

TOWN OF TAMWORTH, NEW HAMPSHIRE

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
With Independent Auditor's Report Thereon

DECEMBER 31, 2013

TOWN OF TAMWORTH, NEW HAMPSHIRE

Table of Contents

December 31, 2013

	<u>PAGE(S)</u>
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	i-ii

Basic Financial Statements

Exhibit

Government Wide Financial Statements

Statement of Net Assets	A1	2
Statement of Activities.....	A2	3

Fund Financial Statements

Balance Sheet – Governmental Funds	B1	4
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	B2	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B3	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B4	7
Statement of Fiduciary Net Assets – Fiduciary Funds	B5	8
Notes to the Financial Statements		9-23

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	C1	24
Notes to Required Supplementary Information – Budgetary Reporting		25

Combining and Individual Fund Statements and Schedules

Schedule

GENERAL FUND

Schedule of Estimated and Actual Revenues	D1a	26-27
Schedule of Appropriations, Expenditures and Encumbrances.....	D1b	28-29

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet.....	D2a	30
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	D2b	31

AGENCY FUND

Schedule of Changes in Assets and Liabilities - All Agency Funds	D3	32
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The Mercier Group

a professional corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of the Selectboard and Management
Town of Tamworth, New Hampshire

Report on the Financial Statements. We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Tamworth, New Hampshire as of and for the year ended December 31, 2013, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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 evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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 opinion.

Opinions. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Tamworth, New Hampshire, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information. Management has not presented a *Management's Discussion and Analysis* of the financial statements. Although it is not required to be part of the basic financial statements, accounting principles generally accepted in the United States of America requires it along with the budgetary information presented in the section marked *Required Supplementary Information* to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 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.

Report on Combining and Individual Fund Statements and Schedules. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Paul J. Mercier, Jr. cpa for

The Mercier Group, *a professional corporation*

Canterbury, New Hampshire

March 28, 2013

Individual Fund Financial Statements and Schedules

Exhibit A1
TOWN OF TAWORTH, NEW HAMPSHIRE
Statement of Net Position
December 31, 2013

All numbers are expressed in USA Dollars

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	3,821,869
Investments	122
Receivables <i>(net of allowance for uncollectibles):</i>	
Taxes	956,894
Accounts	13,556
Intergovernmental	41,663
Prepays	13,537
Capital assets:	
Land	1,876,800
Buildings and other structures	1,661,300
Construction in progress	79,570
Improvements other than buildings	144,824
Equipment & furnishings	950,238
Vehicles	1,747,848
Infrastructure	49,455,504
Accumulated depreciation	(20,191,829)
	<u>40,571,896</u>
LIABILITIES	
Accounts payable and other current liabilities	415,324
Compensated absences payable	20,050
Intergovernmental payable	2,045,519
Deferred Revenues	842
Long-term obligations:	
Due within one year	
Bonds & notes payable	52,595
Landfill post-closure maintenance	17,400
Due Beyond one year:	
Bonds & notes payable	473,355
Landfill post-closure maintenance	174,000
	<u>3,199,085</u>
Net Position	
Net investment in capital assets	35,006,905
Restricted for:	
Special Revenue purposes	62,618
Capital & noncapital reserves	293,788
Permanent Funds:	
Nonspendable	243,682
Spendable for trust purposes	28,672
Enterprise fund purposes	
Unrestricted	<u>1,737,146</u>
	<u><u>37,372,811</u></u>

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

Exhibit A2
TOWN OF TAWORTH, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars.

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for	Operating	Changes in Net position
		Services	Grants and	Primary Government
			Contributions	Governmental
				Activities
Primary government:				
<i>Governmental activities:</i>				
General Government	407,794	14,591	167,061	(226,142)
Public safety	588,812	2,292	35,500	(551,020)
Highways and streets	863,061	700	107,552	(754,809)
Sanitation	164,933	43,595		(121,338)
Health	154,324			(154,324)
Welfare	11,900			(11,900)
Culture and recreation	233,471	10,990		(222,481)
Conservation	28,136			(28,136)
Interest on long-term debt	21,569			(21,569)
Depreciation-unallocated	174,152			(174,152)
	<u>2,648,152</u>	<u>72,168</u>	<u>310,113</u>	<u>(2,265,871)</u>
General revenues and transfers:				
Taxes:				
Property taxes, levied for general purposes				1,710,141
Property taxes, levied for debt services				74,164
Property taxes, levied for conservation purposes				5,000
Licenses and permits				448,510
Other local revenues				146,044
<i>Special items-</i>				
Adjustment for previously unrecorded capital assets				212,736
				<u>2,596,595</u>
Change in Net position				330,724
Net position - beginning				<u>37,042,087</u>
Net position - ending				<u><u>37,372,811</u></u>

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

Exhibit B1
TOWN OF TAWORTH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2013

