

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE

Financial Statements

December 31, 2011

and

Independent Auditor's Report

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Moultonborough, New Hampshire

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 (the Town) as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 23-26 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Moultonborough, New Hampshire's financial statements as a whole. 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 financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Vachon Clukey & Company PC

July 21, 2012

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, 2011. 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 of the Town of Moultonborough exceeded its liabilities at the close of the most recent fiscal year by \$16,345,067 (net assets). Of this amount, \$6,164,081 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$868,149.
- As of the close of the current fiscal year, the Town of Moultonborough's governmental funds reported combined ending fund balances of \$6,454,361, an increase of \$1,408,475 in comparison with the prior year. Of this total amount, \$6,298,607 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 \$3,143,426 or 37% of total general fund expenditures. (By way of comparison, this is 13% of the total expenditures for the Town including payments to the County and School.)
- The Town continues to have no outstanding debt at the end of the current fiscal year but does have two capital leases payable totaling \$181,503.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets 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 and capital reserve funds, both of which are considered to be major funds. 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 Assets

	2011	2010
Capital Assets, net	\$ 10,221,484	\$ 10,380,105
Other assets	13,292,378	12,066,698
Total assets	\$ 23,513,862	\$ 22,446,803
Long-term liabilities	\$ 948,278.00	\$ 599,159
Other liabilities	6,220,517	6,370,726
Total liabilities	\$ 7,168,795	\$ 6,969,885
Net assets:		
Invested in capital assets, net of related debt	\$ 10,039,981	\$ 10,140,734
Restricted	141,005	2,156,193
Unrestricted	6,164,081	3,179,991
Total net assets	\$ 16,345,067	\$ 15,476,918

Effective January 1, 2011, the Town retroactively changed its method of financial reporting to conform to a recent pronouncement of the Governmental Accounting Standards Board (GASB Statement No. 54). This new standard changes how fund balance is reported for governmental fund types. As a result, many net assets classified as restricted are now unrestricted. Please see a further discussion of this change under Financial Analysis of the Government's Funds below.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the 2011 fiscal year, the Town's assets exceeded liabilities by \$16,345,067. This is a \$868,149 increase in net assets during 2011. This increase includes an increase in the total restricted and unrestricted assets of \$968,902. The majority of this amount is an increase in major governmental funds of \$127,770, an increase in capital reserves of \$147,674 and an increase in revenues in the general fund. These increases are offset by a decrease in capital assets due to depreciation being greater than additions by \$119,844 plus reductions of \$38,777 equaling \$158,621 offset by a reduction in capital leases payable of \$57,868.

The largest portion of the Town's net assets \$10,039,981 (61%) 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 \$181,503 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 assets \$141,005 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$6,164,081 may be used to meet the government's ongoing obligations to citizens and creditors.

Town of Moultonborough, NH Changes in Net Assets

	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 574,903	\$ 498,166
Operating grants and contributions	249,627	206,881
General revenues:		
Property and other taxes	7,567,333	7,346,127
Licenses and permits	1,123,780	1,094,977
Grants and contributions	180,628	221,052
Interest and investment earnings	43,453	46,626
Miscellaneous	244,241	154,881
Total revenues	9,983,965	9,568,710
Expenses		
General government	2,342,489	2,191,935
Public safety	2,378,321	2,501,656
Highways and streets	2,215,945	2,186,536
Health and welfare	515,234	610,449
Sanitation	574,546	522,887
Culture and recreation	1,090,376	1,046,643
Interest and fiscal charges	-	-
Total expenses	9,116,911	9,060,106
 Increase in net assets before contributions to permanent fund principal	 867,054	 508,604
Contributions to permanent fund principal	1,095	768
 Increase in net assets	 868,149	 509,372
 Net assets, beginning of year	 15,476,918	 14,967,546
Net assets, end of year	\$ 16,345,067	\$ 15,476,918

Governmental activities. The Town has no business-type activities therefore governmental activities were 100% responsible for the Town's total growth in net assets of \$868,149. Key elements of this increase are displayed above in the Town's Changes in Net Assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2011, the Town's governmental funds reported combined ending fund balances of \$6,454,361 an increase of \$1,408,475 in comparison with the prior year. Of this total amount \$6,298,607 constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is classified as either nonspendable or restricted to indicate that it is not available for new spending because it has already been committed. The 2011 nonspendable fund balance is to liquidate contracts and purchase orders of the prior period (\$14,749). The restricted fund balance is to generate income to use for purposes that support the Town's programs at the cemeteries (\$9,897) and the municipal library (\$81,148). The library also has donated funds (\$35,006) 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.

