

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Financial Statements

December 31, 2013

and

Independent Auditor's Report

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2013

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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, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire (the Town), as of and for the year ended December 31, 2013, 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, each major fund, and the aggregate remaining fund information of the Town of Moultonborough, New Hampshire, as of December 31, 2013, 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, budgetary comparison information, and the schedule of funding progress for other post-employment benefits on pages i-viii and 23-25 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.

Supplementary 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 governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental and fiduciary 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, the combining nonmajor governmental and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vachon Cluckey & Company PC

Manchester, New Hampshire
June 2, 2014

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

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, 2013. 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 \$17,536,865 (net position). Of this amount, \$6,099,177 (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 \$653,683.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$7,413,637, an increase of \$210,155 in comparison with the prior year. Of this total amount, \$7,278,623 is available for spending at the Town's discretion (unrestricted fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,791,622 or 50% of total general fund expenditures in fiscal year 2013.
- The Town has long-term obligations payable at year end consisting of three capital leases totaling \$313,442 and compensated absences of \$217,604.
- The Town has other post-employment benefits payable at year end of \$1,499,207.

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 basic 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

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 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 schedules accompanying this report as Supplemental Information.

The Town adopts an annual appropriation budget for its General Fund. A budgetary comparison schedule is provided for the General Fund as Required Supplementary Information 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.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 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		
	2013	2012
Capital assets, net	\$ 11,616,116	\$ 10,853,575
Other assets	<u>14,787,289</u>	<u>14,624,271</u>
Total Assets	<u>26,403,405</u>	<u>25,477,846</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Long-term liabilities	2,030,253	1,833,823
Other liabilities	<u>6,823,272</u>	<u>6,750,166</u>
Total Liabilities	<u>8,853,525</u>	<u>8,583,989</u>
Unearned tax revenue	2,900	115
Other unearned revenue	<u>10,115</u>	<u>10,560</u>
Total Deferred Inflows of Resources	<u>13,015</u>	<u>10,675</u>
Net position:		
Net investment in capital assets	11,302,674	10,395,726
Restricted	135,014	136,901
Unrestricted	<u>6,099,177</u>	<u>6,350,555</u>
Total Net Position	<u>\$ 17,536,865</u>	<u>\$ 16,883,182</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the 2013 fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,536,865. This is a \$653,683 increase in net position during 2013. This increase includes an increase in net investment in capital assets of \$906,948 and decreases to the total restricted and unrestricted net position of (\$253,265).

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
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The largest portion of the Town's net position \$11,302,674 (64%) 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 \$313,442 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, \$135,014 (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$6,099,177 (35%) may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Moultonborough, NH
Changes in Net position

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 524,717	\$ 456,859
Operating grants and contributions	146,261	163,383
General revenues:		
Property and other taxes	7,425,580	7,470,696
Licenses and permits	1,251,431	1,194,146
Grants and contributions	180,881	180,491
Interest and investment earnings	25,399	31,789
Miscellaneous	272,178	308,938
Total revenues	<u>9,826,447</u>	<u>9,806,302</u>
Expenses		
General government	2,447,028	2,429,091
Public safety	2,532,426	2,678,030
Highways and streets	2,001,720	1,958,789
Sanitation	529,837	534,229
Health and welfare	530,206	526,735
Culture and recreation	930,801	1,141,913
Conservation	201,246	
Total expenses	<u>9,173,264</u>	<u>9,268,787</u>
Increase in net position before contributions to permanent fund principal	653,183	537,515
Contributions to permanent fund principal	<u>500</u>	<u>600</u>
Increase in net position	653,683	538,115
Net position, beginning of year	<u>16,883,182</u>	<u>16,345,067</u>
Net position, end of year	<u>\$ 17,536,865</u>	<u>\$ 16,883,182</u>

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
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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 \$653,683. Key elements of this increase are the increase in Capital Assets (net of depreciation) \$762,541, the decrease in Capital Leases Payable \$144,407, and the increase in Other Post-Employment Benefits (\$365,432).