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	3,190,076	293,788	338,005	3,821,869
Investments			122	122
Receivables				
Taxes	956,894		-	956,894
Accounts	13,556		-	13,556
Intergovernmental	35,500		6,163	41,663
Interfund receivable	6,692		-	6,692
Prepaid items	13,537		-	13,537
	<u>4,216,255</u>	<u>293,788</u>	<u>344,290</u>	<u>4,854,333</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	412,698		-	412,698
Accrued Liabilities			2,626	2,626
Interfund payable			6,692	6,692
Intergovernmental payable	2,045,519		-	2,045,519
Deferred revenue	400,842		-	400,842
	<u>2,859,059</u>	<u>-</u>	<u>9,318</u>	<u>2,868,377</u>
Fund balances:				
<i>Nonspendable</i>				
Prepaid items	13,537	-	-	13,537
Permanent fund - principal			243,682	243,682
<i>Restricted for</i>				
Permanent fund purposes			28,672	28,672
<i>Committed for</i>				
Special revenue purposes			62,618	62,618
Capital & noncapital reserves		293,788	-	293,788
Unassigned	1,343,659		-	1,343,659
	<u>1,357,196</u>	<u>293,788</u>	<u>334,972</u>	<u>1,985,956</u>
	<u>4,216,255</u>	<u>293,788</u>	<u>344,290</u>	<u>4,854,333</u>

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

Exhibit B2
TOWN OF TAWORTH, NEW HAMPSHIRE
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net position
December 31, 2013

All numbers are expressed in USA Dollars

Total Fund Balance - Governmental Funds (Exhibit B1) 1,985,956

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

*Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. These assets consist of:*

Land	1,876,800	
Buildings and other structures	1,661,300	
Construction in progress	79,570	
Improvements other than buildings	144,824	
Equipment & furnishings	950,238	
Vehicles	1,747,848	
Infrastructure	49,455,504	
Accumulated depreciation	<u>(20,191,829)</u>	
		35,724,255

*Receivables in the Balance Sheet that do not provide current financial resources
are deferred in the funds:*

Deferred Taxes		400,000
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*Some liabilities are not due and payable in the current period and
therefore are not reported in the funds. Those liabilities consist of:*

Notes payable	(525,950)	
Capital leases payable	-	
Landfill post-closure maintenance	(191,400)	
Post employment benefits payable	-	
Compensated absences (sick & vacation leave)	<u>(20,050)</u>	
		<u>(737,400)</u>
		<u><u>37,372,811</u></u>

Net Position of Governmental Activities (Exhibit A1)

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

Exhibit B3
TOWN OF TAWORTH, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	1,769,305		5,000	1,774,305
Licenses and permits	448,510		-	448,510
State support	285,571		-	285,571
Federal support	1,156		23,386	24,542
Charges for services	71,662		506	72,168
Other local sources	127,283	68	18,693	146,044
	2,703,487	68	47,585	2,751,140
EXPENDITURES				
Current:				
General Government	414,095		-	414,095
Public safety	588,812		-	588,812
Highways and streets	863,061		-	863,061
Sanitation	182,333		-	182,333
Health	154,324		-	154,324
Welfare	11,900		-	11,900
Culture and recreation	89,937		143,534	233,471
Conservation	6,066		22,070	28,136
Debt service				
Principal	52,595		-	52,595
Interest	21,569		-	21,569
Capital outlay	34,764		23,386	58,150
	2,419,456	-	188,990	2,608,446
Excess of revenues over(under) expenditures	284,031	68	(141,405)	142,694
OTHER FINANCING SOURCES (USES)				
Transfers in	529	100,000	134,453	234,982
Transfers out	(234,437)		(545)	(234,982)
	(233,908)	100,000	133,908	-
Net change in fund balances	50,123	100,068	(7,497)	142,694
Fund balances - beginning	1,307,073	193,720	342,469	1,843,262
Fund balances - ending	1,357,196	293,788	334,972	1,985,956

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

Exhibit B4
TOWN OF TAWORTH, NEW HAMPSHIRE
*Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities*
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

Net change in fund balances - total governmental funds (Exhibit B3) 142,694

Amounts reported for governmental activities in the
statement of activities (Exhibit A2) are different because:

*Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.*

Reduce expenditures for capital outlays increasing capital assets	58,150
Increase expenditures for depreciation charges	(174,152)

The net effect of various miscellaneous transactions involving capital assets:

Adjustment for previously unrecorded capital assets	212,736
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*Revenues in the statement of activities that do not provide current financial resources
are not reported as revenues in the funds.*

Increase(decrease) in Deferred Taxes	15,000
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*The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities.*

Reduction in expenditures for principal payments on debt	52,595
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*Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds.*

Decrease in landfill post-closure monitoring liabilities	17,400
Decrease in compensated absences payable	6,301

Change in net position of governmental activities (Exhibit A2)	330,724
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The notes to the financial statements are an integral part of these statements.

Exhibit B5
TOWN OF TAWORTH, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

All numbers are expressed in USA Dollars

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	70,109
Investments, at fair value	177,755
	<u>247,864</u>
LIABILITIES	
Agency deposits	247,864
	<u>247,864</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Tamworth is a New Hampshire Municipal Corporation governed by a Board of Selectmen and other elected officials. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies and its conformity with such principles are disclosed below. These disclosures are an integral part of the Town's financial statements.

FINANCIAL REPORTING ENTITY

The accompanying financial statements present the Town and its component units. A component unit is defined by GASB as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government is such that the exclusion would cause the reporting entity's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity and the Town is not a component unit of any other primary government.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues constitute the bulk of the Town's activities.