As mentioned in the Government-Wide financial Analysis, the Town adopted GASB Statement No.54 effective January 1, 2011. This new standard changes how fund balance is reported for governmental fund types. As a result, the capital reserve funds, previously reported as a Major Governmental Fund, with the exception of the town property acquisition fund, and the maintenance trust and library funds, previously reported as Nonmajor Governmental Funds, have been reclassified and combined into the general fund for reporting purposes. See Note 16 – Restatement of Equity for the impact of this restatement on the governmental funds.

The general fund is the chief operating fund of the Town of Moultonborough. At the end of the 2011 fiscal year, unassigned fund balance of the general fund was \$3,143,426 while total fund balance was \$5,996,515. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (37%) and total fund balance (70%) to total general fund expenditures of \$8,603,171.

The total fund balance of the Town's general fund increased \$1,280,705 during the 2011 fiscal year. While final revenues were down \$68,568 over those estimated in the 2011 budget, the Town under expended its final budget by \$914,512.

The portion of this total fund balance committed for capital reserve funds totaled \$1,515,768. Comparing this to the January 1, 2011 restated amount of \$1,368,094 results in a \$147,674 increase in 2011. From 2011 on, capital reserves will be considered part of the general fund.

After the January 1, 2011 restatement, there are four non-major governmental funds with a total fund balance of \$457,846. Comparing this to the restated amount of \$330,076 shows an increase of \$127,770 for 2011.

MANAGEMENT’S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

During the year, the original budget for appropriations decreased by \$1,110,525. This decrease is the result of approved appropriations of \$638,470 being carried forward to 2012 plus a reduction in appropriations supported by revenues and transfers-in totaling \$472,055 that are not susceptible to accrual.

The Town under expended its 2011 budget by \$914,512. This resulted from conservative spending within the departments and lower costs, than projected, for contracted services. The Town also had a number of key positions that were vacant during the year.

The Town changed all town payrolls to a single week end date and moved from a weekly to bi-weekly processing of payroll and accounts payable in January 2011.

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. The Town spent \$72,000 for this removal which equates to \$7.54 per gallon.

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 \$10,221,484 (net of accumulated depreciation), a decrease of \$158,621 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 2012 International Dump Truck (\$149,269) and a generator for Town Hall (\$57,827).

	Capital Assets (net of depreciation) <u>Governmental Activities</u>	
	2011	2010
Land and improvements	\$ 2,054,927	\$ 2,107,380
Buildings and improvements	5,025,853	5,074,065
Vehicles and equipment	1,571,970	1,587,787
Infrastructure	1,238,179	1,297,383
Construction in progress	330,555	313,490
Total	<u>\$ 10,221,484</u>	<u>\$ 10,380,105</u>

Additional information on capital assets can be found in Note 6 of the Basic Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town's Capital Improvements Program Committee (CIPC) was established pursuant to Warrant Article 10 at the March 14, 2009 Town Meeting. In 2011, the Committee undertook an orderly review of the Town's capital needs focusing initially on finalizing the process and procedures and then on the formal recommendation of the CIP to the SelectBoard. All requests for capital items were received, reviewed and discussed in accordance with the process for preparing the next Six Year Capital Improvement Program (CIP). The Committee's final report for the 2012-2017 CIP was submitted to the SelectBoard in October 2011 for the 2012 Town Meeting.

Long-Term Obligations. At the end of the current fiscal year, total bonded debt outstanding was zero and capital leases payable was \$181,503. This is a decrease of \$57,868 from 2010. The Town has no long-term obligations for compensated absences.

Outstanding Debt Governmental Activities		
<u>General Obligation Bonds and Capital Lease Payable</u>		
	2011	2010
General obligation bonds	\$ -	\$ -
Capital leases	181,503	239,371
Total	\$ 181,503	\$ 239,371

See Note 10, of the Basic Financial Statements, for a summary of all outstanding long-term obligations.

Economic Factors, Rates and 2012 Budget

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Moultonborough. They do so based on the Annual Budget approved at Town Meeting 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.

Following is a comparison of the 2011 to the 2010 tax rates:

	2011	2010
Town rate	\$ 2.77	\$ 2.63
Local school rate	1.97	2.12
State school rate	2.53	2.32
County rate	1.06	1.05
Total rate	\$ 8.33	\$ 8.12
Assessed value (in thousands)	\$ 2,744,505	\$ 2,805,629

In 2011, Vision Government Solutions completed a statistical update of all properties in Town. The Town appears to have avoided the major declines in property values that affected many areas of the country. In 2011, the Town had approximately the same number of qualified sales as in 2010 and twenty-

MANAGEMENT'S DISCUSSION AND ANALYSIS

five waterfront sales, eight selling for more than \$1 million with the largest sales price of the year being \$4,325,000. Overall, property values town-wide decreased in value by two percent.

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.moultonborough.org and click on *Departments and Boards*.