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 2013, the Town's governmental funds reported combined ending fund balances of \$7,413,637 an increase of \$210,155 in comparison with the prior year. Of this total amount, \$7,278,623 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 2013 non-spendable fund balance includes permanent fund endowments used to generate income for purposes that support the Town's programs at the cemeteries (\$8,950) and the municipal library (\$82,248). The restricted fund balance includes donated funds to the library (\$26,711) that can only be for specific purposes such as building repairs and donated funds for the heritage commission of (\$720). The remaining restricted amount (\$16,385) 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 2013 fiscal year, unassigned fund balance of the general fund was \$4,791,622 while total fund balance was \$6,977,546. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (50%) and total fund balance (73%) to total general fund expenditures of \$9,623,607. As defined by the Town's Fund Balance Policy, based upon our best estimates of the fiscal 2014 budgets for other entities, the unassigned fund balance will be approximately 17.2% in comparison to the target of 11.5%.

The total fund balance of the Town's general fund increased \$236,656 during the 2013 fiscal year. Final revenues exceeded those estimated in the 2013 budget by \$177,218, and the Town under expended its final budget by \$1,349,239.

There are five non-major governmental funds with a total fund balance of \$436,091, a slight decrease of (\$26,501) from the prior year.

General Fund Budgetary Highlights

During the year, the original budget for appropriations decreased by \$525,692. This decrease is the result of approved appropriations of \$232,397 being carried forward to 2014 plus a reduction in appropriations supported by revenues and transfers-in totaling \$293,295 that are not susceptible to accrual.

The Town under expended its 2013 budget by \$1,349,234. Of this amount, approximately one-half came from the lagging expenditure of the State highway block grant being held in reserve for Fox Hollow Road

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and related highway contingencies. Approximately one-sixth came from under expenditures in the various insurance programs (health and workers compensation) vacancies, new staffing patterns and the completion of the switch to a new health benefit platform. Savings from leaving a police officer position vacant and savings in the human services budget from an improving economy contributed another ten percent of the total under expenditure.

For 2012, the Town changed its health insurance offerings by adding an HMO plan. Employees hired before 2013 could 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. This requirement did not change. In 2013, a six percent (6%) contribution was required from all employees towards their single plan and other benefits (i.e. dental, life, and disability). This contribution will rise by two percentage points (2%) per year until it reaches ten percent (10%) in 2015.

Capital Assets 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 \$11,616,116 (net of accumulated depreciation), an increase of \$762,541 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 purchase of a 2014 Kenworth T470 6-wheel dump truck with plow and sander (\$182,753), and the reconstruction of a soccer field (\$340,824). The Town also spent (\$165,432) to reconstruct/repave Clark's Landing and Black Point Roads. The major rehabilitation and pavement preservation projects were (\$209,907) for Old Route 109, (\$121,676) for Severance Road, and (\$97,205) for Bodge Hill Road.

	Capital Assets (net of depreciation)	
	<u>Governmental Activities</u>	
	2013	2012
Land and improvements	\$ 1,955,686	\$ 2,005,307
Buildings and improvements	4,874,356	4,903,993
Vehicles and equipment	2,073,393	2,035,549
Infrastructure	1,851,957	1,507,222
Construction in progress	860,724	401,504
Total	<u>\$ 11,616,116</u>	<u>\$ 10,853,575</u>

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 December 2013, after two public hearings and a draft review with the SelectBoard, the final CIPC report for the 2014-2019 Six Year Capital Improvement Plan (CIP) was submitted to the SelectBoard.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long-Term Obligations. At the end of the current fiscal year, total bonded debt outstanding remained at zero. Capital leases payable was \$313,442 which is a \$144,407 decrease from 2013 due to scheduled payments on existing obligations.

Outstanding Debt Governmental Activities <u>General Obligation Bonds and Capital Lease Payable</u>		
	2013	2012
General obligation bonds	\$ -	\$ -
Capital leases	313,442	457,849
Total	\$ 313,442	\$ 457,849

The balance of compensated absences payable of \$217,604 had a net decrease of \$24,595 in potential future payments.

The net Other Post-Employment Benefits (OPEB) obligation at the end of 2013 was \$1,499,207 which is a \$365,432 increase from the previous year. This represents the value provided to retirees through an implicit rate subsidy gained through lower insurance premiums than what a retiree might otherwise pay if they were in a different plan from other employees. The Town employs a *pay-as-you-go* basis to fund the plan and has not advance funded its obligation; therefore, the liability will continue to increase.

See Note 8 and 9, of the Basic Financial Statements, for a summary of all outstanding long-term obligations.