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

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

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes (property and other taxes), grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period when measurable and available. If any, only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital and Noncapital Reserves Fund* accounts for the Town's reserve funds which are committed for specific purposes

Additionally, the Town reports the following other fund type:

- The *Agency Fund* accounts for the assets held on behalf of the Tamworth School District, Yield Tax Depositors, Developers and the Tamworth Rescue Squad.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

General Budget Policies – General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all significant Special Revenue Funds. Project-length financial plans are adopted for all Capital Project Funds. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013, \$353,000 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. Since there were no encumbered funds as of the beginning or end of the fiscal year, amounts reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* were the same as those reported on a budgetary basis.

ASSETS, LIABILITIES AND FUND EQUITY

Deposits and Investments. For financial reporting purposes, cash and equivalents include amounts in demand deposits and money market funds, as well as certificates of deposit and short-term investments with original maturities of 90 days or less. With the exception of Library and Trust Fund monies, which are held by separately elected trustees, the Town Treasurer is required by State statute to have custody of all monies belonging to the Town and shall pay out the same only upon orders of the selectmen. The Town Treasurer shall deposit all such monies in solvent banks in the state or in participation units in the public deposit investment pool established pursuant to RSA 383:22. Funds may be deposited in banks outside the state if such banks pledge and deliver to the state treasurer as collateral security for such deposits in value at least equal to the amount of the deposit in each case.

Whenever the Town Treasurer has an excess of funds which are not immediately needed for the purpose of expenditure, State statutes require the Treasurer, with the approval of the Selectboard, to

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

invest the same in obligations of the United States government, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within this state or the Commonwealth of Massachusetts. Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

The Town Trustees are authorized by State statute to invest Trust Funds, including Capital Reserve Funds, in obligations of political subdivisions and stocks, bonds that are legal for investment by New Hampshire savings banks except mutual funds unless the mutual funds are registered with the Securities and Exchange Commission, qualified for sale in the State of New Hampshire in accordance with the New Hampshire Uniform Securities Act of the New Hampshire Secretary of State's Office, and have in their prospectus a stated investment policy that is consistent with the investment policy adopted by the Trustees of Trust Funds in accordance with RSA 35:9. The Trustees may also invest trust funds in New Hampshire credit unions and in the public deposit investment pool established pursuant to RSA 383:22. Capital Reserve funds must be kept in separate accounts and not intermingled with other funds.

With the exception of investments in the New Hampshire Public Deposit Investment Pool (the Pool), investments are stated at market value. Under the terms of GASB Statement #31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Pool is considered to be a **2a7-like pool** which means that it has a policy that it will, and does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This rule allows SEC-registered mutual funds to use amortized cost rather than market value to report net position to compute share prices if certain conditions are met. Therefore, the Town reports its investments in the Pool at amortized cost, which equals the Pool's participation unit price.

Receivables and Revenues. Revenues for the most part are recorded when received, except for the following items for which receivables have been recorded: ***Tax revenue*** is recorded when a warrant for collection is committed to the Tax Collector. Any taxes not liened or deeded within statutory time limits and 5% of the remaining uncollected balances have been reserved as an allowance for uncollectible accounts. Property tax revenues not collected within 180 days after year-end are not considered an "available spendable resource" and likewise are deferred in the governmental funds. As prescribed by law, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town. ***Interest on investments*** is recorded as revenue in the year earned. Certain ***grants*** received from other governments require that eligible expenditures be made in order to earn the grant. Revenue for these grants is recorded for the period in which eligible expenditures are made. Various ***service charges*** (Public Safety, Landfill, Recreation, etc.) are recorded as revenue for the period when service was provided.

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

Internal Balances – Interfund Receivables and Payables. During the course of normal operations, the Town has activity between funds, including expenditures and transfers of resources to provide services and fund capital outlay. All outstanding balances between funds are reported as “due to/from other funds.” The Town considers all interfund balances collectible and therefore makes no provision for bad debt in its financial statements.

Inventories and Prepaid Items. Inventory in the Governmental Fund consists of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one accounting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Public domain infrastructure	40
Light vehicles	5
Heavy vehicles	10
Office equipment	5
Computer equipment	5
Other equipment & furnishings	10

Deferred Revenue. Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when the Town receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

Long-Term Obligations. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences. It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Equity. In the governmental fund Balance Sheet, fund balances are reported using a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned depending on the level of constraints. *Nonspendable fund balance* includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. *Restricted fund balance* is the amount that is restricted to specific purposes by external requirements such as those of creditors, grantors, contributors or laws and regulations. *Committed fund balance* is the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority (the Selectboard). *Assigned fund balance* is the amount that is constrained by the Town's intent to be used for specific purposes, but is not restricted or committed. *Unassigned fund balance* is the residual classification for the general fund. Whenever multiple classifications of resources are available for use, it is the Town's policy to use spendable, restricted, committed and assigned resources in that order first, then unassigned resources as they are needed.

ASSETS

CASH AND INVESTMENTS

Deposits ~ Throughout the fiscal year, all bank deposits were insured by Federal Depository Insurance (FDIC) or collateralized with securities held by the Town or its agent in the Town's name.

Investments. All of the Town's investments are held in the New Hampshire Public Deposit Investment Pool. As defined by Governmental Accounting Standards Board (GASB) Statement No. 3, investments with the New Hampshire Public Deposit Investment Pool are considered unclassified. At this time, the Pool's investments are limited to short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire municipal obligations, certificates of deposit from AI/PI-rated banks, money market mutual funds (maximum of 20% of portfolio), overnight to 30-day

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

repurchase agreements and reverse overnight repurchase agreements with primary dealers or dealer banks.

