,258)
JUNE	6,236,814	(6,475,926)	(239,112)	(4,788,370)
JULY	3,333,269	(6,053,727)	(2,720,458)	(7,508,828)
AUGUST	2,100,000	(6,900,000)	(4,800,000)	(12,308,828)
SEPTEMBER	2,100,000	(6,900,000)	(4,800,000)	(17,108,828)
OCTOBER	2,100,000	(6,900,000)	(4,800,000)	(21,908,828)
NOVEMBER	3,200,000	(10,900,000)	(7,700,000)	(29,608,828)
DECEMBER	3,200,000	(6,800,000)	(3,600,000)	(33,208,828)
DECEMBER TAXES	44,403,501	--	44,403,501	11,194,673
USE OF FUND BALANCE	4,793,437	--	4,793,437	15,988,110
TOTALS	$84,092,238	$84,074,203	$18,035	

[1] Cash flow reflects actual revenues and expenditures through July 31, 2016 with projections for the balance of the year based upon a budget that reflects the utilization of $4,793,437 of fund balance.

TAX MATTERS

In the opinion of Devine, Millimet & Branch, Professional Association, Manchester, New Hampshire, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants under existing law, interest on the Notes will be exempt from the New Hampshire personal income tax on interest and dividends, and, except as described below, the interest on the Notes is not included in the gross income of the owners of the Notes for purposes of federal income taxation. Interest on the Notes will not be treated as an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding use, expenditure and investment of the proceeds of state and local government obligations, including the Notes and a requirement for payment to the federal government (called a "rebate") of certain proceeds derived from the investment thereof. Failure to comply with such requirements may cause interest on the Notes to be included in the gross income of the owner thereof retroactive to the date of issuance of the Notes. The County will covenant to take all lawful action necessary to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest on the Notes be or continue to be excluded from gross income for federal income tax purposes. The Code provides that interest on obligations such as the Notes is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations provided, however, such interest will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed upon certain corporations (as defined for federal

income tax purposes). In addition, such interest is included in the measure of the environmental tax and the foreign branch profits tax imposed upon corporations and may be included in passive investment income subject to federal income taxation under provisions of the Code applicable to certain S corporations. The Code further provides that interest on the Notes may be includable in the modified adjusted gross income of certain recipients of Social Security and Railroad Retirement benefits for the purpose of determining whether a portion of such benefits shall be included in the taxable income of such recipients. In addition, certain otherwise deductible underwriting losses of property and casualty insurance companies will be reduced by a portion of interest received by such companies on the Notes, and financial institutions may not deduct any portion of their interest expense that is allocated to interest on the Notes. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes.

Prospective Noteholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Notes being subject directly or indirectly to federal income taxation, or otherwise prevent Noteholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Notes from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Notes. Prospective Noteholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income or deduction. Except as indicated in the following paragraph, Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

The Notes will <u>not</u> be designated by the County as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) of the Code. Accordingly, in the opinion of Bond Counsel, a deduction will not be allowed to a financial institution for 80% of its interest expense allocable to the Notes.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Notes. If an audit is commenced, under current procedures the IRS may treat the County as the taxpayer and the owners of the Notes may have limited rights to participate in such procedure. The concluded commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is, regardless of the ultimate outcome.

BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with the DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with the DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with the DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the securities deposited with the DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest, redemption proceeds, distributions, and dividends on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC(nor its nominee), the issuer of such securities or its paying agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor securities depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

COUNTY OF MERRIMACK, NEW HAMPSHIRE

GENERAL

Merrimack County is located in south-central New Hampshire and includes twenty-five towns and the Cities of Concord and Franklin. According to the 2010 federal census estimates, it has a population of 146,445.

The County is bordered on the north by Belknap and Grafton Counties; on the south by Hillsborough County; on the east by Rockingham County; and on the west by Sullivan County.

The City of Concord, capital city of New Hampshire, is located in Merrimack County on the Merrimack River approximately 70 miles north of Boston, Massachusetts.

GOVERNMENT

The County is administered by a three-member Board of Commissioners, elected for staggered four and two year terms by the voters.

The County Convention, consisting of members of the State's House of Representatives who represent the municipalities located in the County, has the approving authority for the County budget, tax levies and borrowing.

The County Convention, consisting of members of the State's House of Representatives, who represent the municipalities located in the County, has the approving authority for the County budget, tax levies and borrowing.

ELECTED COUNTY OFFICIALS

Office	Name	Term Expiration Date
County Commissioner	Tara Reardon	1/7/2019
County Commissioner	Bronwyn Asplund-Walsh	1/7/2017
County Commissioner	Peter J. Spaulding	1/7/2017
County Treasurer	Leslie G. Hammond	1/7/2017
County Attorney	Scott Murray	1/7/2017
Sheriff	Scott E. Hilliard	1/7/2017
Register of Deeds	Kathi L. Guay	1/7/2017

Of the twenty-five towns located in the County, twenty-one operate under an open town meeting form of government administered by either a three or five-member Board of Selectmen. The four remaining towns, Allenstown, Danbury, Epsom and Hooksett, operate under Senate Bill 2, which is an official ballot voting process. Allenstown, Danbury and Epsom are administered by a three-member Board of Selectmen while Hooksett operates under a charter with a Council-Manager form of government. The towns employ either an Administrative Assistant, Town Administrator or a Town Manager. The City of Concord operates under a Council-Manager form of government and the City of Franklin operates under a Mayor-Council-Manager form of government.

EMPLOYEE BARGAINING ORGANIZATIONS

Pursuant to New Hampshire R.S.A. 273-A, all public employees in the State of New Hampshire have the right to organize and to bargain collectively with their public employers on matters of wages, hours, and other conditions of employment other than managerial policy. The following identifies the County of Merrimack's municipal labor organizations, their affiliations, the length of each current contract, and its expiration date. New Hampshire law provides for no third-party determination of wages and conditions of employment, so that the local appropriating or legislative body has final authority over these items.

Employees	Organization	# of Employees	Expiration of Contract
Corrections	National Correctional Employee Union	115	December 31, 2015[(1)]
Patient Care	International Chemical Workers Union	222	June 30, 2017
Sheriff	New England Benevolent Association	36	December 31, 2016

[(1)] Currently in negotiations

INDUSTRY

The following is a listing of the various types of industry in the County covered by the Economic & Labor Market Information Bureau for the fourth quarter of 2015, the most recent data available.

Industry	# of Units	Average Employment	Average Weekly Wage
Goods-Producing	**675**	**9,593**	**$1,319**
Agriculture/Forestry/Fishing	37	390	843
Mining	15	159	1,421
Construction	427	3,306	1,430
Manufacturing	196	6,099	1,286
Service-Providing	**3,417**	**50,199**	**1,003**
Utilities	12	382	1,936
Wholesale Trade	212	3,815	1,368
Retail Trade	574	9,783	670
Transportation/Warehousing	91	1,268	817
Information	57	587	1,122
Finance/Insurance	203	4,048	1,320
Real Estate/Renting/Leasing	138	825	1,358
Professional/Technical Service	439	2,796	1,788
Management of Companies	32	449	2,023
Administrative and Waste Services	292	2,608	860
Educational	79	1,996	817
Health Care/Social Assistance	403	12,112	1,088
Arts/Entertainment/Recreation	76	1,353	407
Accommodation/Food Service	295	4,988	390
Other Services except Public Admin.	512	2,924	850
Government	**522**	**16,603**	**1,017**
Federal	50	796	1,489
State	344	8,757	1,091
Local	128	7,050	872

LARGEST EMPLOYERS

The following listing is as of December 31, 2014, the latest data available:

Name	Location	Type of Business	Approximate # of Employees
State of New Hampshire	Concord	Government	5,740
Concord Hospital	Concord	Hospital	3,324
Steeplegate Regional Mall	Concord	Retail Stores	1,200
Concord School District	Concord	Education	952
GE Aviation	Hookset	Jet Engine Parts	800
Southern NH University	Hookset	Education	700
County of Merrimack	Boscawen	Government	600
Lincoln Financial Group	Concord	Insurance	588
Sanel Auto Parts	Concord	Auto Parts Distributor	540
New London Hospital	New London	Health Care Services	520
United Healthcare	Hookset	Health Insurance Services	500
Merrimack Valley S.D.	Concord	Education	500

Source: State of New Hampshire, Economic & Labor Market Information Bureau

ECONOMIC CHARACTERISTICS

Population

Year	County of Merrimack	Population % Change County	Population % Change State	Population % Change USA
1970	80,925	N/A	N/A	13.4
1980	98,302	9.1	24.8	11.4
1990	120,005	22.1	20.5	9.8
2000	136,225	13.5	11.4	13.1
2010	146,445	7.5	6.6	9.7

Source: 1970-2010 U.S. Census

Population Characteristics

	County of Merrimack	State of New Hampshire	USA
Median age (years)	42.4	42.2	37.4
% school age	19.0	18.9	20.0
% working age	61.5	61.4	60.0
% 65 and over	14.8	14.7	13.8
Persons/household	2.46	2.46	2.36

Source: 2010 – 2014 American Community Survey

Income

	County of Merrimack	State of New Hampshire	USA
Median Family Income	$81,293	$80,812	$65,443
% Below Poverty Level	6.7	6.2	10.5
Per Capita Income	$31,579	$33,821	$28,555

Source: 2010 – 2014 American Community Survey

Housing

	County of Merrimack	State of New Hampshire	USA
% Owner occupied	72.0	71.0	64.4
% Vacant	10.3	15.8	12.5
Owner occ. Med. Value	$227,300	$237,400	$175,700
Median monthly cost (mortgaged)	1,877	1,905	1,522
Occupied housing units	57,040	519,580	116,211,092

Source: 2010 – 2014 American Community Survey

Unemployment

Year	County of Merrimack	State of New Hampshire	USA
2016*	2.5%	2.9%	4.8%
2015	3.2	3.6	5.3
2014	4.2	4.4	6.2
2013	4.8	5.1	6.7
2012	4.8	5.4	7.8
2011	4.3	5.2	8.3
2010	5.5	6.0	9.4
2009	5.2	6.7	9.3
2008	3.7	4.6	5.8
2007	2.9	3.4	4.6

*Through June, 2016

Source: State of New Hampshire, N.H. Employment Security, Economic and Labor Market Information Bureau

COUNTY FINANCES

BUDGETARY PROCESS

Chapter 24 of the New Hampshire Revised Statues establishes the budget procedures for the County.

The Commissioners submit to each member of the County Convention and to the Chairperson of the Board of Selectmen in each Town and the Mayor of each City within the County and to the Secretary of State prior to December 1 detailed budget recommendations. Also submitted to the same individuals is a statement of actual revenues and expenditures for at least the first nine months of the calendar year.

The County Convention shall vote appropriations for the ensuring year no sooner than 28 days after receipt of such budget recommendations.

The Commissioners may apply to the County Convention for supplemental appropriations subsequent to the adoption of the annual county budget. The same notification process as above applies and a public hearing and vote shall be held within 30 days of the request for supplemental appropriation.

The following table sets forth the trends in the General Fund's and Enterprise Fund's budgets for the County for the last four fiscal years and the budget for the current fiscal year 2016. The budgets for 2012 through 2016 reflect the adoption of GASB 34.

	2016	2015	2014	2013	2012
REVENUES					
Taxes	$44,403,501	$44,403,501	$44,403,501	$42,274,350	$42,092,584
Interest	--	--	22,000	35,000	115,000
Charges for Services	5,642,930	4,155,751	4,159,130	4,014,640	3,770,811
Intergovernmental	710,671	936,583	1,020,751	1,066,698	1,274,406
Nursing Home	28,544,637	27,945,745	27,702,033	25,791,168	23,543,004
Fund Balance	4,793,437	4,564,000	4,600,000	4,000,000	4,000,000
TOTAL REVENUES	$84,095,176	$81,965,580	$81,907,415	$77,081,856	$74,795,805
EXPENDITURES					
Administration	$1,991,382	$1,820,020	$1,924,081	$1,824,819	$1,916,814
Register of Deeds	801,894	816,711	1,030,297	785,246	818,257
Sheriff & Dispatch	4,192,567	4,169,698	4,067,269	3,954,840	3,769,181
MMC Facilities	3,424,322	3,251,134	3,113,352	2,926,337	2,958,256
Human Services	13,762,973	14,448,498	14,738,773	13,049,115	12,075,310
County Extension Service	407,806	401,384	395,453	387,319	442,468
County Attorney	3,766,492	3,586,651	3,486,865	3,388,148	3,352,051
Gerrish Manor	877,713	903,236	821,525	786,253	756,150
Miscellaneous	3,163,205	1,902,460	1,735,379	963,740	427,950
Debt Service	4,869,188	4,865,058	5,256,950	5,402,000	5,763,800
Nursing Home	31,296,051	30,934,541	30,806,679	29,072,527	29,448,507
Corrections	15,541,583	14,863,189	14,530,792	13,541,512	13,067,061
TOTAL EXPENDITURES	$84,095,176	$81,965,580	$81,907,415	$77,081,856	$74,795,805

Source: County of Merrimack

FUND BALANCE POLICY

On September 11, 2002 the Merrimack County Board of Commissioners approved a Fund Balance Policy for the County of Merrimack. As amended in 2006, this policy states that the General Fund will endeavor to achieve and maintain an undesignated fund balance of between 5% and 8%. The policy was established to aid in stabilizing tax rate increases and to mitigate current and future risks associated with revenue shortfalls and unanticipated expenditures. The maintenance of the level of undesignated fund balance is subject to approval by the Merrimack County Delegation during the adoption of the annual County budget.