Economic Factors, Rates and 2014 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 2013 to the 2012 tax rates:

	2013	2012
Town rate	\$ 2.77	\$ 2.73
Local school rate	2.13	2.20
State school rate	2.66	2.52
County rate	1.13	1.11
Total rate	\$ 8.69	\$ 8.56
Assessed value (in thousands)	\$ 2,686,899	\$ 2,747,724

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The results of the 2013 Moultonborough statistical update show overall values went down by two percent. The vacant-land category showed the largest decrease at nine percent and commercial values decreased four percent. One hundred eighty-seven qualified sales were used in the analysis, of which fifty-seven were waterfront properties. Although the average value went down, some assessed values went up and some stayed the same.

In 2013, the Town continued its measure and list project to update the physical data for all properties. Working with Vision Government Solutions, we inspected properties on Long Island (except for Jonathan's Landing condos) and continued north in the Winaukee area and the southern part of Moultonborough Neck.

The highest-priced 2013 sale in the Lakes Region occurred here, in Moultonborough. The unique, custom-built Squam Lake property had a sale price of seven million dollars.

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, 2013

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 12,780,331
Investments	710,179
Taxes receivable, net	1,261,000
Accounts receivable	35,779
Total Current Assets	<u>14,787,289</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,916,063
Depreciable capital assets, net	<u>9,700,053</u>
Total Noncurrent Assets	<u>11,616,116</u>
Total Assets	<u>26,403,405</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	261,173
Accrued expenses	184,391
Retainage payable	40,625
Due to other governments	6,337,083
Current portion of capital leases payable	132,995
Current portion of compensated absences payable	46,510
Total Current Liabilities	<u>7,002,777</u>
Noncurrent Liabilities:	
Capital leases payable	180,447
Compensated absences payable	171,094
Other post-employment benefits payable	<u>1,499,207</u>
Total Noncurrent Liabilities	<u>1,850,748</u>
Total Liabilities	<u>8,853,525</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned tax revenue	2,900
Other unearned revenue	<u>10,115</u>
Total Deferred Inflows of Resources	<u>13,015</u>
NET POSITION	
Net investment in capital assets	11,302,674
Restricted	135,014
Unrestricted	<u>6,099,177</u>
Total Net Position	<u>\$ 17,536,865</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, 2013