Concentrations of credit and market risk. Financial instruments that potentially expose the Town to credit risk consist primarily of bank deposits and investments in participation units of the New Hampshire Public Deposit Investment Pool. It is the Town's policy to deposit monies in high quality financial institutions according to State Statutes and to limit risk by maintaining deposits within the Federal Depository Insurance Corporation (FDIC) limits whenever possible or to require banking institutions to collateralize deposits. The Town has not experienced any losses on its cash deposits during FY2013 and management believes the Town is not exposed to significant credit risk on those amounts even though significant amounts may be held by a single financial institution and are in excess of the FDIC limits. Each participation unit of the Pool is valued at one-dollar and do not fluctuate with the market values of underlying investments.

PROPERTY TAXES

The property tax year is from April 1 to March 31 and all property taxes are levied on the inventory of assessed values taken in April of that year. The 2013 property tax levy was based on a net assessed valuation as of April 1, 2013 of \$357,579,380. State Education Taxes were based on a State-wide equalized valuation of \$341,874,580. In connection with the setting of the tax rate, Town Officials, with the approval of the New Hampshire Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any tax reserves at year-end.

The tax rate for the year ended December 31, 2013, was as follows:

Municipal portion	\$ 4.52
Local School Tax Assessment	12.40
State Education Tax Assessment	2.08
County Tax Assessment	1.00
	<u>\$ 20.00</u>

Property taxes collected by the Town include taxes levied for other governmental entities as follows:

<u>State of New Hampshire</u>	
State Education Tax	\$ 711,973
<u>Tamworth School District</u>	
Local School Tax Assessment	4,432,929
<u>County:</u>	
Local Tax Assessment	355,813
	<u>\$ 5,500,715</u>

The responsibility for the collection of taxes rests with the Town and tax amounts must be remitted to other municipal entities as requested. Any amounts due at year-end are reported in these financial statements as Intergovernmental payables.

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are sent on or around June 1 and November 1 of each year, with interest accruing at a rate of 12% on bills outstanding for more than 30 days. The June 1 billing is considered an estimate only and is one-half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the State Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

As prescribed by law, within 18 months of the date assessed, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town.

TAXES RECEIVABLE

Taxes receivable at December 31, 2013, are as follows:

<u>Uncollected Taxes</u>		
Property	\$ 679,765	
Yield	149	
		\$ 679,914
<u>Unredeemed Taxes (under tax liens)</u>		
Levy of 2013	\$ 197,806	
Levy of 2012	93,080	
1Levy of 2013	2,573	
Elderly Deferrals	8,521	
		301,980
		981,894
Reserve for non-current taxes receivable		(25,000)
		<u>\$ 956,894</u>

INTERGOVERNMENTAL RECEIVABLES

Intergovernmental Receivables in the general fund at December 31, 2013 is as follows:

Due from the State of New Hampshire - <i>Emergency management grants</i>	<u>\$ 35,500</u>
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TOWN OF TAMWORTH, NEW HAMPSHIRE*Notes to Financial Statements*

December 31, 2013

INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2013 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<i>Governmental Activities:</i>		
General Fund	\$ 6,692	\$ -
Capital Projects Fund:		
Chocorua Community Project	-	6,163
Permanent Funds - Cemetery	-	529
	<u>\$ 6,692</u>	<u>\$ 6,692</u>

PREPAID ITEMS

Prepaid items in the general fund at December 31, 2013 representing payments in the current period that were due at the beginning of the subsequent year are as follows:

Service contract fees & software licences	<u>\$ 13,537</u>
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CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended December 31, 2013 is as follows:

	<i>Governmental Activities</i>			
	<u>Balance January 1</u>	<u>Additions & Adjustments</u>	<u>Deductions & Adjustments</u>	<u>Balance December 31</u>
Land	\$ 1,800,100	\$ 76,700	\$ -	\$ 1,876,800
Buildings & Other Structures	1,656,600	4,700	-	1,661,300
Construction in Progress	-	79,570	-	79,570
Equipment	914,238	36,000	-	950,238
Vehicles	1,673,936	98,864	24,952	1,747,848
Other	144,824	-	-	144,824
Infrastructure	<u>49,455,500</u>	<u>4</u>	<u>-</u>	<u>49,455,504</u>
	55,645,198	295,838	24,952	55,916,084
Less: Accumulated Depreciation	<u>(20,017,677)</u>	<u>(194,114)</u>	<u>(19,962)</u>	<u>(20,191,829)</u>
	<u>\$ 35,627,521</u>	<u>\$ 101,724</u>	<u>\$ 4,990</u>	<u>\$ 35,724,255</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. During the fiscal year, the Town was a member of the following public-entity risk pools, currently operating as a common risk management and insurance programs for member Towns and other municipal entities.

As a member of the ***Local Government Center Property-Liability Trust, LLC*** the Town shares in contributing to the cost of and receiving benefits from a self-insured pooled risk management program. The membership and coverage run from July 1st to June 30th. LGC-PLT maintains a self-insured retention above which it purchases reinsurance and excess insurance. Limits of protection and deductibles are set-forth in the Summary of Amounts of Protection and Public Official Schedule Bond. Additional limit, sub-limit, and deductible information can be found in the applicable Member Agreement, Educators Member Agreement and other Underwriting forms and endorsements on file with LGC-PLT or the Town.

