

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Financial Statements

December 31, 2012

and

Independent Auditor's Report

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Moultonborough, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedule of funding progress for other post-employment benefits on pages i-viii and 22-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

A handwritten signature in cursive script that reads "Uachon Aubrey & Company PC". The signature is written in black ink and is positioned to the right of the main body of text.

Manchester, New Hampshire
July 22, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Moultonborough, NH is prepared to provide an overview of the Town's financial activities for the year ended December 31, 2012. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Board of Selectmen also strives to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Moultonborough exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,883,182 (net position). Of this amount, \$6,350,555 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$538,115.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$7,203,482, an increase of \$749,121 in comparison with the prior year. Of this total amount, \$7,058,930 is available for spending at the Town's discretion (unrestricted fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,792,967 or 40% of total general fund expenditures in FY 2012.
- The Town has long-term obligations payable at year end consisting of three capital leases totaling \$457,849 and compensated absences of \$242,199.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Town of Moultonborough using the integrated approach prescribed by GASB Statement 34.

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The financial statements are comprised of the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

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

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over

MANAGEMENT'S DISCUSSION AND ANALYSIS

time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. We take all of the current year's revenues and expenses into account regardless of when cash is received or paid.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. One can divide all the funds of the Town into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be the Town's only major fund. We combine data from all other governmental funds into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining supplemental statements elsewhere in this report.

The Town adopts an annual appropriation budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town of Moultonborough. The Town's fiduciary funds consist of private-purpose trust funds and agency funds.

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

Required supplementary information. The basic financial statements and accompanying notes are followed by a section of *required supplementary information*. This section includes a budgetary comparison schedule for the general fund, the Town's only major governmental fund with an adopted budget, and includes reconciliation between the statutory fund balance for budgetary purposes and the

MANAGEMENT'S DISCUSSION AND ANALYSIS

fund balance as presented in the governmental fund financial statements. In addition, there's a schedule of funding progress for other post-employment benefits.

Other supplementary information. The combining statements referred to previously in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

Town of Moultonborough, NH Net Position

	2012	2011
Capital assets, net	\$ 10,853,575	\$ 10,221,484
Other assets	<u>14,624,271</u>	<u>13,292,378</u>
Total Assets	<u>25,477,846</u>	<u>23,513,862</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Long-term liabilities	1,833,823	948,278
Other liabilities	<u>6,750,166</u>	<u>6,209,957</u>
Total Liabilities	<u>8,583,989</u>	<u>7,158,235</u>
Unearned tax revenue	115	
Other unearned revenue	<u>10,560</u>	<u>10,560</u>
Total Deferred Inflows of Resources	<u>10,675</u>	<u>10,560</u>
Net position:		
Net investment in capital assets	10,395,726	10,039,981
Restricted	136,901	141,005
Unrestricted	<u>6,350,555</u>	<u>6,164,081</u>
Total Net Position	<u>\$ 16,883,182</u>	<u>\$ 16,345,067</u>

During the year, the Town implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" Under Statement 63, the Town has segregated previously reported assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. This statement also identifies net position as the residual of all other elements presented in the statement of financial position. See the notes to the basic financial statements for further information.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the 2012 fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,883,182. This is a \$538,115 increase in net position during 2012. This increase includes an increase in the total restricted and unrestricted position of \$182,370.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the Town's net position \$10,395,726 (62%) reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town's capital leases payable at year end of \$457,849 is our only related debt. The Town uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$136,901 (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$6,350,555 may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Moultonborough, NH Changes in Net position

	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 456,859	\$ 574,903
Operating grants and contributions	163,383	249,627
General revenues:		
Property and other taxes	7,470,696	7,567,333
Licenses and permits	1,194,146	1,123,780
Grants and contributions	180,491	180,628
Interest and investment earnings	31,789	43,453
Miscellaneous	308,938	244,241
Total revenues	9,806,302	9,983,965
Expenses		
General government	2,429,091	2,342,489
Public safety	2,678,030	2,378,321
Highways and streets	1,958,789	2,215,945
Sanitation	534,229	574,546
Health and welfare	526,735	515,234
Culture and recreation	1,141,913	1,090,376
Total expenses	9,268,787	9,116,911
Increase in net position before contributions to permanent fund principal	537,515	867,054
Contributions to permanent fund principal	600	1,095
Increase in net position	538,115	868,149
Net position, beginning of year	16,345,067	15,476,918
Net position, end of year	\$ 16,883,182	\$ 16,345,067

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. The Town has no business-type activities therefore governmental activities were 100% responsible for the Town's total growth in net position of \$538,115. Key elements of this increase are displayed above in the Town's Changes in Net position.

Financial Analysis of the Government's Funds

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

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

As of the end of 2012, the Town's governmental funds reported combined ending fund balances of \$7,203,482 an increase of \$749,121 in comparison with the prior year. Of this total amount, \$7,058,930 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified as either non-spendable or restricted to indicate that it is not available for new spending because it has already been committed. The 2012 non-spendable fund balance includes an overpayment from the Milfoil Control Expendable Trust Fund (\$7,651)¹ and permanent fund endowments used to generate income for purposes that support the Town's programs at the cemeteries (\$9,897) and the municipal library (\$81,748). The restricted fund balance includes donated funds to the library of (\$30,302) that can only be for specific purposes such as building repairs. The remaining restricted (\$14,954) represents library and cemetery income in the permanent funds.