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>	
Governmental Activities:				
General government	\$ 2,447,028	\$ 12,745		\$ (2,434,283)
Public safety	2,532,426	28,477	\$ 20,380	(2,483,569)
Highways and streets	2,001,720		125,881	(1,875,839)
Sanitation	529,837	200,784		(329,053)
Health and welfare	530,206	214,067		(316,139)
Culture and recreation	930,801	68,644		(862,157)
Conservation	201,246			(201,246)
Total governmental activities	<u>\$ 9,173,264</u>	<u>\$ 524,717</u>	<u>\$ 146,261</u>	<u>(8,502,286)</u>
General revenues:				
Property and other taxes				7,425,580
Licenses and permits				1,251,431
Grants and contributions:				
Rooms and meals tax distribution				180,881
Interest and investment earnings				25,399
Miscellaneous				272,178
Contributions to permanent fund principal				500
Total general revenues and contributions to permanent fund principal				<u>9,155,969</u>
Change in net position				653,683
Net position - beginning				<u>16,883,182</u>
Net position - ending				<u>\$ 17,536,865</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 12,350,711	\$ 429,620	\$ 12,780,331
Investments	710,179		710,179
Taxes receivable, net	1,261,000		1,261,000
Accounts receivable	35,779		35,779
Due from other funds		12,444	12,444
Total Assets	<u>14,357,669</u>	<u>442,064</u>	<u>14,799,733</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,357,669</u>	<u>\$ 442,064</u>	<u>\$ 14,799,733</u>
LIABILITIES			
Accounts payable	\$ 255,200	\$ 5,973	\$ 261,173
Accrued expenses	184,391		184,391
Retainage payable	40,625		40,625
Due to other governments	6,337,083		6,337,083
Due to other funds	12,444		12,444
Total Liabilities	<u>6,829,743</u>	<u>5,973</u>	<u>6,835,716</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned tax revenue	540,265		540,265
Other unearned revenue	10,115		10,115
Total Deferred Inflows of Resources	<u>550,380</u>	<u>-</u>	<u>550,380</u>
FUND BALANCES			
Nonspendable		91,198	91,198
Restricted	26,711	17,105	43,816
Committed	1,978,521	327,788	2,306,309
Assigned	180,692		180,692
Unassigned	4,791,622		4,791,622
Total Fund Balances	<u>6,977,546</u>	<u>436,091</u>	<u>7,413,637</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,357,669</u>	<u>\$ 442,064</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			11,616,116
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis			537,365
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			(313,442)
Compensated absences payable			(217,604)
Other post-employment benefits payable			<u>(1,499,207)</u>
Net position of governmental activities			<u>\$ 17,536,865</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, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,544,413	\$ 3,750	\$ 7,548,163
Licenses and permits	1,251,431		1,251,431
Intergovernmental	327,142		327,142
Charges for services	459,313	65,404	524,717
Interest and investment income	24,064	1,335	25,399
Miscellaneous	253,821	1,220	255,041
Total Revenues	<u>9,860,184</u>	<u>71,709</u>	<u>9,931,893</u>
Expenditures:			
Current operations:			
General government	1,974,691	4,500	1,979,191
Public safety	2,457,072		2,457,072
Highways and streets	1,610,757		1,610,757
Sanitation	513,112		513,112
Health and welfare	545,345		545,345
Culture and recreation	784,576	89,572	874,148
Conservation	197,187	4,059	201,246
Capital outlay	1,540,867		1,540,867
Total Expenditures	<u>9,623,607</u>	<u>98,131</u>	<u>9,721,738</u>
Excess revenues over (under) expenditures	<u>236,577</u>	<u>(26,422)</u>	<u>210,155</u>
Other financing sources (uses):			
Transfers in	79		79
Transfers out	-	(79)	(79)
Total other financing sources (uses)	<u>79</u>	<u>(79)</u>	<u>-</u>
Net change in fund balances	236,656	(26,501)	210,155
Fund balances at beginning of year	<u>6,740,890</u>	<u>462,592</u>	<u>7,203,482</u>
Fund balances at end of year	<u>\$ 6,977,546</u>	<u>\$ 436,091</u>	<u>\$ 7,413,637</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, 2013	
Net Change in Fund Balances--Total Governmental Funds	\$ 210,155
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.	744,904
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(104,946)
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.	144,407
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.	<u>(340,837)</u>
Change in Net Position of Governmental Activities	<u>\$ 653,683</u>

EXHIBIT E
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 79,366	\$ 333,712
Investments	<u>28,000</u>	<u>539,849</u>
Total Assets	<u>107,366</u>	<u>\$ 873,561</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Due to other governments		\$ 856,604
Deposits		<u>16,957</u>
Total Liabilities	<u>-</u>	<u>\$ 873,561</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>107,366</u>	
Total Net Position	<u>\$ 107,366</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, 2013

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Contributions:	
Private donations	\$ 10,364
Total Contributions	<u>10,364</u>
Investment Earnings:	
Interest income	<u>1,251</u>
Total Investment Earnings	<u>1,251</u>
Total Additions	<u>11,615</u>
DEDUCTIONS:	
Benefits	<u>6,350</u>
Total Deductions	<u>6,350</u>
Change in net position	5,265
Net position - beginning of year	<u>102,101</u>
Net position - end of year	<u>\$ 107,366</u>

See accompanying notes to the basic financial statements

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Moultonborough, New Hampshire conform to accounting policies generally accepted in the United States of America 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.

1. Government-Wide Financial Statements:

The statement of net position and 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.

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.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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 and deferred outflows of resources less liabilities and 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 equal liabilities) 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 deposits.

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.

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 reconciliations with

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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 and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

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.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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, 2013, the Town applied \$640,000 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, 2013 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.

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.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013**

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	15-50
	Vehicles and equipment	3-25

Compensated Absences

Dependent on length of service, employees earn leave time at 3 to 6 hours per week. Upon voluntary separation of employment from the Town, employees shall be compensated for unused leave time at current rates of pay up to a maximum of 240 hours for full-time employees and 120 hours for part-time employees.

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 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 position is available.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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.

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.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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 (\$2,686,898,771 as of April 1, 2013) and are due in two installments on July 5, 2013 and December 30, 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 may be 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 \$12,838,762 and \$3,030,819 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.