- Contributions paid in 2013 for FY2013, ending June 30, 2013, to be recorded as an insurance expense/expenditure totaled \$28,335.68
- Additional contributions paid in 2013 for FY2013 ending June 30, 2013 to be recorded as an insurance expense/expenditure totaled \$549.01
- A refund due to the Town in 2013 for FY2013 ending June 30, 2013 totaled \$0.00

The ***New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation*** is a pooled risk management program under RSA 5-B and RSA 281-A. The following is a summary of worker's compensation coverage provided during the fiscal year by *Primex³*, which retained \$1,000,000 of each loss. The Board has determined to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose.

1. *The Workers' Compensation and Employers' Liability policy includes:*

Workers' Compensation:

Statutory Coverage

Employers' Liability:

Bodily injury by accident, \$2,000,000 each accident;
Bodily injury by disease – \$2,000,000 each employee

- Contributions paid in 2013 for FY2013, ending June 30, 2013, to be recorded as an insurance expense/expenditure totaled \$16,176.00
- Contributions paid in 2013 for the fiscal year ending January 1, 2013, to be recorded as an insurance expense/expenditure totaled \$0.00
- Contributions due from(to) members as of December 31, 2013 equaled \$0.00

Member Participation Agreements permit each risk management pool to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. At this time, management understands that neither trust foresees any likelihood for additional assessment. Also, claims have not exceeded insurance coverage in any of the past three years.

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

LIABILITIES

INTERGOVERNMENTAL PAYABLE

Payables due other governments at December 31, 2013 include:

General Fund

Tamworth School District ~ balance of 2013/2014 School District	
Assessment due in monthly installments through June 30, 2013	\$ 2,044,902
State of NH ~ State portion of licenses & fees	617
	<u>\$ 2,045,519</u>

DEFERRED REVENUE

Deferred Revenue at December 31, 2013 was as follows:

General Fund

Taxes receivable not available to pay current obligations	\$ 400,000
Energy grant	842
	<u>\$ 400,842</u>

AGENCY FUNDS

Agency Deposits held for others at December 31, 2013 include the following:

Tamworth School District Trust & Capital Reserve Funds:

Capital Reserve Funds ~ <i>School Renovation & Emergency</i>	\$ 65,427	
General Fund Trusts ~ <i>Special Education</i>	104,519	
EP Atkins/Drew School Fund	<u>7,809</u>	
		\$ 177,755

Timber Yield Tax Bonds

Developers' Performance Bonds		48,535
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Tamworth Rescue Squad:

Alice Marshall Bequest	15,875	
Huff Rescue Fund	<u>5,699</u>	
		<u>21,574</u>
		<u>\$ 247,864</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

DEFINED BENEFIT PENSION PLAN

Full-time employees participate in the State of New Hampshire Retirement System (NHRS), a multiple-employer contributory pension plan and trust 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 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 within the State of New Hampshire are eligible and required to participate in NHRS. Full-time employees of political subdivisions, including counties, municipalities, districts and others, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

NHRS, a Public Employees Retirement System (PERS), is divided into two membership groups. By statute, Group I (employee and teacher) members contribute 7% of their salary to NHRS. Group II (police & fire) members contribute 11.5% and 11.8% respectively. While member rates are set by statute, employer rates are set by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted using the *Entry Age Normal* actuarial method. Employer contributions are assessed at five different rates, one each for state employees, political subdivisions employees, teachers, police and fire. NHRS employers are required by the New Hampshire Constitution to pay 100% of the actuarial sound employer contribution rate as certified by the NHRS Board of Trustees to fully fund the pension plan and to pay down the retirement system's unfunded actuarial accrued liability over a closed amortization period. Currently, employer contribution rates for the period July 1, 2013 through June 30, 2013 are as follows:

Group I:

Employees	8.80%
Teachers	11.30%

Group II:

Police	19.95%
Fire	22.89%

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group, funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in NHRS's annual report available from the New Hampshire Retirement System located at Regional Drive ~ Concord, NH 03301-8509.

The payroll for Town employees covered by NHRS for the year ended December 31, 2013, was \$509,357; the Town's total payroll was \$724,013. Contribution requirements for the year ended December 31, 2013, were as follows:

Employer Contributions	\$ 77,828
Employee Contributions	45,244
	<u>\$ 123,072</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

LONG-TERM DEBT

Changes in General Long-Term Debt. The following is a summary of the Town's general obligation long-term debt transactions for the fiscal year ended December 31, 2013:

	Balance Beginning of Year	Issued	Retired	Balance End of Year	Due Within One Year
<i>Governmental Activities:</i>					
General long-term debt	\$ 578,545		\$ 52,595	\$ 525,950	\$ 52,595
Compensated absences	26,351		6,301	20,050	20,050
Landfill post-closure	208,800		17,400	191,400	17,400
	<u>\$ 813,696</u>	<u>\$ -</u>	<u>\$ 76,296</u>	<u>\$ 737,400</u>	<u>\$ 90,045</u>

General Long-term Debt Payable. Long-term debt payable at December 31, 2013, is comprised of the following individual issues:

Description of Issue	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding December 31 2013
<i>Governmental Activities:</i>					
General Obligation Bonds & Notes					
Landfill Closure Notes	\$ 1,051,905	07/01/01	07/01/23	3.728	\$ 525,950
Compensated Absences Payable					
Sick Leave					20,050
Landfill Post-closure Maintenance					191,400
					<u>\$ 737,400</u>

Annual Requirements to Amortize General Obligation Debt. The annual requirements to amortize all general obligation debt outstanding as of December 31, 2013, including interest payments, are as follows:

Fiscal Year Ending	General Obligation Notes and Bonds		
December 31,	Principal	Interest	Total
2014	\$ 52,595	\$ 19,608	\$ 72,203
2015	52,595	17,647	70,242
2016	52,595	15,686	68,281
2017	52,595	13,725	66,320
2018	52,595	11,765	64,360
	<u>262,975</u>	<u>78,431</u>	<u>341,406</u>
2019-23	262,975	29,412	292,387
	<u>\$ 525,950</u>	<u>\$ 107,843</u>	<u>\$ 633,793</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit.

TOWN OF TAMWORTH, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2013

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town's Landfill closure construction was completed according to State and Federal regulations in 2004. Post-closure monitoring and other costs are estimated at \$17,400 per year or \$208,800 over the next 12 years (20 years from closure). This estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2013. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The State of New Hampshire Department of Environmental Services requires that all entities which receive licensing for landfills since 1991 meet general financial assurance requirements. The Town has met these requirements. The Town expects to finance the postclosure care costs by annual appropriations.

FUND BALANCE

Elements of fund balance as of December 31, 2013 were as follows:

Capital and Non-capital Reserves Fund

Committed for capital & noncapital reserves:

Rescue Squad	\$	49,888
Bridge		232,395
Cook Memorial Library Building		8,577
Rescue Squad (Atwood Gift)		2,928
	\$	<u>293,788</u>

Nonmajor Special Revenue Funds

Committed for fund purposes:

Cook Memorial Library:

Operating Fund	\$	6,481
Endowment Fund		<u>122</u>
	\$	6,603

Conservation Commission		<u>56,015</u>
	\$	<u>62,618</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE*Notes to Financial Statements*December 31, 2013

Permanent Fund – Resources held by the Town Trustees at December 31, 2013 for donor-restricted purposes were as follows:

	Non- spendable Endowment	Spendable for Trust Purposes	Total
Town Nonexpendable Trusts:			
Cemetery Perpetual Care	\$ 182,264	\$ 26,733	\$ 208,997
General Support of Library	17,583	-	17,583
Library Endowment for Children	27,368	-	27,368
Remick Park Maintenance	10,000	1,939	11,939
I. Bickford for Needy	6,467	-	6,467
	<u>\$ 243,682</u>	<u>\$ 28,672</u>	<u>\$ 272,354</u>

SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**GRANTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

LITIGATION

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

Basic Financial Statements

Exhibit C1
TOWN OF TAWORTH, NEW HAMPSHIRE
Budgetary Comparison Schedule
Budget to Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Original and Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes	1,783,532	1,769,305	(14,227)
Licenses and permits	413,600	448,510	34,910
State support	250,227	285,571	35,344
Federal support	-	1,156	1,156
Charges for services	58,427	71,662	13,235
Miscellaneous	124,212	127,283	3,071
	<u>2,629,998</u>	<u>2,703,487</u>	<u>73,489</u>
EXPENDITURES			
Current:			
General government	640,355	414,095	226,260
Public safety	619,095	588,812	30,283
Highways and streets	908,843	863,061	45,782
Sanitation	185,734	182,333	3,401
Health	160,198	154,324	5,874
Welfare	20,883	11,900	8,983
Culture and recreation	98,079	89,937	8,142
Conservation	6,210	6,066	144
Debt service:			
Principal	52,595	52,595	-
Interest	21,569	21,569	-
Capital outlay	35,000	34,764	236
	<u>2,748,561</u>	<u>2,419,456</u>	<u>329,105</u>
Excess of revenues over(under) expenditures	(118,563)	284,031	402,594
OTHER FINANCING SOURCES (USES)			
Transfers in	-	529	529
Transfers out	(234,437)	(234,437)	-
	<u>(234,437)</u>	<u>(233,908)</u>	<u>529</u>
Net change in fund balances	(353,000)	50,123	403,123
Fund balances - beginning	1,307,073	1,307,073	-
Fund balances - ending	<u>954,073</u>	<u>1,357,196</u>	<u>403,123</u>

TOWN OF TAMWORTH, NEW HAMPSHIRE
Note to Required Supplementary Information – Budgetary Reporting
December 31, 2013

The budgetary comparison schedule – Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

General Budget Policies – General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all major Special Revenue Funds. Project-length financial plans are adopted for all Capital Project Funds. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013, \$353,000 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. Since there were no encumbered funds as of the beginning or end of the fiscal year, amounts reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* were the same as those reported on a budgetary basis.