The general fund is the chief operating fund of the Town. At the end of the 2012 fiscal year, unassigned fund balance of the general fund was \$3,792,967 while total fund balance was \$6,740,890. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (40%) and total fund balance (72%) to total general fund expenditures of \$9,380,577. As defined by the Town's Fund Balance Policy, based upon our best estimates of the FY 2013 budgets for other entities, the unassigned fund balance will be approximately 14% in comparison to the target of 11.5%.

The total fund balance of the Town's general fund increased \$744,375 during the 2012 fiscal year. Final revenues exceeded those estimated in the 2012 budget by \$59,367, and the Town under expended its final budget by \$1,066,496.

There are four non-major governmental funds with a total fund balance of \$462,592. This is a \$4,746 increase for 2012.

General Fund Budgetary Highlights

During the year, the original budget for appropriations decreased by \$1,395,104. This decrease is the result of approved appropriations of \$760,984 being carried forward to 2013 plus a reduction in appropriations supported by revenues and transfers-in totaling \$634,119 that are not susceptible to accrual.

¹ This amount is in escrow with the fiscal agent for the inter-municipal agreement (IMA) for the control of invasive plant species (e.g. milfoil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town under expended its 2012 budget by \$1,066,496. This resulted from key positions that were vacant in the Police Department, milder winters with major savings in the Highway Department, insurance savings due to new employees, and savings in Human Services due to a recovering economy.

For 2012, the Town changed its health insurance offerings by adding an HMO plan. Employees hired before 2012 can choose between this and the existing POS plan. New hires must choose the HMO plan. In the past, employees were not required to contribute towards single coverage but did contribute 10% of the up-tick above a single plan for a two-person or family plan. In 2012, a four percent (4%) contribution was required from all employees towards their single plan and other benefits (i.e. dental, life, and disability). This contribution will rise by percentage points (2%) per year until it reaches ten percent (10%) in 2016.

The Moultonborough Milfoil Committee, formed in 2009, identified 430 acres of heavy infestation in 2010 and treated approximately 330 of those acres in portions of Lake Winnepesaukee and Lee's Pond along the Moultonborough shoreline. In 2011, the Committee treated the remaining 100 acres of heavy infestation as well as about 75 acres of heavy re-growth in areas treated the prior year. The two Diver Assisted Suction Harvesting (DASH) units, purchased in 2010 by the Milfoil Joint Board-Towns of Moultonborough, Tuftonboro, and Wolfeboro, were put to work in June 2011. The Town of Moultonborough employed two diver contractors who harvested approximately 9,552 gallons of milfoil plants in sixty days. In 2012, the heavy infestations requiring herbicide treatment amounted to a little under 80 acres and dive teams removed over 15,000 gallons of milfoil from approximately 376 acres of shorelines.

Capital Asset and Debt Administration

Capital Assets. The Town of Moultonborough considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their useful life beginning in the year after acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$10,853,575 (net of accumulated depreciation), an increase of \$632,091 from the previous year. This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the lease/purchase of a 2012 HME Fire Truck (\$432,600), and an Eastern 27 Fire Rescue Series Boat (\$173,858). The Town also spent (\$230,000) to reconstruct and reclaim portions of Sheridan Road and (\$107,146) to reclaim portions of Lake Shore Drive.

Capital Assets (net of depreciation) Governmental Activities

	2012	2011
Land and improvements	\$ 2,005,307	\$ 2,054,927
Buildings and improvements	4,903,993	5,025,853
Vehicles and equipment	2,035,549	1,571,970
Infrastructure	1,507,222	1,238,179
Construction in progress	401,504	330,555
Total	\$ 10,853,575	\$ 10,221,484

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on capital assets can be found in Note 5 of the Basic Financial Statements.

The Town's Capital Improvements Program Committee (CIPC) was established pursuant to Warrant Article 10 at the March 14, 2009 Town Meeting. In September, 2012, the final CIPC report for the 2013-2018 Six Year Capital Improvement Plan (CIP) was submitted to the SelectBoard.

Long-Term Obligations. At the end of the current fiscal year, total bonded debt outstanding remained at zero. Capital leases payable was \$457,849 which is a \$276,346 increase from 2011 due in part to the lease purchase of the HME Fire Truck. The Town had compensated absences payable for the first time in 2012 due to the Town's amendment to its personnel policy. This amendment combines sick and vacation time into personal time and allows the accrual of 240 hours for full time, and 120 hours for part time, employees to subsequent fiscal years. The \$242,199 represents the total leave balances outstanding at year end 2012 and would only be used if the Town were to cease functioning as a "going concern".

Outstanding Debt Governmental Activities General Obligation Bonds and Capital Lease Payable

	2012	2011
General obligation bonds	\$ -	\$ -
Capital leases	457,849	181,503
Compensated absences	242,199	-
Total	\$ 700,048	\$ 181,503

See Note 9, of the Basic Financial Statements, for a summary of all outstanding long-term obligations.

Economic Factors, Rates and 2013 Budget

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Moultonborough based on the Annual Budget approved at Town Meeting and adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #45. The property tax also pays the levy placed on the Town by Carroll County and the State of New Hampshire in the Statewide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year's tax rate applied to the current year's assessments. The second billing utilizes the actual tax rate for the year as established by the New Hampshire DRA applied to the current year's assessment.