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, 2013, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013**

The Trust agreements permit 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, 2013.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, 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

The Trust 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, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 12,780,331
Investments	710,179
Statement of Fiduciary Net Position:	
Cash and cash equivalents	413,078
Investments	567,849
	<u>\$ 14,471,437</u>

Deposits and investments at December 31, 2013 consist of the following:

Deposits with financial institutions	<u>\$ 14,471,437</u>
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The Town's investment policy for governmental fund types requires that deposits be made in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State and federally insured banks outside the State, if such banks pledge and deliver collateral security to a third party custodial bank or the Federal Reserve Bank. The Town limits its investments for

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

governmental fund types to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements, all other types of interest bearing accounts, or obligations fully guaranteed as to principal and interest by the United States government.

Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library 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, \$13,169,357 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>01/01/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,055,339			\$ 1,055,339
Construction in progress	401,504	\$ 567,811	\$ (108,591)	860,724
Total capital assets not being depreciated	<u>1,456,843</u>	<u>567,811</u>	<u>(108,591)</u>	<u>1,916,063</u>
Other capital assets:				
Infrastructure	1,851,419	443,796		2,295,215
Land improvements	1,240,516			1,240,516
Buildings and improvements	6,134,760	128,430	(20,244)	6,242,946
Vehicles and equipment	3,967,329	261,255	(125,075)	4,103,509
Total other capital assets at historical cost	<u>13,194,024</u>	<u>833,481</u>	<u>(145,319)</u>	<u>13,882,186</u>
Less accumulated depreciation for:				
Infrastructure	(344,197)	(99,061)		(443,258)
Land improvements	(290,548)	(49,621)		(340,169)
Buildings and improvements	(1,230,767)	(138,228)	405	(1,368,590)
Vehicles and equipment	(1,931,780)	(223,411)	125,075	(2,030,116)
Total accumulated depreciation	<u>(3,797,292)</u>	<u>(510,321)</u>	<u>125,480</u>	<u>(4,182,133)</u>
Total other capital assets, net	<u>9,396,732</u>	<u>323,160</u>	<u>(19,839)</u>	<u>9,700,053</u>
Total capital assets, net	<u>\$10,853,575</u>	<u>\$ 890,971</u>	<u>\$ (128,430)</u>	<u>\$ 11,616,116</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Depreciation expense was charged to governmental functions as follows:

General government	\$ 88,430
Public safety	152,111
Highways and streets	201,056
Sanitation	16,011
Culture and recreation	<u>52,713</u>
Total governmental activities depreciation expense	<u>\$ 510,321</u>

The balance of assets acquired through capital lease issuances as of December 31, 2013 is as follows:

Vehicles and equipment	\$ 794,721
Less: Accumulated depreciation	<u>(121,940)</u>
	<u>\$ 672,781</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, 2013, the balance of the property tax appropriation due to the Moultonborough School District is \$6,337,083.

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%, respectively, through June 30, 2013, and 25.30%, 27.74% and 10.77%, respectively, thereafter. 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, 2013, 2012, and 2011 were \$409,761, \$345,252, and \$302,977, respectively, equal to the required contributions for each year.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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 and their covered dependents. The following groups of eligible retirees qualify for these benefits: Group I employees are required to reach age 60 with no minimum service requirement; Group II employees must reach the age of 55 with at least 20 years of service. Retirees and surviving spouses pay the full costs of the benefits premiums. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of December 31, 2013, the alternative measurement method valuation date, approximately 51 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The Town's December 31, 2013 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, 2013, 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)	\$ 384,018
Interest on Net OPEB obligation (NOO)	22,676
Adjustment to ARC	<u>(31,634)</u>
Annual OPEB Cost	375,060
Age Adjusted Contributions made	<u>(9,628)</u>
Increase in Net OPEB obligation	365,432
Net OPEB obligation - beginning of year	<u>1,133,775</u>
Net OPEB obligation - end of year	<u>\$ 1,499,207</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, 2013, 2012 and 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 375,060	2.6%	\$ 1,499,207
12/31/2012	\$ 391,679	6.3%	\$ 1,133,775
12/31/2011	\$ 430,928	5.6%	\$ 766,775

The Town's net OPEB obligation as of December 31, 2013 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, 2013, 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, 2013

Actuarial Accrued Liability (AAL)	\$ 2,647,835
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,647,835</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 2,698,615
UAAL as a percentage of covered payroll	98.1%

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 GASB No. 45, Paragraph 35b. 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.