POST-ISSUANCE COMPLIANCE POLICY

The County Commissioners formally adopted a Post-Issuance Compliance Policy on February 28, 2012, to ensure that the County complies with all applicable provisions of the IRS Tax Code and tax exempt obligation continuing disclosure requirements. Record keeping, reporting and record retention is the responsibility of the County Administrator, who shall consult with the County's bond counsel, financial advisor and other professional advisers, as needed, to ensure that all requirements of the policy are adhered to.

FINANCIAL STATEMENTS

Title II, Chapter 28 of the New Hampshire Revised Statutes Annotated, provides for independent audits of the County's accounts and establishes procedures for such audits. The County of Merrimack, in conformation with this statute, currently engages the services of Grzelak and Company, Certified Public Accountants.

The County's December 31, 2015 Audited Financial Statements and Other Financial Information is presented as APPENDIX A to this Official Statement.

FUNDS

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances, revenues and expenditures. The following funds and account groups are used by the County:

GOVERNMENTAL FUNDS

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources.

Capital Project Funds are used to account for major infrastructure projects.

FIDUCIARY FUNDS

Trust and Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations or other governmental units.

COMPARATIVE FINANCIAL STATEMENTS

Set forth on the following pages are the Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances for the County for fiscal years 2011 through and including 2015.

COUNTY OF MERRIMACK
COMPARATIVE BALANCE SHEETS
(GENERAL FUND)

	2015	2014	2013	2012	2011
ASSETS					
Cash & Investments	$15,972,375	$12,355,571	$13,377,750	$12,520,816	$11,419,823
Accounts Receivable	2,351,900	3,377,251	3,039,876	2,822,759	3,125,512
Due from other Governments	1,110,574	1,048,771	1,436,552	883,795	877,845
Due from other Funds	18,630	106,485	134,439	124,587	104,746
Other Assets	421,186	420,181	356,921	426,591	382,639
TOTAL ASSETS	$19,874,665	$17,308,259	$18,445,538	$16,778,548	$15,910,565
LIABILITIES					
Accounts Payable	$847,664	$2,096,749	$1,194,161	$843,389	$935,735
Accrued Expenses	1,449,404	980,998	2,045,916	1,861,746	2,153,465
Due to Other Governments	1,514,088	--	1,139,099	--	--
Other Current Liabilities	35,343	33,053	32,057	1,396,488	38,439
Due to Other Funds	--	65,724	--	--	51,282
TOTAL LIABILITIES	$3,846,499	$3,176,527	$4,411,233	$4,101,623	$4,514,421
FUND EQUITY					
Reserved for:					
Nonspendable	$421,186	$420,181	$456,921	--	$54,300
Restricted	--	--	--	$426,591	88
Assigned	--	564,000	--	88	18,000
Unassigned	15,606,980	13,147,551	13,577,384	12,250,246	11,323,756
TOTAL FUND EQUITY	$16,028,166	$14,131,732	$14,034,305	$12,676,925	$11,772,090
TOTAL LIABILITIES AND FUND EQUITY	$19,874,665	$17,308,259	$18,445,305	$16,778,548	$15,910,565

Prepared from Annual Audited Financial Statements

COUNTY OF MERRIMACK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(GENERAL FUND)

	2015	2014	2013	2012	2011
REVENUES					
Taxes/Assessments	$44,403,501	$44,403,501	$42,174,350	$42,092,584	$42,092,584
Intergovernmental	650,275	639,794	779,809	735,818	1,776,466
Nursing Home	29,132,269	29,090,946	27,726,172	26,731,758	26,160,992
Charges for Services	3,769,603	3,530,469	3,716,572	3,763,917	3,532,942
Miscellaneous	1,698,318	1,117,677	1,290,302	746,060	271,412
TOTAL REVENUES	$79,653,966	$78,782,387	$75,687,205	$74,070,137	$73,834,396
EXPENDITURES					
Administration	$623,208	$639,797	$574,136	$592,629	$604,666
Accounting/Treasurer	356,251	336,908	491,303	444,650	441,765
Purchasing	264,617	293,924	270,218	255,880	249,688
Register of Deeds	688,853	735,460	703,343	692,537	687,312
Sheriff/Dispatch	3,739,406	3,901,122	3,618,872	3,561,079	3,510,332
Facilities	3,078,993	2,997,461	2,740,913	2,636,007	2,592,616
Corrections	13,662,478	13,765,661	12,969,577	12,712,041	12,499,067
Nursing Home	29,539,887	30,881,549	29,682,966	29,652,529	30,920,699
Information Tech.	452,218	413,703	390,960	377,163	384,556
County Attorney	3,331,146	3,297,731	3,077,627	2,547,539	2,999,826
Human Services	13,694,083	13,441,566	12,856,365	11,790,046	11,626,628
Debt Service	4,895,524	5,304,039	5,490,107	5,771,355	6,231,847
Capital Outlay	--	701,946	115,591	66,759	--
Miscellaneous	3,012,009	1,660,931	1,299,266	1,796,967	850,535
TOTAL EXPENDITURES	$77,338,673	$78,371,798	$74,281,244	$72,897,181	$73,599,506
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$2,315,293	$410,589	$1,405,961	$1,172,956	$234,890
OTHER FINANCING SOURCES (USES)	(418,859)	(313,162)	(48,581)	107,825	(98,178)
NET CHANGES IN FUND BALANCE	1,896,434	$97,427	$1,357,380	$1,280,781	$136,712
FUND BALANCE-BEGINNING OF YEAR	$14,131,732	$14,034,305	$12,676,925	$11,396,144	$11,259,314
FUND BALANCE-END OF YEAR	$16,028,166	$14,131,732	$14,034,305	$12,676,925	$11,396,144

Prepared from Annual Audited Financial Statements

COUNTY OF MERRIMACK
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET VS. ACTUAL
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015

	2015 Budget	2015 Actual	Favorable (Unfavorable)
REVENUES			
Taxes	$44,403,501	$44,403,501	$ --
Intergovernmental	936,583	830,023	(106,560)
Charges for Services	3,732,817	4,091,451	358,634
Nursing Home	27,945,745	29,783,383	1,837,638
Miscellaneous	382,934	1,023,561	640,627
Fund Balance Utilization	4,564,000	478,953	(4,085,047)
TOTAL REVENUES	$81,965,580	$80,610,872	$(1,354,708)
EXPENDITURES			
Administration	$1,823,020	$1,750,288	$72,732
County Attorney	3,586,651	3,405,214	181,437
Register of Deeds	816,711	728,853	87,858
Sheriff's Department	4,169,698	4,006,100	163,598
Facilities	3,251,134	3,078,992	172,142
Corrections	14,863,189	13,431,130	1,432,059
Nursing Home	30,934,541	29,892,785	1,041,756
Human Services	14,448,498	14,242,459	206,040
Debt Service	4,865,058	4,858,158	6,900
County Extension Service	401,384	401,384	--
Miscellaneous	1,902,460	1,561,915	340,545
TOTAL EXPENDITURES	$81,965,580	$78,188,752	$3,776,828
VARIANCE	--	$2,422,120	$2,422,120

Prepared from the December 31, 2015 Audited Financial Statements

TAXATION

The County tax is authorized pursuant to Chapter 29 of Title II of the New Hampshire Revised Statutes as amended. Annually, following finalization of the County budget, the County apportions the County tax among its constituent municipalities. For 2016, the County tax is apportioned based upon the 2015 State Valuation of the constituent municipalities.

The municipality is responsible for collecting the County tax and remitting proceeds to the County. The following table is an alphabetical list of the 27 municipalities which comprise the County with their 2015 State Valuation and 2016 County Tax.

MUNICIPALITIES OF MERRIMACK COUNTY, NEW HAMPSHIRE

Municipality	Valuation	Percent of Total Valuation	2016 Tax
Allenstown	$255,853,719	1.6786%	$745,357
Andover	243,420,668	1.5971	709,168
Boscawen	235,471,805	1.5449	685,990
Bow	1,106,926,054	7.2625	3,224,804
Bradford	201,735,912	1.3236	587,725
Canterbury	240,707,318	1.5793	701,265
Chichester	262,637,966	1.7232	765,161
Concord	3,942,193,209	25.8645	11,484,743
Danbury	116,625,607	0.7652	339,776
Dunbarton	291,269,244	1.9110	848,551
Epsom	393,013,643	2.5785	1,144,944
Franklin	536,337,151	3.5189	1,562,515
Henniker	384,308,478	2.5214	1,119,590
Hill	80,213,368	0.5263	223,695
Hooksett	1,753,149,538	11.5023	5,107,424
Hopkinton	637,468,787	4.1824	1,857,132
Loudon	522,701,377	3.4294	1,522,774
New London	1,119,091,491	7.3423	3,260,238
Newbury	778,476,828	5.1075	2,267,909
Northfield	284,304,679	1.8653	828,258
Pembroke	581,818,589	3.8173	1,695,015
Pittsfield	243,213,980	1.5957	708,547
Salisbury	123,911,369	0.8129	360,956
Sutton	267,780,994	1.7569	780,125
Warner	267,290,139	1.7537	778,704
Webster	184,341,612	1.2094	537,016
Wilmot	187,466,916	1.2299	546,119
TOTAL	$15,241,730,439	100.0000%	$44,403,501

INDEBTEDNESS

DEBT SUMMARY

General obligation debt for various improvements payable at December 31, 2015 is comprised of the following individual issues:

Year Issued	Amount Authorized And Issued	Refunding Bonds Issued	Final Maturity Date	Annual Principal Payments	Balance 12/31/15
2006	$23,000,000		12/01/16	$920,000	$920,000
2007	23,000,000		12/01/17	920,000	1,840,000
2012		$13,955,000	12/01/24	varies	11,285,000
2014		26,550,000	11/15/30	varies	26,550,000
TOTAL	$73,200,000	$40,505,000			$40,595,000

PRINCIPAL PAYMENTS BY ISSUE

Year End 12/31	2006 Issue	2007 Issue	2012 Issue	2014 Issue	Total Debt
2016	$920,000	$920,000	$1,320,000		$3,160,000
2017		920,000	1,325,000	$910,000	3,155,000
2018			1,320,000	1,800,000	3,120,000
2019			1,315,000	1,780,000	3,095,000
2020			1,320,000	1,755,000	3,075,000
2021			1,310,000	1,730,000	3,040,000
2022			1,315,000	1,740,000	3,055,000
2023			1,320,000	1,750,000	3,070,000
2024			740,000	1,760,000	2,500,000
2025				1,765,000	1,765,000
2026				1,775,000	1,775,000
2027				1,785,000	1,785,000
2028				1,790,000	1,790,000
2029				1,790,000	1,790,000
2030				1,790,000	1,790,000
2031				1,750,000	1,750,000
2032				880,000	880,000
	$920,000	$1,840,000	$11,285,000	$26,550,000	$40,595,000

DEBT SERVICE REQUIREMENTS

	Existing Debt			Actual Debt (August 2016 issue) [1]			
Year	Principal	Interest	Total	Principal	Interest	Total	Total Debt Service
2016	$3,160,000	$1,713,088	$4,873,088				$4,873,088
2017	3,155,000	1,580,838	4,735,838	$522,500	$318,871	$841,121	5,576,959
2018	3,120,000	1,473,588	4,593,588	530,000	300,400	830,400	5,423,988
2019	3,095,000	1,366,788	4,461,788	545,000	289,800	834,800	5,296,588
2020	3,075,000	1,250,888	4,325,888	565,000	278,900	843,900	5,169,788
2021	3,040,000	1,151,438	4,191,438	570,000	267,600	837,600	5,029,038
2022	3,055,000	999,438	4,054,438	570,000	266,200	826,200	4,888,638
2023	3,170,000	846,688	3,916,688	580,000	244,800	824,800	4,741,488
2024	2,500,000	693,188	3,193,188	855,000	233,200	1,088,200	4,281,388
2025	1,765,000	581,138	2,346,138	885,000	201,100	1,101,100	3,447,238
2026	1,755,000	492,888	2,267,888	870,000	198,400	1,068,400	3,336,288
2027	1,785,000	404,138	2,189,138	860,000	181,000	1,041,000	3,230,138
2028	1,790,000	314,888	2,104,888	885,000	163,800	1,048,800	3,153,688
2029	1,790,000	225,388	2,015,388	945,000	146,100	1,091,100	3,106,488
2030	1,790,000	135,888	1,925,888	965,000	126,019	1,091,019	3,016,907
2031	1,750,000	82,188	1,832,188	995,000	104,306	1,099,306	2,931,494
2032	880,000	27,500	907,500	1,030,000	79,431	1,109,431	2,016,931
2034				1,050,000	53,682	1,103,682	1,103,682
2035				705,000	27,431	732,431	732,431
2036				340,000	8,925	348,925	348,925
TOTAL	$40,595,000	$13,339,958	$53,934,958	$14,267,500	$3,494,715	$17,762,215	$71,697,173

[1] $14,267,500 General Obligation Bond issue is slated to close on August 22, 2016

DEBT RATIOS

The following table sets forth the ratio of bonded debt to equalized state valuation and per capita debt ratios as the end of the ten most recent fiscal years.

Fiscal Yr. End 12/31	Population	Equalized State Valuation (000,000)	Total Debt (000)	Debt As % Eq. Val.	Debt per Capita
2015	146,445	$15,242	$40,655	.27%	$277.76
2014	146,445	14,872	43,825	.29	299.26
2013	146,445	14,519	47,995	.33	327.73
2012	146,445	14,756	51,195	.35	349.59
2011	146,445	15,219	54,800	.36	396.05
2010	146,445	15,730	58,000	.37	449.26
2009	136,225	16,658	61,200	.37	474.58

TAX ANTICIPATION NOTES

The County of Merrimack annually borrows in anticipation of taxes. Taxes from the municipalities comprising the County of Merrimack are due in December each year. The following table reflects the issuance of the Notes for the past nine (9) years and the amount projected to be issued in 2016.