The following is a comparison of the 2012 to the 2011 tax rates:

	2012	2011
Town rate	\$ 2.73	\$ 2.77
Local school rate	2.20	1.97
State school rate	2.52	2.53
County rate	1.11	1.06
Total rate	\$ 8.56	\$ 8.33
Assessed value (in thousands)	\$ 2,747,724	\$ 2,744,505

MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2012, the Town started a measure and list project to update the physical data for all properties. Working with Vision Government Solutions, we inspected close to one thousand properties in that year. Waterfront properties continue to hold their value, while non-waterfront properties continue to show a small decrease in value. Overall, property values town-wide decreased in value by less than one percent.

In 2012, waterfront sales around Lake Winnepesaukee showed a twenty-five percent increase from 2011. The highest-price sale occurred in Moultonborough with a sale price of \$8.7 million.

Requests for Information

This financial report provides our citizens and creditors with a general overview of the Town of Moultonborough's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administration Department, or the Board of Selectmen, at P.O. Box 139, Moultonborough, NH 03254. You may also call them at (603) 476-2347, stop by Town Hall at 6 Holland Street, or visit our website at www.moultonboroughnh.gov and click on *Departments and Boards* for our various email addresses.

EXHIBIT A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Net Position
December 31, 2012

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 11,377,382
Investments	950,444
Taxes receivable, net	2,241,799
Accounts receivable	46,995
Prepaid expenses	7,651
Total Current Assets	<u>14,624,271</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,456,843
Depreciable capital assets, net	<u>9,396,732</u>
Total Noncurrent Assets	<u>10,853,575</u>
Total Assets	<u>25,477,846</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	197,707
Accrued expenses	146,923
Due to other governments	6,405,536
Current portion of capital leases payable	144,407
Current portion of compensated absences payable	46,368
Total Current Liabilities	<u>6,940,941</u>
Noncurrent Liabilities:	
Capital leases payable	313,442
Compensated absences payable	195,831
Other post-employment benefits payable	<u>1,133,775</u>
Total Noncurrent Liabilities	<u>1,643,048</u>
Total Liabilities	<u>8,583,989</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned tax revenue	115
Other unearned revenue	<u>10,560</u>
Total Deferred Inflows of Resources	<u>10,675</u>
NET POSITION	
Net investment in capital assets	10,395,726
Restricted	136,901
Unrestricted	<u>6,350,555</u>
Total Net Position	<u>\$ 16,883,182</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 2,429,091	\$ 14,608		\$ (2,414,483)
Public safety	2,678,030	32,289	\$ 27,615	(2,618,126)
Highways and streets	1,958,789		135,174	(1,823,615)
Sanitation	534,229	129,885		(404,344)
Health and welfare	526,735	176,835		(349,900)
Culture and recreation	1,141,913	103,242	594	(1,038,077)
Total governmental activities	<u>\$ 9,268,787</u>	<u>\$ 456,859</u>	<u>\$ 163,383</u>	<u>(8,648,545)</u>
General revenues:				
Property and other taxes				7,470,696
Licenses and permits				1,194,146
Grants and contributions:				
Rooms and meals tax distribution				180,491
Interest and investment earnings				31,789
Miscellaneous				308,938
Contributions to permanent fund principal				600
Total general revenues and contributions to permanent fund principal				<u>9,186,660</u>
Change in net position				538,115
Net position - beginning				<u>16,345,067</u>
Net position - ending				<u>\$ 16,883,182</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,897,431	\$ 479,951	\$ 11,377,382
Investments	950,444		950,444
Taxes receivable, net	2,241,799		2,241,799
Accounts receivable	46,995		46,995
Due from other funds	15,886	1,205	17,091
Prepaid expenses	7,651		7,651
Total Assets	<u>14,160,206</u>	<u>481,156</u>	<u>14,641,362</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 14,160,206</u>	<u>\$ 481,156</u>	<u>\$ 14,641,362</u>
LIABILITIES			
Accounts payable	\$ 195,029	\$ 2,678	\$ 197,707
Accrued expenses	146,923		146,923
Due to other governments	6,405,536		6,405,536
Due to other funds	1,205	15,886	17,091
Total Liabilities	<u>6,748,693</u>	<u>18,564</u>	<u>6,767,257</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned tax revenue	660,063		660,063
Other unearned revenue	10,560		10,560
Total Deferred Inflows of Resources	<u>670,623</u>	<u>-</u>	<u>670,623</u>
FUND BALANCES			
Nonspendable	7,651	91,645	99,296
Restricted	30,302	14,954	45,256
Committed	2,727,648	355,993	3,083,641
Assigned	182,322		182,322
Unassigned	3,792,967		3,792,967
Total Fund Balances	<u>6,740,890</u>	<u>462,592</u>	<u>7,203,482</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,160,206</u>	<u>\$ 481,156</u>	
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			10,853,575
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis			659,948
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:			
Capital leases payable			(457,849)
Compensated absences payable			(242,199)
Other post-employment benefits payable			<u>(1,133,775)</u>
Net position of governmental activities			<u>\$ 16,883,182</u>