For the December 31, 2013 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 Town employs the Pay-as-you-go basis to fund the plan. The actuarial valuation assumptions include a 2.0% investment rate of return and initial annual healthcare cost trends of 8.5%, 8.0%, 5.0%, and 3.0% for health, pharmacy, dental, and vision, respectively. The annual healthcare cost trends are reduced to ultimate long-term rates after ten years of 5.0%, 4.7%, 3.0%, and 3.0%, for health, pharmacy, dental, and vision benefits, respectively. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll for a period of thirty 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, 2013

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, 2013 are as follows:

	<u>Balance</u> <u>01/01/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Capital leases payable	\$ 457,849		\$ (144,407)	\$ 313,442	\$ 132,995
Compensated absences payable	<u>242,199</u>	<u>\$ 14,538</u>	<u>(39,133)</u>	<u>217,604</u>	<u>46,510</u>
	<u>\$ 700,048</u>	<u>\$ 14,538</u>	<u>\$ (183,540)</u>	<u>\$ 531,046</u>	<u>\$ 179,505</u>

Payments made on the capital lease obligations are paid out of the General Fund. Compensated absences payments 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 functions. The following are the individual capital lease obligations outstanding at December 31, 2013:

John Deere Motor Grader, due in monthly installments of \$4,116, including interest at 4.50%, through August 2014	\$ 32,383
John Deere Backhoe Loader, due in monthly installments of \$1,530, including interest at 4.95%, through June 2015	25,067
HME Fire truck, due in annual installments of \$89,906, including interest at 2.66%, through December 2016	<u>255,992</u>
	<u>\$ 313,442</u>

Debt service requirements to retire capital lease obligations outstanding at December 31, 2013 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 132,995	\$ 8,199	\$ 141,194
2015	92,868	4,688	97,556
2016	<u>87,579</u>	<u>2,328</u>	<u>89,907</u>
	<u>\$ 313,442</u>	<u>\$ 15,215</u>	<u>\$ 328,657</u>

NOTE 10—INTERFUND BALANCES

Charges for services collected 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 Recreation Fund. Additionally, fifty percent of all land use change taxes collected during the year by the General Fund up

**TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013**

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. Interfund balances at December 31, 2013 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund		\$ 12,444
Nonmajor Governmental Funds:		
Recreation Fund	\$ 8,694	
Conservation Fund	3,750	
	<u>\$ 12,444</u>	<u>\$ 12,444</u>

NOTE 11—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2013 as follows:

Permanent funds - Endowments	\$ 91,198
Permanent funds - Income	16,385
Library - Building and Principal funds	26,711
Heritage Commission	720
	<u>\$ 135,014</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2013 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Permanent funds - Endowments		\$ 91,198	\$ 91,198
Restricted for:			
Library - Building and Principal funds	\$ 26,711		26,711
Heritage Commission		720	720
Permanent funds - Income		16,385	16,385
Committed for:			
Continuing appropriations	232,396		232,396
Capital reserves	1,530,065		1,530,065
Expendable trusts	216,060		216,060
Conservation		42,275	42,275
Town Property Acquisition trust		103,048	103,048
Recreation		182,465	182,465
Assigned for:			
Encumbrances	10,000		10,000
Library - Operations	170,692		170,692
Unassigned:			
Unassigned - General operations	4,791,622		4,791,622
	<u>\$ 6,977,546</u>	<u>\$ 436,091</u>	<u>\$ 7,413,637</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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 was 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 is 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, 2013, the Town expended \$173,066 under the terms of the emergency ambulance service agreement.

Solid Waste Contract

During April 2010, 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, 2015. 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. For the year ended December 31, 2013, the Town expended \$134,337 under the terms of the agreement.

Appraisal Contract

During November 2008, the Town entered into a long-term contract with an independent company to provide annual assessing and revaluation services. The agreement was in effect from August 2009 through August 2013. During November 2013, the Town renewed its contract with the company to provide services through December 31, 2017. The terms of the new agreement require annual payments of \$68,500. For the year ended December 31, 2013, the Town expended \$182,177 under the terms of the agreement, which included a complete valuation update in the amount of \$135,000.