Year	Amount
2016	$34,000,000[(Projected)]
2015	36,500,000
2014	34,000,000
2013	34,000,000
2012	34,000,000
2011	40,000,000
2010	36,000,000
2009	38,000,000
2008	37,000,000
2007	30,000,000

RETIREMENT

New Hampshire Retirement System (NHRS)

Plan Description: The County contributes to the New Hampshire Retirement System ("NHRS" or the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The Plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301. Reference is hereby made to the State of New Hampshire Information Statement dated March 25, 2016 which has been filed with the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12.

The Plan is funded by contributions from the employees and the County. Plan members contribute 7% of covered salary and the County contributes at an actuarial determined rate for each class of employee. The County's contributions for the years ended December 31, 2015, 2014, and 2013 were $3,835,190, $3,916,901, and $3,324,936, respectively. Please see Appendix A: Annual Audited Financial Statements, page 50, *Note 10 – Pension Plan* for additional information.

Deferred Compensation Plan

The County offers its employers a Deferred Compensation Plan under section 457 of the Internal Revenue Code. The Plan assets are administered by an independent third party and the plan assets are invested at the direction of the plan participants, not the County. There is no contribution by the County. Please see Appendix A: Annual Audited Financial Statements, page 50, *Note 8 – Deferred Compensation Plan* for additional information.

Other Post-Employment Benefits

In addition to pension benefits as described above, the County provides certain retirees with medical care benefits. The portion of the cost of such benefits is paid on a pay-as-you-go basis. The pay-as-you-go cost to the County for the years ended December 31, 2015 and 2014 and 2013 were $1,195,491, $1,096,781, and $1,060,023,

respectively. The Annual Required Contribution (ARC) was $3,860,385 and the Unfunded Actuarial Accrued Liability (UAAL) was $45,281,424 as of December 31, 2015, the latest valuation.

The County adopted GASB No. 45 effective for the year beginning January 1, 2008. The following table summarizes the annual costs, the County's contributions and the unfunded liability for each fiscal year:

Fiscal Year Ended 12/31	Annual Required Contribution (ARC)	Employer Contribution	Percent of ARC Contributed	Unfunded Actuarial Accrued Liability (UAAL)
2015	$3,860,385	$1,195,491	31.0%	$45,281,424
2014	3,931,647	1,096,781	27.9	45,757,925
2013	4,000,438	1,060,023	26.5	44,035,705
2012	3,635,484	972,498	26.8	39,600,922
2011	3,500,035	570,040	16.3	37,361,154
2010	2,435,292	488,189	20.0	29,358,330
2009	2,435,292	359,259	14.8	25,493,842
2008	2,435,292	692,030	28.4	25,493,842

The Governmental Accounting Standards Board ("GASB") has promulgated its Statements Nos. 43 and 45 which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements.

Please see Appendix A, Annual Audited Financial Statements, pages 56-66, *Note 12- Post-Retirement Health Care,* for a full description of the benefits provided and the actuarial determined liability of the County as of December 31, 2015.

STATE SCHOOL FUNDING

On December 17, 1997, the New Hampshire Supreme Court ruled that the State's system of financing elementary and secondary public education primarily through local property taxes was unconstitutional. Since that decision, the State legislature has taken a number of actions to address the issues raised by the Court and to meet its constitutional obligation with respect to school funding. Many of such actions have been subject to subsequent review and decisions by the Court. For a detailed description of the history and status of the school funding litigation and the resulting legislation affecting the extent and manner in which the State participates in the financing of public education, see the State's Official Statement dated June 10, 2015, which has been filed with the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12.

The County is unable to predict the outcome of these matters at this time.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. That Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceedings will result in no monetary sanctions, or in monetary sanctions exclusive of interest and costs, of less than $100,000.

Although the County of Merrimack, as an issuer of municipal securities, is not subject to the provisions of the Regulation of the Securities Exchange Act of 1934, the County is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities.

The County is not subject to any pending legal proceedings involving environmental matters that would require disclosure under the Regulation were the County subject to its provisions.

LITIGATION

In the opinion of County officials there is no litigation pending against the County which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the County's financial position or its ability to meet its debt service obligations.

RATING

The County has applied for a rating on the Notes from Standard and Poor's ("S&P"). The County has furnished information to the S&P, some of which may not be included in this Preliminary Official Statement. The rating, of received, reflects only the views of S&P, and may be withdrawn or changed at any time. S&P should be contacted for further information regarding their rating.

CUSIP IDENTIFICATION NUMBER

It is anticipated that a CUSIP identification number will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers will be paid for by the County provided, however, that the County assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such number.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Devine, Millimet & Branch, Professional Association of Manchester, New Hampshire, Bond Counsel to the County and their approving opinion will be delivered with the Notes in substantially the form attached hereto as APPENDIX B.

SOURCES OF PAYMENT AND REMEDIES

In the opinion of Bond Counsel, the Notes described in this Official Statement, when issued, will be valid general obligations of Merrimack County, New Hampshire. Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue, nor is any lien or pledge created with respect to any such fund or source.

The New Hampshire Municipal Finance Act (RSA 33) provides that the amount of each payment of principal and interest on all loans issued by a County shall, without vote of the County, be annually assessed and collected. (No provision is made, however, for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.)

The obligations of the County and the enforcement thereof are subject to the exercise of the sovereign police powers of the State of New Hampshire and the constitutional powers of the United States of America, to the federal bankruptcy code provided the County is qualified as a debtor pursuant to 11 U.S.C. section 109(c) and is expressly authorized under the laws of the State of New Hampshire to file for relief under the federal bankruptcy code. In this regard, no New Hampshire statute specifically authorizes a New Hampshire municipality such as the County to file for bankruptcy under the federal code. The obligations of the County and the enforcement thereof are also subject to other existing and future laws affecting creditors' rights to the extent the same may be constitutionally applied, and to the exercise of judicial discretion in accordance with general equitable principles.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement other than matters expressly set forth in their opinion and they make no representation that they have independently verified the same.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Notes to the original purchaser thereof.

No Litigation

Upon delivery of the Notes, the County shall deliver or cause to be delivered a certificate of the County Commissioners, and attested to by the Treasurer, dated the date of delivery, to the effect that there is not litigation pending or, to the knowledge of such officers, threatened, affecting the validity of the Notes or the power of the County to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the County, nor the title of any of said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Notes will be approved by Devine, Millimet & Branch, Professional Association, Manchester, New Hampshire, Bond Counsel. The unqualified approving opinion of such counsel with respect to the Notes will be delivered at the time of original delivery of the Notes and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also **"PROPOSED FORM OF LEGAL OPINION"** in APPENDIX B herein.

Authentication of the Bonds

The Notes will be authenticated as to their genuineness by U.S. Bank National Association, Boston, Massachusetts, which certificate will appear on the Notes.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Notes, the County will deliver a certificate of the County Commissioners and the Treasurer, to the effect that they have examined this Official Statement and the financial and other data contained therein and that, to the best of their knowledge and belief, both as of its date and as of the date of delivery of the Notes, the Official Statements does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

FINANCIAL ADVISOR

Northeast Municipal Advisors, LLC has acted as Financial Advisor to the County of Merrimack, New Hampshire with respect to the issuance of the Notes pursuant to Municipal Securities Rulemaking Board Rule G-23. Northeast Municipal Advisors, LLC will not bid individually or participate in an underwriting syndicate for the public bidding of the Notes.

CONTINUING DISCLOSURE

In order to assist the Underwriter of the Notes in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the County will covenant for the benefit of the owners of the Notes to provide certain financial information and operating data relating to the County to the Electronic Municipal Market Access system ("EMMA") operated by the Municipal Securities Rulemaking Board ("MSRB") by not later than 270 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2016 (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, and to provide notice of failure to provide the Annual Report. The covenants will be included in a Continuing Disclosure Certificate, the proposed form of which is provided in APPENDIX E.

In the past, the County has failed to comply with certain of its continuing disclosure obligations in several respects. Without characterizing such non-compliance as being either material or immaterial, these past instances of noncompliance are as follows: (i) 2014 Filing: While under the County's 2007 Continuing Disclosure Agreement ("CDA") it agreed to file its Annual Audited Financial Statements within 180 days of the end of its fiscal year, this information was filed on 9/17/2015, which is outside the specified 180-day time frame. The County has submitted a Notice of Late Filing to the MSRB associated with this information. (ii) 2013 Filing: While under the County's 2007 CDA it agreed to file its Annual Audited Financial Statements within 180 days of the end of its fiscal year, this information was filed on 7/28/2014, which is outside the specified 180-day time frame. The County has submitted a Notice of Late Filing to the MSRB associated with this information. (iii) 2012 Filing: While under the County's 2007 CDA it agreed to file its Annual Audited Financial Statements within 180 days of the end of its fiscal year, this information was filed on 9/30/2013 which is outside the 180-day time frame (although within the 270-day time frame established by the County's 2012 CDA). The County has submitted a Notice of Late Filing to the MSRB associated with this information. (iv) 2010 Filing: While under the County's 2007 CDA it agreed to file its Annual Audited Financial Statements within 180 days of the end of its fiscal year, the County filed its Audited Financial Statements in its TANs Official Statement, dated 9/14/11, which is outside the 180-day time frame. The County has submitted a Notice of Late Filing to the MSRB associated with this information. (v) 2009 Filing: While under the County's 2007 CDA it agreed to file its Annual Audited Financial Statements within 180 days of the end of its fiscal year, the County filed its Audited Financial Statements in its TANs Official Statement, dated 2/23/11, which is outside the 180-day time frame. The County has submitted a Notice of Late Filing to the MSRB associated with this information. (vi) Changes in Ratings of Bond Insurers: The County's 2003 Bonds were insured by Municipal Bond Insurance Association, its 2004 Bonds were insured by Assured Guaranty Municipal Corp. (formerly FSA), its 2006 Bonds were insured by CIFG Assurance, North America, Inc. and its 2007 Bonds were insured by Assured Guaranty Municipal Corp. (formerly FSA). Over the past several years the numerous changes in the ratings of these bond insurers were not the subject of filings by the County. The County has disclosed these ratings changes and has submitted a Notice of Late Filing to the MSRB associated with this information.

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APPENDIX A

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED

DECEMBER 31, 2015

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COUNTY OF MERRIMACK

Boscawen, New Hampshire

FINANCIAL STATEMENTS

December 31, 2015

COUNTY OF MERRIMACK, NEW HAMPSHIRE

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INDEPENDENT AUDITOR'S REPORT

GRZELAK AND COMPANY, P.C.
Certified Public Accountants

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
County of Merrimack
Boscawen, New Hampshire

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Implementation of GASB Statement No. 68

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other postemployment benefits, schedule of the county's proportionate share of net pension liability, and schedule of county contributions on pages 7 through 23 and 65 through 72 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 County of Merrimack's basic financial statements. The combining nonmajor fund financial statements, and combining statement of net position – fiduciary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Grzelak and Co., P.C.

GRZELAK & COMPANY, P.C., CPA's
Laconia, New Hampshire
April 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Commissioners, County Administrator and Accountant, as "management" of the County of Merrimack, New Hampshire (the County), submit to the readers the following discussion and narrative analysis as an overview of the financial activities of the County of Merrimack, NH for the year ended December 31, 2015. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

- The County's total combined net position decreased by $327,883 or 0.7% between December 31, 2014 and 2015.
- The County's total combined net position amounted to $(45,451,282) at December 31, 2015. Net position consisted of: $4,232,817 net investment in capital assets; $373,151 restricted for nonmajor governmental funds and an unrestricted net deficit of $(50,057,250).
- The County's long-term liabilities, consisting of general obligation notes, capital leases, compensated absences, OPEB obligations, and net pension liabilities increased by a net (additions less reductions) $740,678 during the year ended December 31, 2015. The ending long-term liabilities consisted of $3,160,000 due next year.
- During the year, the County's expenses were $327,883 more than the $80,132,165 in revenues generated from charges for services, operating grants and contributions and general revenues (consisting of the assessment to towns and miscellaneous fees and contributions not restricted to specific purposes).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's annual report, which consists of a series of basic financial statements, notes and related financial or compliance information. The County's financial statements are comprised of six primary sections or components: (1) basic government-wide financial statements, (2) basic fund financial statements, (3) notes to basic financial statements, (4) required supplementary information, (5) notes to required supplementary information, and (6) other supplementary information, including combining nonmajor fund schedules, and fiduciary funds.

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

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

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

Exhibit A-1

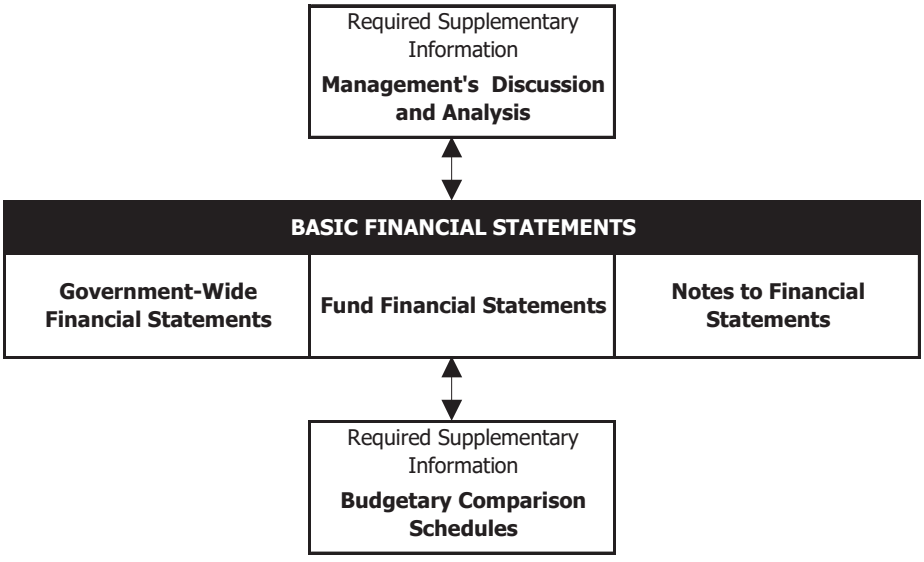

Exhibit A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain.