Required Supplementary Information

Schedule D1a
TOWN OF TAWORTH, NEW HAMPSHIRE
General Fund
Detailed Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Original & Final Budget	Actual (GAAP Basis)	Over (Under) Budget	Actual Prior Year
REVENUES				
Taxes				
Property	1,528,706	1,521,612	(7,094)	1,318,318
Land Use	6,500	2,548	(3,952)	6,500
Timber yield	50,000	35,540	(14,460)	52,511
Payments in lieu of taxes	157,800	163,584	5,784	153,056
Excavation tax	750	748	(2)	855
Interest and penalties on delinquent taxes	99,900	104,005	4,105	107,462
Overlay	(60,124)	(58,732)	1,392	(69,591)
	<u>1,783,532</u>	<u>1,769,305</u>	<u>(14,227)</u>	<u>1,569,111</u>
Licenses and permits				
Business licenses and permits	8,750	8,749	(1)	9,744
Motor vehicle fees	395,000	428,848	33,848	407,978
Building permits	3,500	4,700	1,200	3,210
Other licenses, permits and fees	6,350	6,213	(137)	6,326
	<u>413,600</u>	<u>448,510</u>	<u>34,910</u>	<u>427,258</u>
State Support				
Meals and rental tax distributions	127,739	127,739	-	128,030
Highway block grant	107,828	107,552	(276)	111,264
State and Federal forest land reimbursement	1,078	1,198	120	1,932
Emergency management grants		35,500	35,500	
Other	13,582	13,582	-	15,226
	<u>250,227</u>	<u>285,571</u>	<u>35,344</u>	<u>256,452</u>
Federal Support				
Other grants		1,156	1,156	
	<u>-</u>	<u>1,156</u>	<u>1,156</u>	<u>-</u>
Charges for Services				
Income From Departments				
<i>General Government Services:</i>				
Town office	1,200	1,451	251	1,133
Planning & zoning fees	8,700	12,574	3,874	3,605
Cemetery	60	60	-	
<i>Public safety services:</i>				
Police department	1,100	2,070	970	2,798
Fire department		222	222	18,805
<i>Highways & Streets:</i>				
Other	500	700	200	413
<i>Sanitation:</i>				
Solid waste collection & disposal	36,967	43,595	6,628	46,052
<i>Culture and Recreation:</i>				
Recreation department	9,900	10,990	1,090	12,037
	<u>58,427</u>	<u>71,662</u>	<u>13,235</u>	<u>84,843</u>

Schedule D1a
TOWN OF TAWORTH, NEW HAMPSHIRE
General Fund
Detailed Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Original & Final Budget	Actual (GAAP Basis)	Over (Under) Budget	Actual Prior Year
Miscellaneous				
Sale of municipal property	86,000	86,013	13	46,510
Interest on investments	2,000	2,059	59	1,209
Rents of property	800	800	-	550
Fines and forfeitures	350	350	-	3,857
Insurance dividends and reimbursements	30,000	33,168	3,168	10,908
Contributions & donations	4,032	4,032	-	
Other	1,030	861	(169)	7,410
	124,212	127,283	3,071	70,444
OTHER FINANCING SOURCES				
Operating transfers in - Interfund Transfers				
<i>Special Revenue Funds</i>				
<i>Nonexpendable Trust Funds -</i>				
Cemetery Perpetual Care		529	529	1,343
Welfare			-	7
<i>Capital & Noncapital Reserve Funds -</i>				
Highway Transportation Maintenance			-	26,304
Rescue Squad			-	4,436
	-	529	529	32,090
Total revenues and other financing sources	2,629,998	2,704,016	74,018	2,440,198
Unreserved Fund Balance Used to Reduce Tax Rate	353,000			
Total budget	2,982,998			

Schedule D1b
TOWN OF TAWORTH, NEW HAMPSHIRE
General Fund

Detailed Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2013

all numbers are expressed in USA Dollars

	Voted	Expenditures	(Over)	Actual
	Appropriations	Net of	Under	Prior
		Refunds	Budget	Year
EXPENDITURES				
Current				
General Government				
Executive	173,743	144,959	28,784	282,668
Election, Registration & Vital Statistics	109,329	101,939	7,390	8,677
Financial Administration	20,474	20,189	285	4,714
Revaluation of Property	20,188	20,175	13	13,104
Legal Expenses	20,000	7,194	12,806	9,897
Employee Benefits	3,000	685	2,315	1,747
Planning and Zoning	23,706	14,181	9,525	22,382
General Government Buildings	50,947	38,486	12,461	38,900
Cemeteries	31,876	24,985	6,891	35,574
Insurance, not otherwise allocated	30,000	31,365	(1,365)	28,885
Advertising and regional associations	7,092	9,937	(2,845)	6,582
Other	150,000		150,000	
	640,355	414,095	226,260	453,130
Public safety				
Police Department	300,773	292,192	8,581	243,208
Ambulance	42,500	42,500	-	77,142
Fire Department	255,597	254,120	1,477	182,876
Emergency management	20,225		20,225	3,134
	619,095	588,812	30,283	506,360
Highways and streets				
Highways and streets	896,596	851,244	45,352	835,247
Street Lighting	12,247	11,817	430	11,340
	908,843	863,061	45,782	846,587
Sanitation				
Solid waste disposal	185,734	182,333	3,401	193,412
	185,734	182,333	3,401	193,412
Health				
Health Administration	600	320	280	275
Pest Control	5,868	4,136	1,732	3,765
Health Agencies & Hospitals	153,730	149,868	3,862	113,063
	160,198	154,324	5,874	117,103
Welfare				
Administration & Direct Assistance	20,883	11,900	8,983	5,545
	20,883	11,900	8,983	5,545
Culture and recreation				
Parks and Recreation	90,579	83,439	7,140	85,287
Patriotic Purposes	7,500	6,498	1,002	6,771
	98,079	89,937	8,142	92,058
Conservation				
Conservation Commission	6,210	6,066	144	5,566
	6,210	6,066	144	5,566