EXHIBIT A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2011

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,958,895
Investments	930,911
Taxes receivable, net	1,311,027
Accounts receivable	33,207
Due from other governments	43,589
Prepaid expenses	14,749
Total Current Assets	<u>13,292,378</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,385,894
Depreciable capital assets, net	<u>8,835,590</u>
Total Noncurrent Assets	10,221,484
Total Assets	<u>\$ 23,513,862</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 152,931
Accrued expenses	56,664
Due to other governments	6,000,362
Deferred revenue	10,560
Current portion of capital leases payable	<u>60,597</u>
Total Current Liabilities	<u>6,281,114</u>
Noncurrent Liabilities:	
Capital leases payable	120,906
Other post-employment benefits payable	<u>766,775</u>
Total Noncurrent Liabilities	<u>887,681</u>
Total Liabilities	<u>7,168,795</u>
NET ASSETS	
Invested in capital assets, net of related debt	10,039,981
Restricted	141,005
Unrestricted	<u>6,164,081</u>
Total Net Assets	<u>16,345,067</u>
Total Liabilities and Net Assets	<u>\$ 23,513,862</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, 2011

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 2,342,489	\$ 11,405		\$ (2,331,084)
Public safety	2,378,321	23,694	\$ 72,159	(2,282,468)
Highways and streets	2,215,945		161,419	(2,054,526)
Sanitation	515,234	164,683		(350,551)
Health and welfare	574,546	220,252		(354,294)
Culture and recreation	1,090,376	154,869	16,049	(919,458)
Total governmental activities	<u>\$ 9,116,911</u>	<u>\$ 574,903</u>	<u>\$ 249,627</u>	<u>(8,292,381)</u>
General revenues:				
Property and other taxes				7,567,333
Licenses and permits				1,123,780
Grants and contributions:				
Rooms and meals tax distribution				180,628
Interest and investment earnings				43,453
Miscellaneous				244,241
Contributions to permanent fund principal				1,095
Total general revenues and contributions to permanent fund principal				<u>9,160,530</u>
Change in net assets				868,149
Net assets - beginning				<u>15,476,918</u>
Net assets - ending				<u>\$ 16,345,067</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,560,128	\$ 398,767	\$ 10,958,895
Investments	930,911		930,911
Taxes receivable, net	1,311,027		1,311,027
Accounts receivable	33,207		33,207
Due from other governments	43,589		43,589
Due from other funds	955	60,034	60,989
Prepaid expenses	14,749		14,749
Total Assets	<u>\$ 12,894,566</u>	<u>\$ 458,801</u>	<u>\$ 13,353,367</u>
LIABILITIES			
Accounts payable	\$ 152,931		\$ 152,931
Accrued expenses	56,664		56,664
Due to other governments	6,000,362		6,000,362
Due to other funds	60,034	\$ 955	60,989
Deferred revenue	628,060		628,060
Total Liabilities	<u>6,898,051</u>	<u>955</u>	<u>6,899,006</u>
FUND BALANCES			
Nonspendable	14,749	91,045	105,794
Restricted	35,006	14,954	49,960
Committed	2,606,302	351,847	2,958,149
Assigned	197,032		197,032
Unassigned	3,143,426		3,143,426
Total Fund Balances	<u>5,996,515</u>	<u>457,846</u>	<u>6,454,361</u>
Total Liabilities and Fund Balances	<u>\$ 12,894,566</u>	<u>\$ 458,801</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	10,221,484
Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis	617,500
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	(181,503)
Other post-employment benefits payable	(766,775)
Net assets of governmental activities	<u>\$ 16,345,067</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, 2011

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 7,579,919	\$ 20,000	\$ 7,599,919
Licenses and permits	1,123,780		1,123,780
Intergovernmental	430,255		430,255
Charges for services	534,869	40,034	574,903
Interest and investment income	41,710	1,743	43,453
Miscellaneous	172,388	66,948	239,336
Total Revenues	<u>9,882,921</u>	<u>128,725</u>	<u>10,011,646</u>
Expenditures:			
Current operations:			
General government	1,866,341		1,866,341
Public safety	2,216,756		2,216,756
Highways and streets	1,490,230		1,490,230
Sanitation	497,240		497,240
Health and welfare	564,396		564,396
Culture and recreation	835,615		835,615
Capital outlay	1,132,593		1,132,593
Total Expenditures	<u>8,603,171</u>	<u>-</u>	<u>8,603,171</u>
Excess revenues over expenditures	<u>1,279,750</u>	<u>128,725</u>	<u>1,408,475</u>
Other financing sources (uses):			
Transfers in	955		955
Transfers out		(955)	(955)
Total other financing sources (uses)	<u>955</u>	<u>(955)</u>	<u>-</u>
Net change in fund balances	<u>1,280,705</u>	<u>127,770</u>	<u>1,408,475</u>
Fund balances at beginning of year, as restated	<u>4,715,810</u>	<u>330,076</u>	<u>5,045,886</u>
Fund balances at end of year	<u>\$ 5,996,515</u>	<u>\$ 457,846</u>	<u>\$ 6,454,361</u>