Exhibit A-2

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

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

Government-Wide Financial Statements

The first two basic statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status and report net position and changes in them. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and is one way to measure the County's financial health, or financial position.

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

The government-wide financial statements of the County are included in the Governmental Activities category. Most of the County's basic services are included here, such as county administration and maintenance, county attorney, register of deeds, sheriff's department, human services, department of corrections and nursing home. General revenues, including the assessment to local municipalities, state aid, and charges for services finance most of these activities.

Fund Financial Statements

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

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

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CONDENSED COMPARATIVE GOVERNMENT-WIDE FINANCIAL STATEMENT INFORMATION

Net position

Exhibit B-1 shows the composition of the County's total combined net position, which decreased between December 31, 2014 and 2015 by $327,883 or 0.7% to $(45,451,282).

Exhibit B-1
NET POSITION

	2014	2015	Change	
Assets	(as restated)			
Current and other assets	$ 17,323,611	$ 20,327,277	$ 3,003,666	17.34%
Noncurrent assets	48,891,902	44,827,817	(4,064,085)	-8.31%
Total assets	66,215,513	65,155,094	(1,060,419)	-1.60%
Deferred Outflows of Resources				
Deferred outflow - pension	1,870,909	1,965,270	94,361	5.04%
Total deferred inflows of resources	1,870,909	1,965,270	94,361	5.04%
Liabilities				
Current liabilities	6,224,656	7,187,644	962,988	15.47%
Noncurrent liabilities	99,584,956	100,335,634	750,678	0.75%
Total liabilities	105,809,612	107,523,278	1,713,666	1.62%
Deferred Inflows of Resources				
Deferred inflow - advance refunding of debt	2,339,543	2,119,395	(220,148)	-9.41%
Deferred inflow - pension	5,060,666	2,928,973	(2,131,693)	-42.12%
Total deferred inflows of resources	7,400,209	5,048,368	(2,351,841)	-31.78%
Net Position				
Net investment in capital assets	5,126,902	4,232,817	(894,085)	-17.44%
Restricted	176,170	373,151	196,981	-111.81%
Unrestricted	(50,426,471)	(50,057,250)	369,221	1%
Total net position	$ (45,123,399)	$ (45,451,282)	$ (327,883)	0.73%

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

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

Unrestricted net position is a negative $(50,057,250) at December 31, 2015.

Change in Net position

The County's total revenues were $80,132,165 while total expenses were $80,460,048, resulting in a decrease in net position of $327,883.

Exhibit B-2 shows that 55.41% of the County's total revenues came from assessments to towns/cities while, 0.48% came from intergovernmental general revenues. Operating grants and contributions provided 12.37% of total revenues, while 31.10% related to charges for services. Capital grants and contributions in 2014 consisted of debt service proceeds of an advance refunding transaction.

Exhibit B-2
SOURCES OF COUNTY REVENUES

	2014	2015	CY %	Change
Program Revenues				
Charges for services	$ 24,799,425	$ 24,923,868	31.10%	$ 124,443
Operating grants and contributions	9,483,863	9,911,436	12.37%	427,573
Capital grants and contributions	28,183,617	-	0.00%	(28,183,617)
General Revenues				
Assessements to towns/cities	44,403,501	44,403,501	55.41%	-
Intergovernmental	397,457	384,154	0.48%	(13,303)
Miscellaneous	316,823	509,206	0.64%	192,383
Total revenues	$ 107,584,686	$ 80,132,165	100.00%	$ (27,452,521)

Exhibit B-3 shows that a significant portion of the County's total expenses, 39.80% were for the nursing home, 17.02% were for human services, 18.26% were for the corrections department, 2.99% were for the county attorney's office and 2.81% were for the sheriff's department. Debt service represented 2.14% of total expenses. Other financing uses in 2014 represented payments to an escrow agent related to an advance refunding of debt.

Exhibit B-3
COUNTY EXPENSES

Function / Program	2014	2015	CY %	Change
Purchasing	$ 295,231	$ 265,925	0.33%	$ 29,306
Information technology	419,829	445,257	0.55%	(25,428)
Pretrial diversion	885,231	934,780	1.16%	(49,549)
Delegation	54,987	53,995	0.07%	992
Administration	602,299	635,682	0.79%	(33,383)
Administration/Accounting	336,908	358,806	0.45%	(21,898)
County attorney	2,417,213	2,404,371	2.99%	12,842
Register of deeds	527,297	744,765	0.93%	(217,468)
Court security	668,642	660,718	0.82%	7,924
Sheriff's department	2,226,543	2,262,476	2.81%	(35,933)
Dispatch	771,969	760,246	0.94%	11,723
Concord complex	17,958	831,473	1.03%	(813,515)
Human services	13,442,604	13,694,761	17.02%	(252,157)
Visitation	222,458	233,653	0.29%	(11,195)
Department of corrections	14,876,669	14,689,759	18.26%	186,910
Cooperative extension	398,701	373,996	0.46%	24,705
MMC facilities	3,122,716	3,519,098	4.37%	(396,382)
Health agencies	226,025	263,535	0.33%	(37,510)
Nursing home	32,901,882	32,024,600	39.80%	877,282
Debt service	1,053,534	1,725,524	2.14%	(671,990)
Capital outlay	955,106	(21,324)	-0.03%	976,430
Miscellaneous	4,755,924	2,116,404	2.63%	2,639,520
Other financing uses	30,112,719	1,481,548	1.84%	28,631,171
Total expenses	$ 111,292,445	$ 80,460,048	100.00%	$ 30,832,397

Governmental Activities

Exhibit B-4 presents the net cost of the County's departments based upon the total expense, less charges for services, operating grants and contributions and capital grants and contributions. The net cost reflects the amount funded by general revenues (assessments to towns and miscellaneous revenues).

Exhibit B-4
TOTAL AND NET COST OF SERVICES

	2014		2015	
	Total Cost of Servcices	Net Cost of Servcices	Total Cost of Servcices	Net Cost of Servcices
Function / Program				
Purchasing	$ 295,231	$ 295,231	$ 265,925	$ 265,925
Information technology	419,829	419,829	445,257	445,257
Pretrial diversion	885,231	783,985	934,780	757,298
Delegation	54,987	54,987	53,995	53,995
Administration	602,299	602,299	635,682	635,682
Administration/Accounting	336,908	336,908	358,806	358,806
County attorney	2,417,213	2,322,879	2,404,371	2,308,741
Register of deeds	527,297	(655,588)	744,765	(572,095)
Court security	668,642	478,639	660,718	482,280
Sheriff's department	2,226,543	1,706,569	2,262,476	1,810,935
Dispatch	771,969	503,822	760,246	486,276
Concord complex	17,958	17,958	831,473	(31,624)
Human services	13,442,604	13,318,330	13,694,761	13,569,591
Visitation	222,458	219,884	233,653	233,653
Department of corrections	14,876,669	14,446,348	14,689,759	14,176,986
Cooperative extension	398,701	398,701	373,996	373,996
MMC facilities	3,122,716	3,072,735	3,519,098	3,475,811
Health agencies	226,025	226,025	263,535	263,535
Nursing home	32,901,882	2,986,003	32,024,600	2,892,331
Debt service	1,053,534	1,053,534	1,725,524	1,725,524
Capital outlay	955,106	955,106	(21,324)	(21,324)
Miscellaneous	4,755,924	3,352,254	2,116,404	451,617
Other financing uses	30,112,719	1,929,102	1,481,548	1,481,548
Total expenses	$ 111,292,445	$ 48,825,540	$ 80,460,048	$ 45,624,744

The total cost of all governmental activities this year was $80,460,048; the total net cost was $45,624,744. The primary financing for these activities of the County was as follows:

General Revenues

- The amount that was paid by taxpayers through assessments to municipalities was $44,403,501.
- $384,154 was received from intergovernmental sources.
- An additional amount of $509,206 was received from miscellaneous fees and revenues.

Exhibit B-5 presents total program revenues as follows:

Exhibit B-5
PROGRAM REVENUES

Program	2015 Charges for Services	2015 Operating Grants and Contributions	2015 Total Program Revenue	2014 Total Program Revenue	Change
Nursing Home	$ 21,111,781	$ 8,020,488	$ 29,132,269	$ 29,915,879	$ (783,610)
Register of deeds	1,316,860	-	1,316,860	1,182,885	133,975
Human services	-	125,170	125,170	124,274	896
Sheriff	451,541	-	451,541	519,974	(68,433)
Dispatch	273,970	-	273,970	268,147	5,823
Corrections	508,929	3,844	512,773	430,321	82,452
County attorney	95,630	-	95,630	94,334	1,296
Pretrial diversion	90,668	86,814	177,482	101,246	76,236
Court security	178,438	-	178,438	190,003	(11,565)
Visitation	-	-	-	2,574	(2,574)
MMC facilities	32,954	10,333	43,287	49,981	(6,694)
Miscellaneous	863,097	1,664,787	2,527,884	1,403,670	1,124,214
Other financing sources	-	-	-	28,183,617	(28,183,617)
	$ 24,923,868	$ 9,911,436	$ 34,835,304	$ 62,466,905	$ (27,631,601)

Exhibit B-6 presents program expenses and comparative net program expenses as follows:

Exhibit B-6
TOTAL AND NET PROGRAM EXPENSES

	2015			2014	
Program	Program Expenses	Program Revenues	Net Program Expenses	Net Program Expenses	Change in Net Expenses
Purchasing	$ 265,925	$ -	$ 265,925	$ 295,231	$ (29,306)
Information technology	445,257	-	445,257	419,829	25,428
Pretrial diversion	934,780	177,482	757,298	783,985	(26,687)
Delegation	53,995	-	53,995	54,987	(992)
Administration	635,682	-	635,682	602,299	33,383
Administration/Acounting	358,806	-	358,806	336,908	21,898
County attorney	2,404,371	95,630	2,308,741	2,322,879	(14,138)
Register of deeds	744,765	1,316,860	(572,095)	(655,588)	83,493
Court security	660,718	178,438	482,280	478,639	3,641
Sheriff's department	2,262,476	451,541	1,810,935	1,706,569	104,366
Dispatch	760,246	273,970	486,276	503,822	(17,546)
Concord complex	831,473	863,097	(31,624)	17,958	(49,582)
Human services	13,694,761	125,170	13,569,591	13,318,330	251,261
Visitation	233,653	-	233,653	219,884	13,769
Corrections	14,689,759	512,773	14,176,986	14,446,348	(269,362)
Cooperative extension	373,996	-	373,996	398,701	(24,705)
MMC facilities	3,519,098	43,287	3,475,811	3,072,735	403,076
Health agencies	263,535	-	263,535	226,025	37,510
Nursing home	32,024,600	29,132,269	2,892,331	2,986,003	(93,672)
Debt service	1,725,524	-	1,725,524	1,053,534	671,990
Capital outlay	(21,324)	-	(21,324)	955,106	(976,430)
Miscellaneous	2,116,404	1,664,787	451,617	3,352,254	(2,900,637)
Other financing uses	1,481,548	-	1,481,548	1,929,102	(447,554)
	$ 80,460,048	$ 34,835,304	$ 45,624,744	$ 48,825,540	$ (3,200,796)

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

Governmental Funds

General Fund

The general fund balance increased $1,896,434 during the year from a balance of $14,131,732 at December 31, 2014 to $16,028,166 at December 31, 2015. The December 31, 2015 fund balance consisted of $421,186 in non-spendable prepaid expenses and inventories, and an unassigned fund balance in the amount of $15,606,980.

Nonmajor Funds

JAG Grant Fund

The JAG grant fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The JAG grant fund is classified as a special revenue fund. The JAG grant is operated on a cost reimbursement basis.

Dispatch Reserve Fund

The dispatch reserve fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The dispatch reserve fund is classified as a special revenue fund. The dispatch reserve fund was established in 1990 for the purpose of upgrades and purchase of equipment for dispatch. The dispatch reserve fund balance at December 31, 2015 is $264,109.

Federal Equitable Sharing Grant

The federal equitable sharing grant fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The federal equitable sharing grant fund is classified as a special revenue fund. The fund was established to account for a grant, and is operated on a cost reimbursement basis.

Deeds Surcharge Fund

The deeds surcharge fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The deeds surcharge fund is classified as a special revenue fund. It is funded through a $2 surcharge on each document recorded at the register of deeds and is to be used for replacement of equipment at the register of deeds office. During the year $40,000 of the fund was used to pay for the lease of computer equipment. The deeds surcharge fund balance at December 31, 2015 is $2,484.

Child Advocacy Grant

The child advocacy grant fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The child advocacy grant fund is classified as a special revenue fund. The fund was established to account for a grant, and is operated on a cost reimbursement basis.

Domestic Violence Fund

The domestic violence fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The domestic violence fund is classified as a special revenue fund. The fund was established to account for personnel who are trained in the domestic violence field to deal one on one with victims of domestic violence, and is operated on a cost reimbursement basis.

Visitation Grants Fund

The visitation & access grant fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The visitation & access grant fund is classified as a special revenue fund. The visitation & access grant fund was established to account for pass through money to other agencies and is operated on a cost reimbursement basis.