See accompanying notes to the basic financial statements

EXHIBIT D

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,427,043	\$ 1,205	\$ 7,428,248
Licenses and permits	1,194,146		1,194,146
Intergovernmental	343,874		343,874
Charges for services	384,877	71,982	456,859
Interest and investment income	30,145	1,644	31,789
Miscellaneous	311,570	600	312,170
Total Revenues	<u>9,691,655</u>	<u>75,431</u>	<u>9,767,086</u>
Expenditures:			
Current operations:			
General government	1,922,103		1,922,103
Public safety	2,482,163		2,482,163
Highways and streets	1,528,974		1,528,974
Sanitation	498,582		498,582
Health and welfare	507,296		507,296
Culture and recreation	777,637	69,988	847,625
Capital outlay	1,663,822		1,663,822
Total Expenditures	<u>9,380,577</u>	<u>69,988</u>	<u>9,450,565</u>
Excess revenues over expenditures	<u>311,078</u>	<u>5,443</u>	<u>316,521</u>
Other financing sources (uses):			
Proceeds from capital lease	432,600		432,600
Transfers in	697		697
Transfers out		(697)	(697)
Total other financing sources (uses)	<u>433,297</u>	<u>(697)</u>	<u>432,600</u>
Net change in fund balances	744,375	4,746	749,121
Fund balances at beginning of year	<u>5,996,515</u>	<u>457,846</u>	<u>6,454,361</u>
Fund balances at end of year	<u>\$ 6,740,890</u>	<u>\$ 462,592</u>	<u>\$ 7,203,482</u>

See accompanying notes to the basic financial statements

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended December 31, 2012

Net Change in Fund Balances--Total Governmental Funds	\$ 749,121
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.	638,103
Proceeds from capital leases are reported as other financing sources in the funds, but a capital lease increases long-term liabilities in the statement of net position.	(432,600)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	42,448
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	156,254
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain on disposed capital assets reduced by the actual proceeds received from the sale of capital assets.	(6,012)
Some expenses reported in the statement of activities, such as other post-employment benefits and compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(609,199)
Change in Net Position of Governmental Activities	<u>\$ 538,115</u>

EXHIBIT E
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 74,101	\$ 337,894
Investments	<u>28,000</u>	<u>536,783</u>
Total Assets	<u>102,101</u>	<u>874,677</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments		851,301
Deposits		<u>23,376</u>
Total Liabilities	<u>-</u>	<u>874,677</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Held in trust	<u>102,101</u>	<u>-</u>
Total Net Position	<u>\$ 102,101</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2012

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Contributions:	
Private donations	\$ 9,852
Total Contributions	<u>9,852</u>
Investment Earnings:	
Interest income	<u>1,360</u>
Total Investment Earnings	<u>1,360</u>
Total Additions	<u>11,212</u>
DEDUCTIONS:	
Benefits	<u>11,862</u>
Total Deductions	<u>11,862</u>
Change in net position	(650)
Net position - beginning of year	<u>102,751</u>
Net position - end of year	<u>\$ 102,101</u>

See accompanying notes to the basic financial statements

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Moultonborough, New Hampshire conform to U.S. generally accepted accounting principles for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Moultonborough, New Hampshire (the Town) was incorporated in 1777. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

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

Basis of Presentation

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

During the year ended December 31, 2012, the Town implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" Under Statement 63, the Town has segregated previously reported assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. This statement also identifies net position as the residual of all other elements presented in the statement of financial position. Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

1. Government-Wide Financial Statements:

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

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

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

2. Fund Financial Statements:

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

Fund Accounting

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

1. Governmental Funds:

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

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

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains private-purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources) and do not involve the measurement of results of operations. The Town's agency funds consist of capital reserve funds of the Moultonborough School District, which are held by the Town as required by State law. Other agency funds consist of developer's performance bonds.

Measurement Focus

1. Government-Wide Financial Statements:

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

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

2. Fund Financial Statements:

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

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

Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions:

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

2. Unearned Revenue:

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

3. Expenses/Expenditures:

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

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2012, the Town applied \$400,000 of its unappropriated fund balance to reduce taxes.

Investments

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

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2012 are recorded as receivables net of reserves for estimated uncollectibles of \$50,000.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

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

	<u>Description</u>	<u>Years</u>
	Infrastructure	10-30
	Land improvements	25
	Buildings and improvements	50
	Vehicles and equipment	3-25

Compensated Absences

Dependent on length of service, employees earn vacation at 5 to 25 days per year. Upon voluntary separation of employment from the Town, employees shall be compensated for unused vacation leave at current rates of pay up to a maximum of 30 days for full-time employees and 15 days for part-time employees. All permanent full-time and part-time employees accrue one sick leave day per month. Employees may bank the unused sick leave days up to a total of 60 days. No payment for unused sick leave is made upon termination.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

Fund Balance Policy

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

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for the specific purpose stipulated by external resource providers or limitations imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or enabling legislation.
- *Committed Fund Balance*: Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the Town intends to use, as established by the highest level of decision making authority (Town Meeting) or the body of official designated by that level, for a specific purpose. All appropriations shall lapse at the end of the fiscal year unless authorized with the provisions of RSA 32:7. For all governmental funds, other than the General Fund, any remaining positive amounts are to be classified as "assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as unassigned.