Visiting Nurse Services

During November 2013, the Town entered into a long-term agreement to transfer the Town's visiting nurse services to an independent non-profit organization. The contract covers the period from the effective date of the agreement in November 2013 through December 31, 2016. Terms of the agreement provide for the Town to pay \$48,000 per annum, made in quarterly payments, to support the compensation of a transferred employee and \$18,000 per annum, made in quarterly payments, to offset the costs of services provided to residents of the Town but 'written-off' due to lack of reimbursement by the resident, or an insurance carrier on their behalf. Any payments associated with compensation support or 'write-offs' to be made for the period of time after June 30, 2014 shall be subject to annual appropriation by the Town Meeting.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,385,351	\$ 7,385,351	\$ 7,421,830	\$ 36,479
Licenses and permits	1,161,000	1,161,000	1,251,431	90,431
Intergovernmental	583,243	342,117	327,142	(14,975)
Charges for services	443,500	443,500	459,313	15,813
Interest income	25,000	25,000	10,003	(14,997)
Miscellaneous	166,860	166,860	231,327	64,467
Total Revenues	<u>9,764,954</u>	<u>9,523,828</u>	<u>9,701,046</u>	<u>177,218</u>
Expenditures:				
Current operations:				
General government	2,296,153	2,240,117	1,974,641	265,476
Public safety	2,613,748	2,637,169	2,448,072	189,097
Highways and streets	1,745,362	1,753,578	1,620,757	132,821
Sanitation	541,473	545,336	513,112	32,224
Health and welfare	611,086	616,648	545,345	71,303
Culture and recreation	719,706	721,930	665,602	56,328
Capital outlay	<u>2,655,794</u>	<u>2,142,852</u>	<u>1,540,867</u>	<u>601,985</u>
Total Expenditures	<u>11,183,322</u>	<u>10,657,630</u>	<u>9,308,396</u>	<u>1,349,234</u>
Excess revenues over (under) expenditures	<u>(1,418,368)</u>	<u>(1,133,802)</u>	<u>392,650</u>	<u>1,526,452</u>
Other financing sources (uses):				
Transfers in	695,993	643,824	633,634	(10,190)
Transfers out	<u>(678,800)</u>	<u>(678,800)</u>	<u>(678,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>17,193</u>	<u>(34,976)</u>	<u>(45,166)</u>	<u>(10,190)</u>
Net change in fund balance	(1,401,175)	(1,168,778)	347,484	1,516,262
Fund balance at beginning of year				
- Budgetary Basis	<u>5,213,899</u>	<u>5,213,899</u>	<u>5,213,899</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 3,812,724</u>	<u>\$ 4,045,121</u>	<u>\$ 5,561,383</u>	<u>\$ 1,516,262</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, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2013	\$ -	\$ 2,647,835	\$ 2,647,835	0%	\$ 2,698,615	98.1%
12/31/2012	\$ -	\$ 2,469,524	\$ 2,469,524	0%	\$ 2,512,363	98.3%
12/31/2011	\$ -	\$ 2,246,932	\$ 2,246,932	0%	\$ 2,455,710	91.5%

See accompanying notes to the required supplementary information

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

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 other financing sources and expenditures and other financing uses were adjusted for encumbrances, non-budgetary revenues and expenditures, and budgetary transfers in and out as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 9,860,263	\$ 9,623,607
Difference in property taxes meeting susceptible to accrual criteria	(122,583)	
Encumbrances, December 31, 2012		(9,000)
Encumbrances, December 31, 2013		10,000
Non-budgetary revenues and expenditures	(36,555)	(316,211)
Budgetary transfers in and out	<u>633,555</u>	<u>678,800</u>
Per Schedule 1	<u>\$ 10,334,680</u>	<u>\$ 9,987,196</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2013 are as follows:

<i>Committed for:</i>	
Continuing appropriations	\$ 232,396
<i>Unassigned:</i>	
Unassigned - General operations	<u>5,328,987</u>
	<u>\$ 5,561,383</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 as of December 31, 2013.