CDBG Grants Fund

The CDBG grants fund is aggregated in the category nonmajor governmental funds in the basic financial statements. The CDBG grants fund is classified as a special revenue fund. The CDBG grants fund was established to account for pass through monies received to fund community development projects within the county and is operated on a cost reimbursement basis.

Timber Conservation Fund

The timber conservation fund is classified as a special revenue fund and is aggregated in the category nonmajor governmental funds in the basic financial statements. The timber conservation fund was established to account for a deposit called for in a Timber Sale Agreement, to be returned after the terms of the Agreement are fully met. The sale has not yet occurred. The timber conservation fund balance at December 31, 2015 is $106,537.

Fiduciary Funds

Private-Purpose Trust Funds

McKenna Trust Fund

The McKenna trust fund accounts for assets held in trust for the benefit of residents of the nursing home. The net position at December 31, 2015 was $64,477.

Corrections Trust Fund

The corrections trust fund accounts for assets held in trust for the benefit of inmates at the county jail. The net position at December 31, 2015 was $38,881.

Gagnon Scholarship Trust Fund

The Gagnon scholarship trust fund accounts for assets held in trust for scholarships to be awarded to an employee of the Nursing Home who enrolls in a RN program. The net position at December 31, 2015 was $2,153.

Agency Funds

At year-end the County held agency fund monies due others were as follows:

Nursing home residents' savings	$	219,933
Corrections inmates' savings		12,515
Adult diversion restitution		414,121
Deeds fees due to others		1,032,917
	$	1,679,486

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Final Versus Original Budget Comparison

The original and final budget amounts varied by $564,000, which represents an amount committed by the Commissioners.

Actual Versus Final Budget Comparison

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

- Actual inflows (resources) were more than the budgetary revenue estimates by $11,840,127. A significant portion of this budgetary excess resulted from actual fund balance exceeding the amount used to reduce the county assessment to towns/cities in the amount of $9,567,732. Other significant variances with revenue estimates included, nursing home revenues in the amount of $1,566,590.
- Actual total outflows, (expenditures or charges to appropriations), were less than the budgeted appropriations by $4,188,039. The most significant variances to voted appropriations were corrections which were $1,432,058 under expended, and the nursing home which was $1,489,925 under expended.
- None of the currently known reasons for the budgetary variations are expected to have a significant effect on future services or liquidity.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2015, the County had invested $44,827,817 ($100,318,911 at cost or estimated cost less accumulated depreciation of $55,491,094) in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment as summarized in Exhibit C-1.

This amount represents a net decrease of 8.31% from the prior year. This year major changes are also summarized in Exhibit C-1.

Exhibit C-1
NET CAPITAL ASSETS AND MAJOR ADDITIONS

	Governmental Activities		
Net Capital Assets	**2014**	**2015**	**Change**
Land and improvements	$ 20,000	$ 20,000	0.00%
Buildings and improvements	92,936,871	92,306,332	-0.68%
Machinery and equipment	7,482,907	7,992,579	6.81%
Capital assets, at cost	100,439,778	100,318,911	-0.12%
Accumulated depreciation	51,547,876	55,491,094	7.65%
Capital assets, net	$ 48,891,902	$ 44,827,817	-8.31%
Increase (Decrease) in Capital Assets, Net		$ (4,064,085)	
Changes			
Buildings and improvements		$ 62,115	
Machinery and equipment additions		556,140	
Depreciation expense		(4,665,268)	
Gain (Loss) on Disposal		(17,072)	
		$ (4,064,085)	

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

Debt

At December 31, 2015, the County had $100,335,634 of long-term obligations ($103,495,634 in total obligations less the current portion of $3,160,000) as summarized in Exhibit C-2.

This amount represents a net increase of 0.75% over the prior year.

Exhibit C-2
LONG-TERM LIABILITIES

	Governmental Activities		
Long-Term Liabilities	**2014**	**2015**	**Change**
	(as restated)		
General obligation bonds	$ 43,765,000	$ 40,595,000	-7.24%
Compensated absences	2,346,490	2,451,415	4.47%
OPEB obligations	17,231,356	19,937,205	15.70%
Net pension liability	39,412,110	40,512,014	2.79%
	102,754,956	103,495,634	0.72%
Less current portion	(3,170,000)	(3,160,000)	-0.32%
	$ 99,584,956	$ 100,335,634	0.75%
Increase (Decrease), Net		$ 750,678	
Changes			
Principal payments on general obligation bonds		$ (3,170,000)	
Change in compensated absences		104,925	
Change in OPEB obligations		2,705,849	
Change in net pension liability		1,099,904	
Change in current portion		10,000	
		$ 750,678	

State law limits the amount of general obligation debt that the County may incur at any one time to 2% of the locally assessed valuation as equalized by the Commissioner of the New Hampshire Department of Revenue Administration. At December 31, 2015, the County was significantly below its legal debt limit of approximately $305,077,371.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

County management considered many factors when submitting the fiscal year 2016 budget to the county delegation.

The significant factors considered in preparing the 2016 budget were as follows:

The 2016 County budget reflects a 0.0% increase in the amount to be raised by taxes. As a result, County taxes have remained the same for three consecutive budget cycles dating back to fiscal year 2014. In order to set a 0.0% tax increase in 2016 a number of planned capital expenditures totaling $1,456,566 are combined and budgeted as an encumbrance to fund balance. In addition, the 2016 revenue budget is bolstered by $4,793,437 of existing fund balance.

County health insurance rates increased 4.5% for fiscal year 2016.

In 2015, the County refunded $478,723 to current and past employees as part of the Local Government Center settlement. The County was informed by HealthTrust there will be no settlement monies returned in 2016.

The County is exploring the concept of creating a community corrections program utilizing the vacant Edna McKenna corrections facility. An architectural study of the building is included in the 2016 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County Administrator, c/o Merrimack County Commissioners, 333 Daniel Webster Highway, Suite 2, Boscawen, NH 03303.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
December 31, 2015

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	$ 16,240,964
Receivables, net	2,374,123
Due from other governments	1,239,626
Internal balances due to/from other funds	51,378
Inventories	359,741
Prepaids	61,445
Capital assets:	
Land, improvements, and construction in progress	20,000
Other capital assets, net of accumulated depreciation	44,807,817
Total assets	65,155,094
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	1,965,270
Total deferred outflows of resources	1,965,270
LIABILITIES	
Accounts payable	927,092
Accrued expenses	1,551,121
Due to other governments	1,514,088
Deferred revenue	33,883
Current portion of long-term liabilities	3,160,000
Other liabilities	1,460
Bonds and notes payable	37,435,000
Compensated absences	2,451,415
Post employment health obligation	19,937,205
Net pension liability	40,512,014
Total liabilities	107,523,278
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - Advance refunding of debt	2,119,395
Deferred inflow - Pension	2,928,973
Total deferred inflows of resources	5,048,368
NET POSITION	
Net investment in capital assets	4,232,817
Restricted for:	
Nonmajor funds/other purposes	373,151
Unrestricted	(50,057,250)
Total net position	$ (45,451,282)

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

Statement of Activities
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Governmental Activities:					
Purchasing	$ 265,925	$ -	$ -	$ -	$ (265,925)
Information technology	445,257	-	-	-	(445,257)
Pretrial diversion	934,780	90,668	86,814	-	(757,298)
Delegation & Commissioners	53,995	-	-	-	(53,995)
Administration	635,682	-	-	-	(635,682)
Finance	358,806	-	-	-	(358,806)
County attorney	2,404,371	95,630	-	-	(2,308,741)
Register of deeds	744,765	1,316,860	-	-	572,095
Court security	660,718	178,438	-	-	(482,280)
Sheriff's department	2,262,476	451,541	-	-	(1,810,935)
Dispatch	760,246	273,970	-	-	(486,276)
Gerrish Manor	831,473	863,097	-	-	31,624
Human services	13,694,761	-	125,170	-	(13,569,591)
Visitation	233,653	-	-	-	(233,653)
Department of corrections	14,689,759	508,929	3,844	-	(14,176,986)
Cooperative Extension	373,996	-	-	-	(373,996)
MMC facilities	3,519,098	32,954	10,333	-	(3,475,811)
Health agencies	263,535	-	-	-	(263,535)
Nursing home administration	32,024,600	21,111,781	8,020,488	-	(2,892,331)
Debt service	1,725,524	-	-	-	(1,725,524)
Capital outlay	(21,324)	-	-	-	21,324
Miscellaneous	2,116,404	-	1,664,787	-	(451,617)
Other financing uses	1,481,548	-	-	-	(1,481,548)
Total governmental activities	$ 80,460,048	$ 24,923,868	$ 9,911,436	$ -	$ (45,624,744)
General Revenues:					
Assessments					$ 44,403,501
Grants and contributions not restricted to specific purposes:					
Intergovernmental					384,154
Miscellaneous					509,206
Total general revenues					45,296,861
Change in net position					(327,883)
Net position - beginning (as restated)					(45,123,399)
Net position - ending					$ (45,451,282)

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

Balance Sheet
Governmental Funds
December 31, 2015

Assets	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Current assets:			
Cash and cash equivalents	$ 15,972,375	$ 268,589	$ 16,240,964
Accounts receivable, net	2,351,900	22,223	2,374,123
Due from other governments	1,110,574	129,052	1,239,626
Due from other funds	18,630	109,288	127,918
Inventories	359,741	-	359,741
Prepaids	61,445	-	61,445
Total assets	$ 19,874,665	$ 529,152	$ 20,403,817
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 847,664	$ 79,428	$ 927,092
Accrued expenses	1,449,404	33	1,449,437
Due to other governments	1,514,088	-	1,514,088
Due to other funds	-	76,540	76,540
Deferred revenue	33,883	-	33,883
Other liabilities	1,460	-	1,460
Total liabilities	3,846,499	156,001	4,002,500
Fund balances:			
Reserved for:			
Nonspendable	421,186	-	421,186
Restricted	-	-	-
Committed	-	-	-
Assigned	-	373,151	373,151
Unassigned	15,606,980	-	15,606,980
Total fund balance	16,028,166	373,151	16,401,317
Total liabilities and fund balances	$ 19,874,665	$ 529,152	$ 20,403,817

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

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

Total Fund Balances - Governmental Funds		$ 16,401,317
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost	$ 100,318,911	
Less accumulated depreciation	(55,491,094)	44,827,817
Long-term liabilities, including bonds payable, are not due in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	(40,595,000)	
Compensated absences	(2,451,415)	
OPEB obligations	(19,937,205)	
Net pension liability	(40,512,014)	(103,495,634)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.		(101,684)
Deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds balance sheet:		
Deferred outflow - pension	1,965,270	
Deferred inflow - pension	(2,928,973)	
Deferred inflow - debt refinance	(2,119,395)	(3,083,098)
Total Net Position - Governmental Activities		$ (45,451,282)

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Assessments	$ 44,403,501	$ -	$ 44,403,501
Charges for services	3,769,603	42,484	3,812,087
Intergovernmental	650,275	412,525	1,062,800
Nursing home revenues	29,132,269	-	29,132,269
Miscellaneous	1,698,318	23,190	1,721,508
Total revenues	79,653,966	478,199	80,132,165
Expenditures			
Purchasing	264,617	-	264,617
Information technology	452,218	-	452,218
Pretrial diversion	930,720	-	930,720
Delegation & Commissioners	53,995	-	53,995
Administration	623,208	-	623,208
Finance	356,251	-	356,251
County attorney	2,400,426	-	2,400,426
Register of deeds	688,853	40,000	728,853
Court security	660,718	-	660,718
Sheriff's department	2,282,287	-	2,282,287
Dispatch	796,401	-	796,401
Gerrish Manor	831,473	-	831,473
Human services	13,694,083	-	13,694,083
Visitation	231,347	-	231,347
Department of corrections	13,431,131	-	13,431,131
Cooperative Extension	401,384	-	401,384
MMC facilities	3,078,993	-	3,078,993
Health agencies	263,535	-	263,535
Nursing home administration	29,539,887	-	29,539,887
Debt service	4,895,524	-	4,895,524
Miscellaneous	1,461,622	660,077	2,121,699
Total expenditures	77,338,673	700,077	78,038,750
Excess (deficiency) of revenues over expenditures	2,315,293	(221,878)	2,093,415
Other Financing Sources (Uses)			
Transfers in	-	418,859	418,859
Transfers out	(418,859)	-	(418,859)
Total other financing sources (uses)	(418,859)	418,859	-
Net change in fund balances	1,896,434	196,981	2,093,415
Fund balances - beginning of year	14,131,732	176,170	14,307,902
Fund balances - end of year	$ 16,028,166	$ 373,151	$ 16,401,317

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

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

Total Net Change in Fund Balances - Governmental Funds		$ 2,093,415
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlays	$ 618,255	
Depreciation expense	(4,665,268)	
Gain (Loss) on disposal of assets	(17,072)	(4,064,085)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal on bonds, including payment to refunding bond escrow	3,170,000	
Principal on capital leases	-	3,170,000
Interest on long-term liabilities in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due. In the statement of activities, however, interest expense is accrued.		
Change in accrued interest (increase) decrease		(56,449)
In the statement of activities, certain operating expenses are measured by the amounts earned/used during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
Compensated absences (increase) decrease	(104,925)	
OPEB obligation (increase) decrease	(2,705,849)	
Net pension liability (increase) decrease	(1,099,904)	(3,910,678)
The change in deferred inflows and outflows from the *Schedule of Pension Amounts by Employer* related to the New Hampshire Retirement System Cost-Sharing Employer Defined Benefit Pension Plan and from debt refinancing are reported against pension expense and other financing uses in the governmental activities.		
Deferred inflows - pension (increase) decrease	2,131,693	
Deferred inflows - debt refinance (increase) decrease	220,148	
Deferred outflows - pension increase (decrease)	94,361	2,446,202
Deposit for an office space is reported as an expenditure, but is reported as a current asset in the statement of net position.		(6,288)
Change in Net Position of Governmental Activities		$ (327,883)

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

Statement of Net Position
Fiduciary Funds
December 31, 2015

	Total Private Purpose Trusts	Total Agency Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents	$ 162,284	$ 1,265,365	$ 1,427,649
Receivables, net	-	411,485	411,485
Due from other funds	-	2,636	2,636
Total assets	162,284	1,679,486	1,841,770
Liabilities			
Accounts payable	2,759	2,636	5,395
Due to other governments	-	945,939	945,939
Due to other funds	54,014	-	54,014
Other liabilities	-	730,911	730,911
Total liabilities	56,773	1,679,486	1,736,259
Net Position			
Held in trust	105,511	-	105,511
Total net position	$ 105,511	$ -	$ 105,511

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

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

	McKenna Trust	Corrections Trust	Gagnon Scholarship Trust	Total Private Purpose Trust Funds
Additions				
Charges for services	$ -	$ -	$ -	$ -
Miscellaneous	22,249	20,536	76	42,861
Total additions	22,249	20,536	76	42,861
Deductions				
Miscellaneous	20,683	30,473	-	51,156
Total deductions	20,683	30,473	-	51,156
Change in net position	1,566	(9,937)	76	(8,295)
Net position - beginning of year	62,911	48,818	2,077	113,806
Net position - end of year	$ 64,477	$ 38,881	$ 2,153	$ 105,511

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Merrimack ("County" or "Government") have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to government units, except as disclosed. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also require to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. The more significant of the generally accepted accounting principles applicable to the County, and the County's conformity with such principles, are described below.