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts shall be reduced first, followed by assigned amounts then unassigned amounts.

Minimum Level of Unassigned Fund Balance

It is the Town's intent to maintain a target level of 11.5% of its total gross annual appropriations in the unassigned fund balance in the General Fund. The target shall be calculated by dividing the unassigned fund balance at year end of a given fiscal year by the total of the annual gross appropriations or levies upon the community to include the Town, County, School District, and State Wide Education Property for the current fiscal year. Amounts above that may be considered excess.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

If the unassigned fund balance drops below the target level, the Town Administrator shall so notify the Board making recommendations as to advisable actions for its consideration, including but not limited to, a spending or hiring freeze until the unassigned fund balance has recovered to the target level. If this cannot be accomplished in a prudent manner over a period of three years, the Board shall consider recommended revenue increases in the next budget year.

Excess unassigned fund balance may be expended for the following: emergency situations which may cause an over-expenditure of total appropriations in accordance with the provisions of RSA 32:11, to reduce the property tax rate, to fund underfunded trust funds or capital reserves, or to increase capital outlay beyond that normally anticipated.

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense, the allowance for uncollectible taxes and the liability for other post-employment benefits.

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,747,723,898 as of April 1, 2012) and are due in two installments on July 2, 2012 and January 2, 2013. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

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

In accordance with State law, the Town collects taxes for the Moultonborough School District and Carroll County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$12,937,831 and \$3,053,755 for the Moultonborough School District and Carroll County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 3—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2012, the Town was a member of the New Hampshire Public Risk Management Exchange (PRIMEX). The Town currently reports all of its risk management activities in its General Fund. The Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2012.

Property and Liability Insurance

PRIMEX provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of PRIMEX, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. For the year ended December 31, 2012, the Trust retained \$500,000 of each loss, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

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

NOTE 4—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 11,377,382
Investments	950,444
Statement of Fiduciary Net Position:	
Cash and cash equivalents	411,995
Investments	564,783
	<u>\$ 13,304,604</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Deposits and investments at December 31, 2012 consist of the following:

Deposits with financial institutions	\$ <u>13,304,604</u>
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The Town's investment policy for governmental fund types requires that deposits be made in national banks operating in New Hampshire or Massachusetts and federally insured savings accounts in banks doing business in New Hampshire. The Town limits its investments to United States obligations, New Hampshire savings banks deposits, certificates of deposit and the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law. Responsibility for the investments of the Trust Funds is with the Board of Trustees.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. For assurance against custodial credit risk, the Town's investment policy requires that all deposits with financial institutions be collateralized with pledged securities that shall be equal or in excess of the amount of the public funds deposited, less any portion thereof covered by federal deposit insurance. Collateralization must remain in effect so long as Town assets remain on deposit.

Of the Town's deposits with financial institutions at year end, \$10,866,845 was collateralized by securities held by the bank in the bank's name.

NOTE 5—CAPITAL ASSETS

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

	<u>Balance</u> <u>01/01/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/12</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,055,339			\$ 1,055,339
Construction in progress	<u>330,555</u>	\$ 70,949		<u>401,504</u>
Total capital assets not being depreciated	<u>1,385,894</u>	<u>70,949</u>	<u>\$ -</u>	<u>1,456,843</u>
Other capital assets:				
Infrastructure	1,514,274	337,146		1,851,420
Land improvements	1,240,516			1,240,516
Buildings and improvements	6,134,760			6,134,760
Vehicles and equipment	<u>3,612,563</u>	<u>700,254</u>	<u>(345,488)</u>	<u>3,967,329</u>
Total other capital assets at historical cost	<u>12,502,113</u>	<u>1,037,400</u>	<u>(345,488)</u>	<u>13,194,025</u>
Less accumulated depreciation for:				
Infrastructure	(276,095)	(68,103)		(344,198)
Land improvements	(240,928)	(49,620)		(290,548)
Buildings and improvements	(1,108,907)	(121,860)		(1,230,767)
Vehicles and equipment	<u>(2,040,593)</u>	<u>(230,663)</u>	<u>339,476</u>	<u>(1,931,780)</u>
Total accumulated depreciation	<u>(3,666,523)</u>	<u>(470,246)</u>	<u>339,476</u>	<u>(3,797,293)</u>
Total other capital assets, net	<u>8,835,590</u>	<u>567,154</u>	<u>(6,012)</u>	<u>9,396,732</u>
Total capital assets, net	<u>\$10,221,484</u>	<u>\$ 638,103</u>	<u>\$ (6,012)</u>	<u>\$ 10,853,575</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Depreciation expense was charged to governmental functions as follows:

General government	\$ 72,062
Public safety	145,222
Highways and streets	183,908
Sanitation	16,341
Culture and recreation	<u>52,713</u>
Total governmental activities depreciation expense	<u>\$ 470,246</u>

The balance of assets acquired through capital lease issuances as of December 31, 2012 is as follows:

Vehicles and equipment	\$ 794,721
Less: Accumulated depreciation	<u>(80,495)</u>
	<u>\$ 714,226</u>

NOTE 6—DUE TO OTHER GOVERNMENTS

In accordance with State law, the Town collects taxes for the Moultonborough School District, Carroll County, and the State of New Hampshire, all independent governmental units, which are remitted to them as required by law. At December 31, 2012, the balance of the property tax appropriation due to the Moultonborough School District is \$6,405,536.