Schedule D1b
TOWN OF TAWORTH, NEW HAMPSHIRE
General Fund

Detailed Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2013

all numbers are expressed in USA Dollars

	Voted	Expenditures	(Over)	Actual
	Appropriations	Net of	Under	Prior
		Refunds	Budget	Year
Debt service				
Principal of long-term debt	52,595	52,595	-	52,595
Interest - long-term debt	21,569	21,569	-	23,530
	<u>74,164</u>	<u>74,164</u>	<u>-</u>	<u>76,125</u>
Facilities acquisition and construction				
Machinery, vehicles & equipment				
Police cruiser	35,000	34,764	236	32,972
	<u>35,000</u>	<u>34,764</u>	<u>236</u>	<u>32,972</u>
OTHER FINANCING USES				
Operating transfers out - Interfund transfers				
<i>Special revenue</i>				
Cook Memorial Library	134,437	134,437	-	122,082
<i>Capital & Noncapital Reserves:</i>				
<i>Capital Reserves</i>				
Bridge	100,000	100,000	-	100,000
	<u>234,437</u>	<u>234,437</u>	<u>-</u>	<u>222,082</u>
	<u>2,982,998</u>	<u>2,653,893</u>	<u>329,105</u>	<u>2,550,940</u>

Schedule D2a
TOWN OF TAWORTH, NEW HAMPSHIRE
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2013

All numbers are expressed in USA Dollars

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Cook Memorial Library</u>	<u>Conservation Commission</u>	<u>Chocorua Village Safety Project</u>	<u>Permanent Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	9,107	56,015		272,883	338,005
Investments	122				122
Intergovernmental receivable			6,163		6,163
	<u>9,229</u>	<u>56,015</u>	<u>6,163</u>	<u>272,883</u>	<u>344,290</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued Liabilities	2,626				2,626
Interfund payable			6,163	529	6,692
	<u>2,626</u>	<u>-</u>	<u>6,163</u>	<u>529</u>	<u>9,318</u>
Fund balances:					
<i>Nonspendable</i>					
Permanent fund - principal				243,682	243,682
<i>Restricted for</i>					
Permanent fund purposes				28,672	28,672
<i>Committed for</i>					
Special revenue purposes	6,603	56,015			62,618
	<u>6,603</u>	<u>56,015</u>	<u>-</u>	<u>272,354</u>	<u>334,972</u>
	<u>9,229</u>	<u>56,015</u>	<u>6,163</u>	<u>272,883</u>	<u>344,290</u>

Schedule D2b
TOWN OF TAWORTH, NEW HAMPSHIRE
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended December 31, 2013

All numbers are expressed in USA Dollars

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	<u>Cook</u>		<u>Chocorua</u>		
	<u>Memorial</u>	<u>Conservation</u>	<u>Village Safety</u>	<u>Permanent</u>	
	<u>Library</u>	<u>Commission</u>	<u>Project</u>	<u>Funds</u>	<u>Total</u>
REVENUES					
Taxes		5,000			5,000
Federal support			23,386		23,386
Charges for services	506				506
Miscellaneous	14,321	1,222		3,150	18,693
	14,827	6,222	23,386	3,150	47,585
EXPENDITURES					
Current:					
Culture and recreation	143,534				143,534
Conservation		22,070			22,070
Capital outlay			23,386		23,386
	143,534	22,070	23,386	-	188,990
Excess (deficiency) of revenues over (under) expenditures	(128,707)	(15,848)	-	3,150	(141,405)
OTHER FINANCING SOURCES (USES)					
Transfers in	134,453				134,453
Transfers out				(545)	(545)
	134,453	-	-	(545)	133,908
Net change in fund balances	5,746	(15,848)	-	2,605	(7,497)
Fund balances - beginning	857	71,863	-	269,749	342,469
Fund balances - ending	6,603	56,015	-	272,354	334,972

Schedule D3
TOWN OF TAWORTH, NEW HAMPSHIRE
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended December 31, 2013

All amounts are expressed in USA Dollars

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and equivalents	74,347	57,853	62,091	70,109
Investments	177,695	63	3	177,755
	<u>252,042</u>	<u>57,916</u>	<u>62,094</u>	<u>247,864</u>
LIABILITIES				
Agency deposits:				
<u>Tamworth School District</u>				
<i>School Trusts:</i>				
EP Atkins/Drew School Fund	7,809	3	3	7,809
<i>Capital Reserves:</i>				
School Renovation & Emergency	65,403	24		65,427
<i>Noncapital Reserves:</i>				
Special Education	104,483	36		104,519
<u>Timber Yield Tax Bonds</u>				
Kravchuck	110		110	-
McLucas	9,070		9,070	-
<u>Developers' Performance Bonds</u>				
Robinson #1	18,253	14,632	32,885	-
Robinson #2 Choc Med	19,991	35	20,026	-
Robinson #3 Beckett		43,130		43,130
Keith	1,022	1		1,023
LeTarte	4,373	9		4,382
<u>Tamworth Rescue Squad</u>				
Alice Marshall Bequest	15,841	34		15,875
Huff Rescue Fund	5,687	12		5,699
	<u>252,042</u>	<u>57,916</u>	<u>62,094</u>	<u>247,864</u>