A. THE REPORTING ENTITY

The County of Merrimack operates under the Delegation – Commissioner form of government and provides County services as authorized by state statutes. As required by GAAP, specifically Statement #14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," these financial statements are required to present the County of Merrimack (the "primary government") and its "component units" (if any). A primary government is defined by the GASB as any state government or general purpose local government. Additionally, a primary government may also consist of a special-purpose government (such as a school district) that meets all of the following criteria: (a) it has a separately elected governing body; (b) it is legally separate; and (c) it is fiscally independent of other governments.

A component unit is defined by the GASB as a legally separate organization for which the elected officials of the primary government are "financially accountable." The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is "fiscally dependent" on the primary government. Fiscal independency is defined by the GASB as the ability to complete certain essential fiscal events without substantive approval by a primary government; (a) determine its budget without another government's having the authority to approve and modify that budget, (b) levy taxes or set rates or charges without approval by another government, and (c) issue bonded debt without approval by another government. Based upon the application of these criteria, there were no potential component unit's identified in defining the County's reporting entity.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Funds are classified into three major categories: Governmental, Proprietary and Fiduciary.

Fund financial statements focus on major funds of the primary government in contrast to the governmental and business type (if any) activities reported in the government-wide financial statements. Major funds represent the government's most important funds and are determined based on a minimum criteria set forth in GASB 34 (numerical formula using total assets, liabilities, revenues, or expenditures/expenses of either fund category or activity combined). The general fund is always required to be reported as major fund. The following fund types are used by the County:

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

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

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

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

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government programs. This includes nonexpendable trust funds that were reported as fiduciary trust funds prior to the implementation of GASB No. 34.

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

   Private Purpose Trust Funds are used to report trust arrangements under which the assets are essentially held in trust for someone outside the reporting entity.

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

D. BASIS OF ACCOUNTING

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

E. BUDGETS

Governmental revenues and expenditures are controlled by a formal integrated budgetary system which is substantially consistent with applicable State finance-related laws and regulations which govern the County's operations. The County budget is voted on at the delegation meeting. The New Hampshire Department of Revenue Administration utilizes the adopted County budget, and other town, school, and (sometimes) precinct tax assessment information, to calculate, determine and establish the annual tax rate of the town(s) against which the County assessment(s) are made. State legislation also requires balanced budgets and, in most cases, the use of the beginning general fund unreserved fund balance to reduce the amount of the subsequent County assessment to be made. For the County fiscal year ended December 31, 2015, $4,000,000 in beginning general fund unassigned fund balance was used to reduce the County assessment.

F. ASSETS, LIABILITIES, AND NET POSITION

Cash and Cash Equivalents and Investments

Cash and equivalent accounts include amounts in demand and savings account deposits, certificates of deposit or short-term investments with an original maturity date of three months or less.

Investments are reported at fair value. Fair value is based on quoted market price.

Interfund Activity

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

Inventories

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

Capital Assets

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

ASSET	Capitalization Threshold	Estimated Useful Lives
Land improvements	$ 5,000	20
Buildings and improvements	$ 5,000	20-50
Machinery, equipment and other	$ 500	5-20
Vehicles	All	8-10

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

Long-term Obligations

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

Compensated Absences

County employees are sometimes entitled to certain compensated absences based, in part, on their length of employment. In accordance with GASB Statement #16, "Accounting for Compensated Absences", compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Compensated absences are generally calculated in accordance with the specific requirements of collective bargaining agreements or personnel policies and can include (a) vacation leave, (b) sick leave, or (c) severance and retirement bonus packages.

Pensions

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

Governmental Fund Equity and Fund Balance Policy

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

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

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

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

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

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

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

The county has adopted a policy regarding the maintenance of a minimum unassigned fund balance in the amount of 5%-8% of the current operating budget.

Revenues

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

General revenues on the Statement of Activities include the County assessment (levied by the appropriate local governments as property taxes) and various other sources that are not program revenues (charges for services, or related to operating or capital grant programs).

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Legal Debt Limit

Per state statute, the County may not incur debt at any one time in excess of 2% of it's locally assessed valuation (for all municipalities included in the County) as last equalized by the Commissioner of the New Hampshire Department of Revenue Administration.

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

Risk Management

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees and natural disasters. The County participates in both the Workers' Compensation and Property/Liability programs of the "New Hampshire Public Risk Management Exchange" (Primex), a "Public Entity Risk Pool". Settled claims, if any, have not exceeded the County's coverage in any of the past three fiscal years. Primex is a pooled risk management program under RSA 5-B and RSA 281-A. The Primex board has determined to totally retain the risk exposure for workers' compensation and has allocated funds based on actuarial analysis for that purpose. The County shares in contributing to the cost of, and receiving the benefits from, a self-insured pooled risk management program. The member participation agreement permits Primex to make additional assessments to members, should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. For the year ended December 31, 2015, Primex foresees no likelihood of an assessment for this or any prior year.

Claims, Judgments and Contingent Liabilities

Grant Programs

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

Litigation

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Statement of net position:		
Cash and investments	$	16,240,964
Fiduciary funds:		
Cash and investments		1,427,649
	$	17,668,613

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

Cash on hand	$	1,170
Deposits with financial institutions		17,667,443
Investments		-
	$	17,668,613

Credit Risk - Deposits

In accordance with RSA 29:1 the county treasurer shall deposit all county moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22 or in solvent banks in the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the regional federal reserve bank collateral security for such deposits, United States government obligations, United States government agency obligations, or obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case. The amount of collected funds on deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus.

Credit Risk - Investments

In accordance with RSA 29:1 whenever the county treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the treasurer shall, with the approval of the commissioners, invest the same in obligations of the United States government, in participation units in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under the laws of the state of New Hampshire or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the state of New Hampshire or in banks recognized by the state treasurer. Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment, an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the County.

The county did not report any investments as of December 31, 2015.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk on deposits. As of December 31, 2015, $1,377,258 of the County's bank balance of $20,040,767 was covered by FDIC insurance while $17,750,929 of the balances held in TD Bank was collateralized by a Letter of Credit Trust Agreement established in the County's favor by TD Bank, N.A., as Trustor, and the Bank of New York Mellon, as Letter of Credit Trustee. $408,187 of the deposits in Franklin Savings Bank were secured by a collateralization agreement, and $504,393 of the counties deposits were collateralized by a repurchase agreement.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities (at cost)				
Capital assets not being depreciated:				
Land and improvements	$ 20,000	$ -	$ -	$ 20,000
	20,000	-	-	20,000
Capital assets being depreciated:				
Buildings and improvements	92,936,871	(535,724)	94,815	92,306,332
Machinery and equipment	7,482,907	1,153,979	644,307	7,992,579
	100,419,778	618,255	739,122	100,298,911
Less accumulated depreciation:				
Buildings and improvements	46,233,738	3,640,684	121,912	49,752,510
Machinery and equipment	5,314,138	1,024,584	600,138	5,738,584
Accumulated depreciation	51,547,876	4,665,268	722,050	55,491,094
Capital assets being depreciated, net	48,871,902	(4,047,013)	17,072	44,807,817
Governmental activities capital assets, Net of accumulated depreciation	$ 48,891,902	$ (4,047,013)	$ 17,072	$ 44,827,817

Depreciation expense for the year ended December 31, 2015 $ 4,665,268

Depreciation expense was charged as direct expense to programs of the primary government as follows:

	Depreciation Allocation
Purchasing	$ 1,307
Information technology	43,004
Pretrial diversion	4,056
Administration	6,775
Administration/Accounting	11,168
County attorney	10,318
Register of deeds	33,694
Sheriff's department	122,303
Dispatch	27,899
Human services	677
Visitation	2,306
Department of corrections	1,321,461
MMC facilities	536,114
Nursing home	2,535,162
Other	9,024
Total capital assets being depreciated	$ 4,665,268

NOTE 5 - LONG-TERM LIABILITIES

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

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

	General Obligation Bonds	Compensated Absences and Retirement Bonus	OPEB Obligation	Net Pension Liability	Total
				(as restated)	
Beginning balance	$ 43,765,000	$ 2,346,490	$ 17,231,356	$ 39,412,110	$ 102,754,956
Additions	-	104,925	2,705,849	1,099,904	3,910,678
Reductions	(3,170,000)	-	-	-	(3,170,000)
Ending balance	40,595,000	2,451,415	19,937,205	40,512,014	103,495,634
Current portion	3,160,000	-	-	-	3,160,000
Noncurrent portion	37,435,000	2,451,415	19,937,205	40,512,014	100,335,634
	$ 40,595,000	$ 2,451,415	$ 19,937,205	$ 40,512,014	$ 103,495,634

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

	Issue Year	Interest Rate	Maturity Date	Original Amount of Issue	Amount Outstanding 12/31/15
General Obligation Bonds					
Nursing home building	2006	4.47	2031	$ 23,000,000	$ 920,000
Nursing home building	2007	4.13 - 5.00	2032	23,000,000	1,840,000
Refunding Debt	2012	2.706	2024	13,955,000	11,285,000
Refunding Debt	2014	2.691	2032	26,550,000	26,550,000
					40,595,000
Other Long-Term Obligations					
Compensated absences - General					1,666,156
Compensated absences - Nursing					785,259
OPEB obligation					19,937,205
Net pension liability					40,512,014
					62,900,634
					$ 103,495,634

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

Year	Principal	Interest	Total
2016	$ 3,160,000	$ 1,712,350	$ 4,872,350
2017	3,155,000	1,579,338	4,734,338
2018	3,120,000	1,473,588	4,593,588
2019	3,095,000	1,366,788	4,461,788
2020	3,075,000	1,250,888	4,325,888
After	24,990,000	5,954,759	30,944,759
	$ 40,595,000	$ 13,337,711	$ 53,932,711

NOTE 6 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental Receivables

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

	General Fund	Nonmajor Governmental Funds
State of New Hampshire		
Quarterly bed tax reimb	$ 1,007,113	
Pass through grants	-	$ 129,052
Other	67,771	-
US Government		
US Marshall's office	35,690	-
	$ 1,110,574	$ 129,052

Intergovernmental Payables

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

	General Fund	Agency Funds
State of New Hampshire		
Real estate transfer taxes	$ -	$ 945,939
4th Qtr Bed Tax	-	-
DHHS - Human service costs	-	-
	$ -	$ 945,939

General fund intergovernmental payables are due to the State of NH for the 4th quarter bed tax assessment to the nursing home based on revenues for the quarter and for the December human service bill from the Dept. of Health and Human Services. Agency fund intergovernmental payables are due to the NH Department of Revenue Administration for real estate transfer taxes collected on behalf of the state.

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Individual interfund balances at December 31, 2015 consisted of the following:

	Due From	Due To
Major Funds:		
General fund	$ 18,630	$ -
Nonmajor Funds:		
JAG grant	-	40,222
Dispatch reserve	-	4,480
Nursing home grant	246	-
Deeds surcharge	2,484	-
Child advocacy grant	-	13,308
Domestic violence	-	7,500
Justice for families	-	11,030
Timber conservation	106,537	-
Federal equitable sharing	21	-
Fiduciary Funds:		
Private purpose trust funds	-	54,014
Agency funds	2,636	-
	$ 130,554	$ 130,554

Balances resulted from the time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments or offsets between funds are completed.

Individual interfund transfers for the year ended December 31, 2015 consisted of the following:

	Transfers In	Transfers Out
Major Funds:		
General fund	$ -	$ 418,859
Nonmajor Funds:		
Governmental funds	418,859	-
Fiduciary Funds:		
Private purpose trust funds	-	-
Agency funds	-	-
	$ 418,859	$ 418,859

The County makes routine transfers during the year between the general fund and other funds based upon statutory or budgetary authorization. There were no significant transfers made during the year that were not routine or were inconsistent with the activities of the fund making the transfer.

NOTE 8 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency (employees may borrow against it and do have ROTH options, as well). Accounting and reporting for the plan is done in accordance with GASB No. #32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The plan assets are administered by a nongovernmental third party and the plan administrator invests plan assets at the direction of the plan's participants, not the County. As a result, the plan is not reported within these financial statements.