SCHEDULE A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2013

		Special Revenue Funds						
		Recreation	Town Property Acquisition	Conservation	Heritage	Total Special Revenue Funds	Permanent Funds	Combining Totals
		Fund	Fund	Fund	Fund	Funds	Funds	
ASSETS								
Cash and cash equivalents		\$ 175,685	\$ 103,048	\$ 42,584	\$ 720	\$ 322,037	\$ 107,583	\$ 429,620
Due from other funds		8,694		3,750		12,444		12,444
Total Assets		<u>184,379</u>	<u>103,048</u>	<u>46,334</u>	<u>720</u>	<u>334,481</u>	<u>107,583</u>	<u>442,064</u>
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources		-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources		<u>\$ 184,379</u>	<u>\$ 103,048</u>	<u>\$ 46,334</u>	<u>\$ 720</u>	<u>\$ 334,481</u>	<u>\$ 107,583</u>	<u>\$ 442,064</u>
LIABILITIES								
Accounts payable		\$ 1,914		\$ 4,059		\$ 5,973		\$ 5,973
Total Liabilities		<u>1,914</u>	<u>\$ -</u>	<u>4,059</u>	<u>\$ -</u>	<u>5,973</u>	<u>\$ -</u>	<u>5,973</u>
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources		-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable							91,198	91,198
Restricted					720	720	16,385	17,105
Committed		182,465	103,048	42,275		327,788		327,788
Total Fund Balances		<u>182,465</u>	<u>103,048</u>	<u>42,275</u>	<u>720</u>	<u>328,508</u>	<u>107,583</u>	<u>436,091</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances		<u>\$ 184,379</u>	<u>\$ 103,048</u>	<u>\$ 46,334</u>	<u>\$ 720</u>	<u>\$ 334,481</u>	<u>\$ 107,583</u>	<u>\$ 442,064</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, 2013

	Special Revenue Funds						Combining Totals
	Recreation Fund	Town Property Acquisition Fund	Conservation Fund	Heritage Fund	Total Special Revenue Funds	Permanent Funds	
Revenues:							
Taxes			\$ 3,750		\$ 3,750		\$ 3,750
Charges for services	\$ 65,404				65,404		65,404
Interest and investment income	206	\$ 562	4		772	\$ 563	1,335
Miscellaneous				\$ 720	720	500	1,220
Total Revenues	<u>65,610</u>	<u>562</u>	<u>3,754</u>	<u>720</u>	<u>70,646</u>	<u>1,063</u>	<u>71,709</u>
Expenditures:							
Current operations:							
General government		4,500			4,500		4,500
Culture and recreation	89,572				89,572		89,572
Conservation			4,059		4,059		4,059
Total Expenditures	<u>89,572</u>	<u>4,500</u>	<u>4,059</u>	<u>-</u>	<u>98,131</u>	<u>-</u>	<u>98,131</u>
Excess revenues over (under) expenditures	<u>(23,962)</u>	<u>(3,938)</u>	<u>(305)</u>	<u>720</u>	<u>(27,485)</u>	<u>1,063</u>	<u>(26,422)</u>
Other financing sources (uses):							
Transfers out						(79)	(79)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79)</u>	<u>(79)</u>
Net change in fund balances	(23,962)	(3,938)	(305)	720	(27,485)	984	(26,501)
Fund balances at beginning of year	<u>206,427</u>	<u>106,986</u>	<u>42,580</u>	<u>-</u>	<u>355,993</u>	<u>106,599</u>	<u>462,592</u>
Fund balances at end of year	<u>\$ 182,465</u>	<u>\$ 103,048</u>	<u>\$ 42,275</u>	<u>\$ 720</u>	<u>\$ 328,508</u>	<u>\$ 107,583</u>	<u>\$ 436,091</u>

SCHEDULE C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Agency Funds
December 31, 2013

	School Agency <u>Funds</u>	Performance Bond Agency <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 316,755	\$ 16,957	\$ 333,712
Investments	<u>539,849</u>		<u>539,849</u>
Total Assets	<u>\$ 856,604</u>	<u>\$ 16,957</u>	<u>\$ 873,561</u>
LIABILITIES			
Due to other governments	\$ 856,604		\$ 856,604
Deposits		<u>\$ 16,957</u>	<u>16,957</u>
Total Liabilities	<u>\$ 856,604</u>	<u>\$ 16,957</u>	<u>\$ 873,561</u>