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), 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.

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 19.95%, 22.89% and 8.8%. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2012, 2011, and 2010 were \$345,252, \$302,977, and \$280,560, respectively, equal to the required contributions for each year.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Town provides dental, medical, pharmacy, and vision benefits to its eligible retirees. Dental, health care, pharmacy, and vision benefits have two groups of coverage. For group one, the employee must reach age 60 to qualify for this benefit. For group two, the employee must reach the age of 55 and have at least 20 years of service to qualify. All other retirees and spouses of retirees pay the full cost of the health care coverage. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of December 31, 2012, the alternative measurement method valuation date, approximately 1 retiree and 51 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The Town’s fiscal 2012 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC) an amount determined using the alternative measurement method in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The Town’s annual OPEB cost for the year ending December 31, 2012, including the amount actually contributed to the plan and the change in the Town’s net OPEB obligation based on the alternative measurement method valuation is as follows:

Annual Required Contribution (ARC)	\$ 394,541
Interest on Net OPEB obligation (NOO)	19,169
Adjustment to ARC	<u>(22,030)</u>
Annual OPEB Cost	391,680
Age Adjusted Contributions made	<u>(24,680)</u>
Increase in Net OPEB obligation	367,000
Net OPEB obligation - beginning of year	<u>766,775</u>
Net OPEB obligation - end of year	<u><u>\$ 1,133,775</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2012, 2011 and 2010 are as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2012	\$ 391,679	6.3%	\$ 1,133,775
12/31/2011	\$ 430,928	5.6%	\$ 766,775
12/31/2010	\$ 422,340	14.8%	\$ 359,788

The Town’s net OPEB obligation as of December 31, 2012 is recognized as a liability in these financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of December 31, 2012, the date of the most recent alternative measurement method valuation is as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Actuarial Accrued Liability (AAL)	\$ 2,469,524
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,469,524</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 2,512,363
UAAL as a percentage of covered payroll	98.3%

The alternative measurement method valuation involves estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other key assumptions. Internally generated key assumptions, based on recent trends within the Town, include general considerations, expected point at which benefits begin, and marital and dependency status. Mortality assumptions were derived from the RP2000 Mortality Table. Turnover assumptions were based on the Standard Turnover Assumptions from pronouncement GASBS No. 45. The assumption on health care trends was provided by an independent company that assisted the Town in the preparation of the alternative measurement method valuation for GASB 45. Based on this company's help, the health care trends do not reflect potential changes in future health costs due to the passage of the Patient Protection and Affordable Care Act signed on March 23, 2010, as amended by the Health Care and Education Reconciliation Act signed on March 30, 2010. The impact on future health costs due to this legislation will depend on a number of factors, including future regulations that are not yet known. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the December 31, 2012 alternative measurement method valuation the Entry Age Cost Method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 2.5% investment rate of return and an initial annual healthcare cost trend of 8.5%, 8.0%, 5.0%, and 3.0% for health, pharmacy, dental, and vision, respectively. These percentages are reduced to an ultimate 5.0%, 4.7%, 3.0%, and 3.0% long-term rate, for health, pharmacy, dental, and vision benefits, respectively, after ten years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of twenty eight years on a closed group basis. This has been calculated assuming the amortization payment increases at a rate of 4.0% per year.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 9—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town’s long-term obligations for the year ended December 31, 2012 are as follows:

	<u>Balance</u> <u>01/01/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Capital leases payable	\$ 181,503	\$ 432,600	\$ (156,254)	\$ 457,849	\$ 144,407
Compensated absences payable	-	242,199		242,199	46,368
	<u>\$ 181,503</u>	<u>\$ 674,799</u>	<u>\$ (156,254)</u>	<u>\$ 700,048</u>	<u>\$ 190,775</u>

Payments made on the capital leases are paid out of the General Fund. Compensated absences will also be paid from the General Fund.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following are the individual capital lease obligations at December 31, 2012:

John Deere Motor Grader, due in monthly installments of \$4,116, including interest at 4.50%, through August 2014	\$ 79,172
John Deere Backhoe Loader, due in monthly installments of \$1,530, including interest at 4.95%, through June 2015	41,734
HME Fire truck, due in annual installments of \$89,906, including interest at 2.66%, through December 2016	<u>336,943</u>
	<u>\$ 457,849</u>

Debt service requirements to retire capital leases outstanding at December 31, 2012 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 144,407	\$ 13,251	\$ 157,658
2014	132,995	8,199	141,194
2015	92,868	4,688	97,556
2016	87,579	2,328	89,907
	<u>\$ 457,849</u>	<u>\$ 28,466</u>	<u>\$ 486,315</u>

NOTE 10—INTERFUND BALANCES

The current year’s earned income in the Permanent Funds, a Nonmajor Governmental Fund, that is to be distributed to the General Fund at year end, has been reflected as an interfund balance. In addition,

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

expenditures paid by the General Fund on-behalf of the Recreation Fund, a Nonmajor Governmental Fund, and not reimbursed prior to year end are payable to the General Fund. Finally, fifty percent of all land use change taxes collected during the year by the General Fund up to \$20,000, is to be paid over to the Conservation Fund, a Nonmajor Governmental Fund, and is recognized as an interfund payable at year end. These balances are reflected in the interfund balances at December 31, 2012 as follows:

	Due from		Totals
	General Fund	Nonmajor Governmental Funds	
Due to General Fund		\$ 15,886	\$ 15,886
Due to Nonmajor Governmental Funds	\$ 1,205		1,205
	<u>\$ 1,205</u>	<u>\$ 15,886</u>	<u>\$ 17,091</u>

NOTE 11—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2012 as follows:

Library - Building and Principal funds	\$ 30,302
Permanent funds - Endowments	91,645
Permanent funds - Income	14,954
	<u>\$ 136,901</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2012 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid expenses	\$ 7,651		\$ 7,651
Permanent funds - Endowments		\$ 91,645	91,645
Restricted for:			
Library building and principal funds	30,302		30,302
Permanent funds - Income		14,954	14,954
Committed for:			
Continuing non-lapsing appropriations	760,984		760,984
Capital reserve funds	1,764,385		1,764,385
Expendable trust funds	202,279		202,279
Conservation		42,580	42,580
Town Property Acquisition trust		106,986	106,986
Recreation		206,427	206,427
Assigned for:			
Encumbrances	9,000		9,000
Library operations	173,322		173,322

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Unassigned:			
Unassigned - General operations	<u>3,792,967</u>		<u>3,792,967</u>
	<u>\$ 6,740,890</u>	<u>\$ 462,592</u>	<u>\$ 7,203,482</u>

NOTE 13—COMMITMENTS AND CONTINGENCIES

Ambulance Contract

During January 2006, the Town of Moultonborough and several neighboring towns entered into a long-term contract with an independent company to provide emergency ambulance services. The agreement shall be in effect from April 1, 2006 through March 31, 2011. In March 2011, the Town extended the agreement through June 30, 2016. Terms of the new agreement provide for monthly payments from each town based on a distribution formula comprised of both fixed and variable costs. The fixed cost for each town is based on 25% of the total contract price equally allocated among the towns. The variable cost component will be based on the actual usage of services by each town. The usage will be recalculated each year based on the run volume during the period of October 1 through September 30 of the preceding year.

The annual contract price is subject to an annual cost of living adjustment in accordance with the State of New Hampshire Consumer Price Index (CPI) as referenced by the New Hampshire Employment Security, Consumer Price Index – Northeast Region CPI Components.

For the year ended December 31, 2012, the Town expended \$172,827 under the terms of the emergency ambulance service agreement.

Solid Waste Contract

During April 2008, the Town renewed its long-term contract with an independent company to collect and transport municipal solid waste from the transfer station through March 31, 2012. Yearly increases for transportation and disposal will be based on the Consumer Price Index for All Urban Consumers for the preceding calendar year from November to the previous November and implemented every April 1st for the duration of the five year agreement. During April 2010, the Town extended this agreement for an additional three years such that the agreement will extend through March 31, 2015. For the year ended December 31, 2012, the Town expended \$118,758 under the terms of the agreement.

Litigation

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

SCHEDULE 1
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,462,362	\$ 7,462,362	\$ 7,469,491	\$ 7,129
Licenses and permits	1,161,000	1,161,000	1,194,146	33,146
Intergovernmental	611,819	370,693	343,280	(27,413)
Charges for services	452,500	452,500	384,877	(67,623)
Interest income	25,000	25,000	15,279	(9,721)
Miscellaneous	158,730	158,730	282,579	123,849
Total Revenues	<u>9,871,411</u>	<u>9,630,285</u>	<u>9,689,652</u>	<u>59,367</u>
Expenditures:				
Current operations:				
General government	2,213,591	2,184,508	1,922,103	262,405
Public safety	2,598,331	2,620,079	2,481,113	138,966
Highways and streets	2,285,397	1,779,083	1,523,126	255,957
Sanitation	529,006	532,830	498,582	34,248
Health and welfare	653,364	656,577	507,296	149,281
Culture and recreation	723,126	723,126	655,875	67,251
Capital outlay	<u>1,824,345</u>	<u>935,853</u>	<u>777,465</u>	<u>158,388</u>
Total Expenditures	<u>10,827,160</u>	<u>9,432,056</u>	<u>8,365,560</u>	<u>1,066,496</u>
Excess revenues over (under) expenditures	<u>(955,749)</u>	<u>198,229</u>	<u>1,324,092</u>	<u>1,125,863</u>
Other financing sources (uses):				
Transfers in	590,929	197,936	173,083	(24,853)
Transfers out	<u>(697,421)</u>	<u>(697,421)</u>	<u>(697,421)</u>	<u>-</u>
Total other financing sources (uses)	<u>(106,492)</u>	<u>(499,485)</u>	<u>(524,338)</u>	<u>(24,853)</u>
Net change in fund balance	(1,062,241)	(301,256)	799,754	1,101,010
Fund balance at beginning of year				
- Budgetary Basis	<u>4,414,145</u>	<u>4,414,145</u>	<u>4,414,145</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 3,351,904</u>	<u>\$ 4,112,889</u>	<u>\$ 5,213,899</u>	<u>\$ 1,101,010</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF MOULTONBOROUGH