NOTE 9 - EMPLOYEE AND COLLECTIVE BARGAINING AGREEMENTS

The County regularly enters into long-term agreements, as a result of collective bargaining, with the State Employees' Association of New Hampshire, Inc., Local 1984, representing the Merrimack County Department of Corrections employees; and the International Chemical Workers Union Council, United Food and Commercial Workers Union, Local 1046, representing Merrimack County Nursing Home employees as identified in Article 1 A of the agreement. The financial costs of such agreements, which consist of both compensation amounts and fringe benefits (health, dental, group life and disability insurance's and sick-vacation-personal day absences) must be ratified by both the County delegation, (funding approval) and the County commissioners, (contract execution).

NOTE 10 - PENSION PLAN

The County participates in the New Hampshire Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan and trust established in 1967 by RSA 100-A:2 administered by a Board of Trustees. The plan is a contributory plan that provides service, disability, death and vested retirement benefits to members and their beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

The System is funded by contributions from both the employees and the County. Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the System Board of Trustees based on an actuarial valuation. Group I Plan members (employees and teachers) are required to contribute 7.0% of their earnable compensation; Group II Police members contribute 11.55% of earnable compensation and the County is required to contribute at an actuarially determined rate. The County's contribution rates as of December 31, 2015 were 11.17% for Employees, 26.38% for Group II Policemen, and 29.16% for Group II Firemen, if applicable, of covered payroll, respectively. The County's contributions to the System for the years ending December 31, 2015, 2014, and 2013 were $3,835,190, $3,916,901, and $3,324,936, respectively, equal to the required contributions for each year.

NOTE 11 – PROPORTIONATE SHARE OF NET PENSION LIABILITY

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

General Information about the Pension Plan

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

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

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

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

Group II members who are 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC, times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by ¼ of 1% or age 60.

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

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

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

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

As of December 31, 2015, the County reported a liability of $40,512,014 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 County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating members, actuarially determined. At June 30, 2015, the County's proportion was 1.02263631 percent, which was a decrease of 0.02734929 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense of $2,399,033. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 888,996
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	1,082,733
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	957,244
Employer contributions subsequent to the measurement date	1,965,270	-
Total	$ 1,965,270	$ 2,928,973

$1,965,270 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Amount
2016	$ (650,250)
2017	(650,250)
2018	(650,250)
2019	(650,250)
2020	-
Thereafter	-
Total	$ (2,601,000)

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

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

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

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

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

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

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

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

	1% Decrease to 6.75%	Current single rate assumption 7.75%	1% Increase to 8.75%
Employer's proportionate share of the net pension liability:			
June 30, 2015	$ 53,328,797	$ 40,512,014	$ 29,585,626
June 30, 2014	$ 51,912,156	$ 39,412,110	$ 28,866,444

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

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

NOTE 12 - POST-RETIREMENT HEALTH CARE

The County has adopted GASBS No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The statement requires governments to account for other post-employment benefits (OPEB) on the accrual basis rather than on a pay-as-you-go basis. The County provides post-employment health-care and dental benefits to eligible employees in accordance with the collective bargaining agreements identified in Note 10, and County personnel policies. Significant provisions of the plan include;

Benefits Provided

The County provides medical benefits to eligible retirees at a percentage of the monthly premium based upon the number of years of service at the time of retirement. The same medical benefit options are available to retirees as are offered to active employees. The description of the benefits are defined in the agreements with The International Chemical Workers Union Council, United Food and Chemical Workers Union, Local 1046 (ICWUC); National Corrections Employee Union (NCEU) and county personnel policies for classified and unclassified employees not covered by union agreements.

Eligibility

All NHRS Group I employees are eligible to receive lifetime retiree health benefits once they meet the following eligibility requirements:

1. Hired prior to July 1, 2011 – earlier of:
    a. Age 60; or
    b. Age 50 with 10 years of service; or
    c. 20 years of service and rule of 70 age and service combination
2. Hired on/after July 1, 2011 – earlier of:
    a. Age 65; or
    b. Age 60 with 30 years of service

In addition to the eligibility requirements above, employees belonging in the following groups must have been employed full-time by the County on a continual basis for ten years at the time of retirement to be eligible for retiree health care coverage:

- ICWUC and Non-Union employees belonging who were hired on/after January 1, 1997
- NCEU employees regardless of hire date

All NHRS Group II employees are eligible to receive lifetime retiree benefits once they meet the following eligibility requirements:

1. Hired prior to July 1, 2011 – earlier of:
    a. Age 45 with 20 years of service; or
    b. Age 60
2. Hired on/after July 1, 2011 – earlier of:
    a. Age 50 with 25 years of service (reduced early retirement)
    b. Age 52.5 with 25 years of service
    c. Age 60

In addition to the eligibility requirements above, NCEU employees belonging in Group II must have been employed full-time by the County on a continual basis for ten years at the time of retirement to be eligible for retiree health care coverage.

County Explicit Subsidy

The County's explicit subsidy for single coverage follows the table below.

ICWUC/Non-Union Employees

Hired prior to January 1, 1997		Hired on/after January 1, 1997	
Years of Continuous Service	% Premium paid by the County	Years of Continuous Service	% Premium paid by the County
<10	0%	<20	0%
10 - 14	50%	20 - 29	50%
15 - 19	75%	30+	75%
20+	100%		

NCEU Employees

Hired prior to April16, 2009		Hired on/after April 6, 2009	
Years of Continuous Service	% Premium paid by the County	Years of Continuous Service	% Premium paid by the County
<10	0%	<20	0%
10 - 14	50%	20 - 29	50%
15 - 19	75%	30+	75%
20+	100%		

The table above applies to medical and dental benefits.

There is no County explicit subsidy for dependent coverage.

Retiree Cost Sharing

Retirees are responsible for the portion of premium rates not covered by the County's explicit subsidy.

New Hampshire Retirement System (NHRS) Subsidy Eligibility

Group I members who retire at the earlier of: (a) age 60 with 20 years of service, or (b) age 55 with 30 years of service are eligible for the NHRS medical subsidy.

Additionally:

1. Member must have accumulated at least 20 years of medical subsidy eligible credible service as a Group I member or political subdivision employee as of July 1, 2008, and be eligible to retire on July 1, 2008, and retire on/before July 1, 2009.
2. If the qualified retiree has at least 30 years of creditable service as of July 1, 2008, eligibility for medical subsidy begins at age 55 or date of retirement, whichever is later.
3. Vested deferred members must have retired by July 1, 2008 in order to be eligible for the NHRS subsidy.

Group II Members who are (a) active or (b) retired as of June 30, 2000 who meet the following requirements are eligible for the NHRS subsidy:

1. Retire at age 45 with 20 years of service; or
2. Retire at age 60 (no service requirement); or
3. Retire on ordinary disability.

An employee who became a Group II member before July 1, 2005 and retires on Accidental Disability is eligible for NHRS subsidy. Those retiring on vested deferred retirement do not qualify for the subsidy.

NHRS Subsidy Benefit

NHRS will pay the minimum of the health insurance premium or the medical subsidy amount as shown below:

Under 65 $ 375.56
Age 65 and over $ 236.84

Spouse Benefit

Coverage continues to surviving spouse upon death of the retiree or active employee who is eligible to retire.

Dental Benefit

The monthly premium rates effective on January 1, 2015 are as shown below.

	Single	2 - Person
Northeast Delta Dental	$ 28.88	$ 53.82

Medical Benefit

Same benefit options are available to retirees as active employees. Merrimack County has two benefit options for ICWUC and Non-Union employees and another two benefit options for NCEU employees. All benefit options are fully-insured and experience-rated.

The monthly premium rates by plan effective on January 1, 2015 are as shown below.

	ICWUC and Non-Union		NCEU	
	Single	2 - Person	Single	2 - Person
Blue Choice	$ 806.18	$ 1,612.36	$ 861.94	$ 1,723.89
BC Deductible	$ 758.35	$ 1,516.69	NA	NA
Matthew Thornton	$ 748.54	$ 1,497.08	$ 787.91	$ 1,575.83
MT Deductible	$ 700.63	$ 1,401.27	NA	NA
PPO	$ 850.27	$ 1,700.53	$ 894.95	$ 1,789.91
Medicomp III with rx	$ 498.83	$ 997.66	$ 525.10	$ 1,050.20
Medicomp III without rx	$ 199.49	$ 398.98	$ 199.49	$ 398.98

For GASB valuation purposes:

- At retirement, 50% of employees who currently have no health care coverage are assumed to elect Blue Choice plan if they are NCEU employees and Matthew Thornton plan for all others.

County and NHRS Subsidy Coordination

For a retiree who is eligible for the County and NHRS subsidies, the order of payment is NHRS subsidy first then the County. Retiree will then pay the remaining balance. Below is an example of the subsidy payment coordination for a Non-Union Group II retiree eligible for NHRS subsidy, enrolled in the Matthew Thornton plan, hired before January 1, 1997 and retired with 15 years of service.

		Before age 65	After age 65
(A)	Full medical premium	$ 748.54	$ 498.83
(B)	Full dental premium	$ 28.88	$ 28.88
(C)	Total premium (A) + (B)	$ 777.42	$ 527.71
(D)	County subsidy %	75%	75%
(E)	NHRS subsidy	$ 375.56	$ 236.84
(F)	County subsidy (D) x [(C) - (E)]	$ 301.40	$ 218.15
(G)	Retiree contribution (C) - (E) - (F)	$ 100.46	$ 72.72

Annual OPEB Costs and Net OPEB Obligation

Annual Required Contribution (ARC)		
Normal cost as of beginning of year	$	1,847,220
Amortization of UAAL for 30 years		1,846,928
Adjustment for timing		166,237
Total Annual Required Contribution		3,860,385
Interest on Net OPEB Obligation		775,411
NOO amortization adjustment to the ARC		(734,456)
Annual OPEB Cost		3,901,340
Total annual employer contribution pay-as-you-go (estimate)		(1,195,491)
Total annual employer contribution for pre-funding		-
Increase (Decrease) in net OPEB obligation		2,705,849
Net OPEB Obligation beginning of year		17,231,356
Net OPEB Obligation as of end of year	$	19,937,205

The County's net OPEB obligation at December 31, 2015 is reported as a liability on the Statement of Net Position.

Actuarial Accrued Liability

Unfunded Actuarial Accrued Liability (UAAL)		
AAL as of end of year	$	45,281,424
Actuarial value of assets as of end of year		-
Unfunded actuarial accrued liability	$	45,281,424
Covered Payroll	$	24,073,759
UAAL as a % of covered payroll		188.1%

Actuarial Methods and Assumptions

The actuarial assumptions used represent a reasonable long-term expectation of future OPEB outcomes. As national economic and county experience change over time, the assumptions will be tested for ongoing reasonableness and updated as necessary.

There are changes to the plan provisions and actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending December 31, 2012. Refer to the Detailed Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update health care trend rates and per capita costs again for the next full GASB valuation, which will be for the fiscal year ending December 31, 2016.

Measurement Date	December 31, 2015 with results that were actuarially rolled-back to January 1, 2015 on a "no loss/no gain" basis.
Discount Rate	4.5% unfunded.
Inflation Rate	3.0% per year.
Salary Scale	3.0% per year.
Cost Method	Projected Unit Credit with linear proration to decrement.
Amortization	Level % of pay over thirty years based on an open group.
Employer Funding Policy	Pay-as-you-go cash basis.
Census Data	Census data was provided by the County and it was collected as of February 2015. We have reviewed it for reasonableness and no material modifications were made.
Mortality	RPH-2014 Total Dataset Mortality Table fully generational using Scale MP 2014
Disability	None
Turnover Rate	Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months.

Sample annual turnover rates are shown below:

YOS	Age	ICWUC	NCEU	Non-Union
0	All ages	30%	20%	11%
1	All ages	20%	15%	11%
2+	25	9.7%	10.6%	4.7%
	35	8.7%	9.6%	4.0%
	45	6.4%	7.0%	2.9%
	55	1.5%	1.7%	0.3%

Retirement Rate

Annual retirement rates by NHRS group are as shown below:

	NHRS Group I				NHRS Group II		
Age	<10 YOS	10 - 19 YOS	20+ YOS	Age	<10 YOS	10 - 19 YOS	20+ YOS
50	0%	10%	10%	45 - 46	0%	0%	20%
51 - 56	0%	2%	5%	47 - 49	0%	0%	10%
57 - 59	0%	5%	10%	50	0%	0%	20%
60 - 61	0%	10%	20%	51 - 52	0%	0%	15%
62	0%	20%	40%	53 - 54	0%	0%	10%
63 - 64	0%	5%	20%	55 - 59	0%	0%	20%
65 - 66	0%	50%	50%	60	0%	50%	50%
67+	100%	100%	100%	61	0%	67%	67%
				62+	0%	100%	100%

Medical Trend Rates

FYE	Medical / RX	Dental
2015	9.0%	4.50%
2016	8.5%	4.25%
2017	8.0%	4.00%
2018	7.5%	3.75%
2019	7.0%	3.50%
2020	6.5%	3.50%
2021	6.0%	3.50%
2022	5.5%	3.50%
2023	5.0%	3.50%
2024+	4.5%	3.50%

NHRS Subsidy

NHRS subsidy is assumed to remain the same in the future.

Retiree Contributions

Retiree contributions are assumed to increase according to medical trend rates.

Health Care Coverage Election Rate

Active employees with current coverage: 100%
Active employees with no coverage: 50%
Spouse of active employees with current coverage: 50%
Spouse of active employees without current coverage: 50%
Inactive employees with current coverage: 100%
Inactive employees without no coverage: 0%

Spouse Coverage

50% of male employees and 55% of female employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives.
Actual spousal coverage and age is used for retirees.