Schedule of Funding Progress for Other Post-Employment Benefits

For the Year Ended December 31, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2010	\$ -	\$ 3,133,764	\$ 3,133,764	0%	\$ 2,549,386	122.9%
12/31/2011	\$ -	\$ 2,246,932	\$ 2,246,932	0%	\$ 2,455,710	91.5%
12/31/2012	\$ -	\$ 2,469,524	\$ 2,469,524	0%	\$ 2,512,363	98.3%

See accompanying notes to the required supplementary information

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 10,124,952	\$ 9,380,577
Difference in property taxes meeting susceptible to accrual criteria	42,448	
Encumbrances, December 31, 2011		(189,756)
Encumbrances, December 31, 2012		9,000
Capital lease proceeds	(432,600)	(432,600)
Non-budgetary revenues and expenditures	(45,148)	(401,661)
Budgetary transfers in and out	173,083	697,421
Per Schedule 1	<u>\$ 9,862,735</u>	<u>\$ 9,062,981</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2012 are as follows:

<i>Committed for:</i>	
Continuing appropriations	\$ 760,984
<i>Unassigned:</i>	
Unassigned - General operations	<u>4,452,915</u>
	<u>\$ 5,213,899</u>

NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the Town is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The Town implemented the provisions of GASB Statement #45 during the year ended December 31, 2010. Accordingly, the funding progress has been presented for the three most recent actuarial valuation reports. The Town has not advance funded its obligation.

SCHEDULE A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2012

		Special Revenue Funds					
		Town			Total Special		
		Property			Revenue	Permanent	Combining
		Acquisition	Conservation		Funds	Funds	Totals
ASSETS		Fund	Fund	Fund			
Cash and cash equivalents		\$ 224,294	\$ 106,986	\$ 41,375	\$ 372,655	\$ 107,296	\$ 479,951
Due from other funds				1,205	1,205		1,205
Total Assets		<u>224,294</u>	<u>106,986</u>	<u>42,580</u>	<u>373,860</u>	<u>107,296</u>	<u>481,156</u>
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources		-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources		<u>\$ 224,294</u>	<u>\$ 106,986</u>	<u>\$ 42,580</u>	<u>\$ 373,860</u>	<u>\$ 107,296</u>	<u>\$ 481,156</u>
LIABILITIES							
Accounts payable		\$ 2,678			\$ 2,678		\$ 2,678
Due to other funds		15,189			15,189	\$ 697	15,886
Total Liabilities		<u>17,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>17,867</u>	<u>697</u>	<u>18,564</u>
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources		-	-	-	-	-	-
FUND BALANCES							
Nonspendable						91,645	91,645
Restricted						14,954	14,954
Committed		206,427	106,986	42,580	355,993		355,993
Total Fund Balances		<u>206,427</u>	<u>106,986</u>	<u>42,580</u>	<u>355,993</u>	<u>106,599</u>	<u>462,592</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances		<u>\$ 224,294</u>	<u>\$ 106,986</u>	<u>\$ 42,580</u>	<u>\$ 373,860</u>	<u>\$ 107,296</u>	<u>\$ 481,156</u>

SCHEDULE B
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2012

	Special Revenue Funds					Combining Totals
	Recreation Fund	Town Property Acquisition Fund	Conservation Fund	Total Special Revenue Funds	Permanent Funds	
Revenues:						
Taxes			\$ 1,205	\$ 1,205		\$ 1,205
Charges for services	\$ 71,982			71,982		71,982
Interest and investment income	247	\$ 696	4	947	\$ 697	1,644
Miscellaneous					600	600
Total Revenues	<u>72,229</u>	<u>696</u>	<u>1,209</u>	<u>74,134</u>	<u>1,297</u>	<u>75,431</u>
Expenditures:						
Current operations:						
Culture and recreation	69,988			69,988		69,988
Total Expenditures	<u>69,988</u>	<u>-</u>	<u>-</u>	<u>69,988</u>	<u>-</u>	<u>69,988</u>
Excess revenues over expenditures	<u>2,241</u>	<u>696</u>	<u>1,209</u>	<u>4,146</u>	<u>1,297</u>	<u>5,443</u>
Other financing sources (uses):						
Transfers out					(697)	(697)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(697)</u>	<u>(697)</u>
Net change in fund balances	2,241	696	1,209	4,146	600	4,746
Fund balances at beginning of year	<u>204,186</u>	<u>106,290</u>	<u>41,371</u>	<u>351,847</u>	<u>105,999</u>	<u>457,846</u>
Fund balances at end of year	<u>\$ 206,427</u>	<u>\$ 106,986</u>	<u>\$ 42,580</u>	<u>\$ 355,993</u>	<u>\$ 106,599</u>	<u>\$ 462,592</u>

SCHEDULE C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Agency Funds
December 31, 2012

	School Agency <u>Funds</u>	Performance Bond Agency <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 314,518	\$ 23,376	\$ 337,894
Investments	536,783		536,783
Total Assets	<u>\$ 851,301</u>	<u>\$ 23,376</u>	<u>\$ 874,677</u>
LIABILITIES			
Due to other governments	\$ 851,301		\$ 851,301
Deposits		\$ 23,376	23,376
Total Liabilities	<u>\$ 851,301</u>	<u>\$ 23,376</u>	<u>\$ 874,677</u>