NOTE 13 - FUND BALANCE COMPONENTS

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventories	$ 359,741	$ -	$ 359,741
Prepaid expenditures	61,445	-	61,445
Restricted:			
Grant restrictions	-	-	-
Committed:			
Governing body authority	-	-	-
Assigned:			
Dispatch reserve	-	264,109	264,109
Federal equitable sharing	-	21	21
Timber conservation	-	106,537	106,537
Deeds surcharge	-	2,484	2,484
Encumbrances	-	-	-
Unassigned:	15,606,980	-	15,606,980
	$ 16,028,166	$ 373,151	$ 16,401,317

NOTE 14 - RESTATEMENT OF NET POSITION

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

	Governmental Activities
Net position as of January 1, 2015	$ (2,521,532)
Proportionate share of net pension liabilities of the NHRS	(39,412,110)
Deferred outflows - pension contributions	1,870,909
Deferred inflows - pension	(5,060,666)
Net position as of January 1, 2015 - Restated	$ (45,123,399)

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance
Budgetary Fund Balance - Beginning	$ 4,000,000	$ 4,564,000	$ 14,131,732	$ 9,567,732
Resources (inflows):				
Assessment	44,403,501	44,403,501	44,403,501	-
Charges for services	3,497,357	3,497,357	3,769,603	272,246
Intergovernmental	572,534	572,534	650,275	77,741
Nursing home revenues	27,565,679	27,565,679	29,132,269	1,566,590
Miscellaneous	1,342,500	1,342,500	1,698,318	355,818
Total revenues available for appropriations	81,381,571	81,945,571	93,785,698	11,840,127
Charges to appropriations (outflows):				
Purchasing	$ 296,785	$ 296,785	$ 264,617	$ 32,168
Information technology	452,805	452,805	452,218	587
Pretrial diversion	957,432	957,432	930,720	26,712
Delegation	62,059	62,059	53,995	8,064
Administration	648,586	648,586	623,208	25,378
Finance	362,785	362,785	356,251	6,534
County attorney	2,555,146	2,555,146	2,400,426	154,720
Register of deeds	770,711	770,711	688,853	81,858
Court security	786,410	786,410	660,718	125,692
Sheriff's department	2,353,483	2,353,483	2,282,287	71,196
Dispatch	916,590	916,590	796,401	120,189
Gerrish Manor	903,236	903,236	831,473	71,763
Human services	13,755,476	13,755,476	13,694,083	61,393
Visitation	350,080	350,080	231,347	118,733
Department of corrections	14,863,189	14,863,189	13,431,131	1,432,058
Cooperative Extension Service	401,384	401,384	401,384	-
MMC facilities	3,251,134	3,251,134	3,078,993	172,141
Health agencies	263,535	263,535	263,535	-
Nursing home	31,029,812	31,029,812	29,539,887	1,489,925
Debt service	4,949,908	4,949,908	4,895,524	54,384
Operating transfers out	292,221	292,221	418,859	(126,638)
Miscellaneous	1,158,804	1,722,804	1,461,622	261,182
Total charges to appropriations	81,381,571	81,945,571	77,757,532	4,188,039
Budgetary Fund Balance - Ending	$ -	$ -	$ 16,028,166	$ 16,028,166

See the accompanying notes to the required supplementary information.

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrual Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Estimated Covered Payroll	UAAL as a Percentage of Covered Payroll (AAL)
January 1, 2013	$ -	$ 44,035,705	$ 44,035,705	0%	$ 23,175,836	190.00%
January 1, 2014	$ -	$ 45,757,925	$ 45,757,925	0%	$ 23,372,582	195.80%
January 1, 2015	$ -	$ 45,281,424	$ 45,281,424	0%	$ 24,073,759	188.10%

See the accompanying notes to the required supplementary information.

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

	2014	2015
County's proportion of the net pension liability (asset)	1.04998560%	1.02263631%
County's proportionate share of the net pension liability (asset)	$ 39,412,110	$ 40,512,014
County's covered-employee payroll	$ 25,582,018	$ 25,830,023
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.06%	156.84%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	65.47%

See the accompanying notes to the required supplementary information.

Schedule of County Contributions
Year Ended December 31, 2015

	2014	2015
Statutorily required pension contribution	$ 3,403,644	$ 3,432,831
Contributions reported by the PLAN	(3,406,396)	(3,430,824)
Contribution (deficiency) excess	$ (2,752)	$ 2,007
County's covered-employee payroll	$ 25,582,018	$ 25,830,023
Contributions as a percentage of covered-employee payroll	13.30%	13.29%

See the accompanying notes to the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - BUDGETARY INFORMATION

A. Original Budget

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

B. Budgetary Changes, Transfers, Encumbrances and Continuing Appropriations

Budgetary Changes

Budget changes may be approved by the executive committee.

Transfers

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

Encumbrances and Continuing Appropriations

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

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

C. Final Budget

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

NOTE 2 - EXPLANATION OF BUDGETARY TO GAAP DIFFERENCES

Basis and Timing Differences

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

Budgetary Fund	**General Fund**
Financial Statement Major Fund	**General Fund**
Sources / Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 93,785,698
Differences - Budget to GAAP:	
Budgetary inflows that are not revenues for financial reporting purposes	
Beginning unreserved fund (balance) deficit	(14,131,732)
Transfers from other funds	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 79,653,966
Uses / Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 77,757,532
Differences - Budget to GAAP:	
Budgetary outflows that are not expenditures for financial reporting purposes	
Transfers to other funds	(418,859)
Financial reporting expenditures that are not outflows for budgetary purposes	
Capital lease expenditure	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 77,338,673

NOTE 3 - SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

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

NOTE 4 – GASB 68 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

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

- **Schedule of the County's Proportionate Share of Net Pension Liability**
- **Schedule of County Contributions**

The information presented in the *Schedule of the County's Proportionate Share of Net Pension Liability* is determined as of the measurement date of the collective net pension liability based on the PLAN fiscal years ended June 30th.

The information presented in the *Schedule of County Contributions* is presented as of the PLAN's fiscal years ended June 30th.

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

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

(Continued next page)

Assets	JAG Grant	Federal Equitable Sharing	Dispatch Reserve	Nursing Home Grants	Deeds Surcharge
Current assets:					
Cash and cash equivalents	$ -	$ -	$ 268,589	$ -	$ -
Accounts receivable, net	-	-	-	-	-
Due from other governments	40,222	-	-	-	-
Due from other funds	-	21	-	246	2,484
Total assets	$ 40,222	$ 21	$ 268,589	$ 246	$ 2,484
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ 246	$ -
Accrued expenses	-	-	-	-	-
Due to other funds	40,222	-	4,480	-	-
Total liabilities	40,222	-	4,480	246	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	21	264,109	-	2,484
Unassigned	-	-	-	-	-
Total fund balances	-	21	264,109	-	2,484
Total liabilities and fund balances	$ 40,222	$ 21	$ 268,589	$ 246	$ 2,484

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Child Advocacy Grant	Domestic Violence	CDBG Grants	Timber Conservation	Justice for Families	Total Nonmajor Governmental Funds
	$ -	$ -	$ -	$ -	$ -	$ 268,589
	14,723	7,500	-	-	-	22,223
	-	-	77,800	-	11,030	129,052
	-	-	-	106,537	-	109,288
	$ 14,723	$ 7,500	$ 77,800	$ 106,537	$ 11,030	$ 529,152
	$ 1,382	$ -	$ 77,800	$ -	$ -	$ 79,428
	33	-	-	-	-	33
	13,308	7,500	-	-	11,030	76,540
	14,723	7,500	77,800	-	11,030	156,001
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	106,537	-	373,151
	-	-	-	-	-	-
	-	-	-	106,537	-	373,151
	$ 14,723	$ 7,500	$ 77,800	$ 106,537	$ 11,030	$ 529,152

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

(Continued next page)

	JAG Grant	Federal Equitable Sharing	Dispatch Reserve	Nursing Home Grants	Deeds Surcharge	Child Advocacy Grant	Domestic Violence
Revenues							
Charges for services	$ -	$ -	$ -	$ -	$ 42,484	$ -	$ -
Intergovernmental	80,759	-	-	-	-	30,424	30,000
Miscellaneous	-	690	179	10,500	-	11,821	-
Operating transfers in	17,643	-	150,000	-	-	207,146	44,070
Total Revenues	98,402	690	150,179	10,500	42,484	249,391	74,070
Expenditures							
Register of deeds	-	-	-	-	40,000	-	-
Miscellaneous	98,402	10,795	-	10,500	-	249,391	74,070
Total Expenditures	98,402	10,795	-	10,500	40,000	249,391	74,070
Excess (deficiency) of revenues over expenditures	-	(10,105)	150,179	-	2,484	-	-
Fund Balances - beginning of year	-	10,126	113,930	-	-	-	-
Fund Balance - end of year	$ -	$ 21	$ 264,109	$ -	$ 2,484	$ -	$ -

COUNTY OF MERRIMACK, NEW HAMPSHIRE

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

Visitation & Access Grants	CDBG Grants	Timber Conservation	Underage Drinking	Justice for Families	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 42,484
29,696	141,782	54,423	7,499	37,942	412,525
-	-	-	-	-	23,190
-	-	-	-	-	418,859
29,696	141,782	54,423	7,499	37,942	897,058
-	-	-	-	-	40,000
29,696	141,782	-	7,499	37,942	660,077
29,696	141,782	-	7,499	37,942	700,077
-	-	54,423	-	-	196,981
-	-	52,114	-	-	176,170
$ -	$ -	$ 106,537	$ -	$ -	$ 373,151

Combining Statement of Net Position
Fiduciary Funds
December 31, 2015

(Continued next page)

	McKenna Trust	Corrections Trust	Gagnon Scholarship Trust	Total Private Purpose Trusts
Assets				
Cash and cash equivalents	$ 86,120	$ 74,011	$ 2,153	$ 162,284
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	86,120	74,011	2,153	162,284
Liabilities				
Accounts payable	1,225	1,534	-	2,759
Due to other governments	-	-	-	-
Due to other funds	20,418	33,596	-	54,014
Other liabilities	-	-	-	-
Total liabilities	21,643	35,130	-	56,773
Net Position				
Held in trust	64,477	38,881	2,153	105,511
Total net position	$ 64,477	$ 38,881	$ 2,153	$ 105,511

Combining Statement of Net Position
Fiduciary Funds
December 31, 2015

Residents Fund	Inmates Fund	Adult Diversion \ Restitution	Deeds Transfer Tax	Total Agency Funds	Total Fiduciary Funds
$ 219,933	$ 12,515	$ -	$ 1,032,917	$ 1,265,365	$ 1,427,649
-	-	411,485	-	411,485	411,485
-	-	2,636	-	2,636	2,636
219,933	12,515	414,121	1,032,917	1,679,486	1,841,770
-	-	2,636	-	2,636	5,395
-	-	-	945,939	945,939	945,939
-	-	-	-	-	54,014
219,933	12,515	411,485	86,978	730,911	730,911
219,933	12,515	414,121	1,032,917	1,679,486	1,736,259
-	-	-	-	-	105,511
$ -	$ -	$ -	$ -	$ -	$ 105,511

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APPENDIX B

PROPOSED FORM
OF
LEGAL OPINION

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DEVINE MILLIMET

ATTORNEYS AT LAW

APPENDIX B

PROPOSED FORM OF LEGAL OPINION

(Closing Date)

Merrimack County
Office of the Commissioners
333 Daniel Webster Highway, Suite 2
Boscawen, New Hampshire 03303

Attn: Mr. Michael Rivard

RE: Merrimack County, New Hampshire (the "Issuer")
$17,000,000 2016 Tax Anticipation Notes Dated September __, 2016 (the "Notes")

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the Notes by the Issuer. In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Notes are valid and binding general obligations of the Issuer.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes.

3. (a) The interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative

minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. (b) We express no opinion regarding other federal tax consequences arising with respect to the Notes.

4. Interest on the Notes is exempt from the New Hampshire personal income tax on interest and dividends.

It is understood that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

DEVINE, MILLIMET & BRANCH
PROFESSIONAL ASSOCIATION

APPENDIX C

CONTINUING

DISCLOSURE CERTIFICATE

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APPENDIX C

MERRIMACK COUNTY, NEW HAMPSHIRE
(THE "ISSUER")

$17,000,000 2016 Tax Anticipation Notes
Dated September __, 2016 (the "Notes")

MATERIAL EVENTS DISCLOSURE CERTIFICATE

In connection with the issuance of the Notes by Issuer and pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), Issuer hereby covenants with and for the benefit of the holders of the Notes, that it will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, notice of the events specified in Section 5(i)(C) of the Rule, such events to include, without limitation:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

7. Modifications to rights of the holders of the Notes, if material;

8. Note calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Notes, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;*

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The sole remedy available to the owners of the Notes for the failure of Issuer to comply with any provision of this Certificate shall be an action for specific performance of Issuer's obligations under this Certificate; and no other person shall have any right to enforce any provision of this Certificate.

Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB to the MSRB's "EMMA" disclosure service and shall be accompanied by identifying information as prescribed by the MSRB. "EMMA" means the Electronic Municipal Market Access system of the MSRB for use in the collection and dissemination of information, which system the United States Securities and Exchange Commission has stated to be consistent with its Rule 15c2-12. Currently, the following is the website address for EMMA: emma.msrb.org.

The Issuer is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Issuer and the MSRB.

To the extent the Rule no longer requires Issuer to provide any of the information set forth in this Certificate, the obligation of Issuer to furnish such information shall cease immediately.

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* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Dated as of this ____ day of _____, 2016.

MERRIMACK COUNTY, NEW HAMPSHIRE

_____
Issuer's Treasurer

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