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, 2011

Net Change in Fund Balances--Total Governmental Funds	\$ 1,408,475
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 depreciation expense exceeds capital outlay in the current period.	(164,621)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(26,586)
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 assets.	57,868
Some expenses reported in the statement of activities, such as other post-employment benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(406,987)
Change in Net Assets of Governmental Activities	<u>\$ 868,149</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
 December 31, 2011

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 74,751	\$ 356,208
Investments	<u>28,000</u>	<u>537,007</u>
Total assets	<u>\$ 102,751</u>	<u>\$ 893,215</u>
LIABILITIES		
Due to other governments		\$ 869,855
Deposits		<u>23,360</u>
Total liabilities	<u>\$ -</u>	<u>\$ 893,215</u>
NET ASSETS		
Held in trust	<u>102,751</u>	
Total net assets	<u>\$ 102,751</u>	

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Contributions:	
Private donations	\$ 31,288
Total Contributions	<u>31,288</u>
Investment earnings:	
Interest	<u>1,487</u>
Total Investment Earnings	<u>1,487</u>
Total Additions	<u>32,775</u>
DEDUCTIONS:	
Benefits	<u>10,274</u>
Total Deductions	<u>10,274</u>
Change in net assets	22,501
Net assets - beginning of year	<u>80,250</u>
Net assets - end of year	<u>\$ 102,751</u>

See accompanying notes to the basic financial statements

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2011

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 assets 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 assets 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 assets 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 that 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, 2011

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 liabilities 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 assets and changes in net assets. 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 bonds.

Measurement Focus

1. Government-Wide Financial Statements:

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

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 and current liabilities 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.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

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 deferred revenue, and in the presentation of expenses versus expenditures.

In the government-wide financial statements, private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow the FASB pronouncements issued subsequent to November 30, 1989.

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.

2. Deferred Revenue:

Deferred 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 deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

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 U.S. generally accepted accounting principles 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, 2011, the Town applied \$30,000 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, 2011 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 assets, 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, 2011**

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 five to twenty-five days per year. Vacation leave must be taken prior to the end of the calendar year in which it is earned. 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 sixty days. No payment for unused sick leave is made upon termination.

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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.

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

Fund Balance Policy

During the year ended December 31, 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement 54 established new fund balance classifications and changes the definition of governmental fund types. Under Statement 54, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

- *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 determined by a formal action of the Town's highest level of decision making authority (the annual Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally. The governing body's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance:* Amounts the Town intends to use for specific purposes. All appropriations shall lapse at the end of the fiscal year unless authorized with the provisions of RSA 32:7. Items that fall under this type of fund balance classification would be most encumbrances. 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 and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another fund is also classified as unassigned.

As of December 31, 2011, the Town has not adopted a fund balance policy. In instances 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 may be applied, committed resources are to be applied first, followed by assigned and unassigned.

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 liability for other post-employment benefits, and the allowance for uncollectible taxes.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,744,505,036 as of April 1, 2011) and are due in two installments on July 1, 2011 and December 30, 2011. 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 \$12,332,889 and \$2,907,542 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, 2011, 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, 2011.

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, 2011, 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.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

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, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 10,958,895
Investments	930,911
Statement of Fiduciary Net Assets:	
Cash and cash equivalents	430,959
Investments	<u>565,007</u>
	<u>\$ 12,885,772</u>

Deposits and investments at December 31, 2011 consist of the following:

Cash on hand	\$ 5,658
Deposits with financial institutions	<u>12,880,114</u>
	<u>\$ 12,885,772</u>

The Town's investment policy for governmental fund types requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to United States obligations, savings banks deposits, and certificates of deposit or 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 to it. 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.

Of the Town's deposits with financial institutions at year end, \$10,996,148 was collateralized by securities held by the bank in the bank's name.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE 5—DUE FROM OTHER GOVERNMENTS

Receivables from other governments at December 31, 2011 consist of reimbursements for federal and state funded projects. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables is as follows:

Emergency Management Performance Grant	\$ 27,541
Aquatic Management Program Grant	16,048
	<u>\$ 43,589</u>

NOTE 6—CAPITAL ASSETS

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

	Balance 01/01/11	Additions	Reductions	Balance 12/31/11
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,055,339			\$ 1,055,339
Construction in progress	313,490	\$ 55,842	\$ (38,777)	330,555
Total capital assets not being depreciated	<u>1,368,829</u>	<u>55,842</u>	<u>(38,777)</u>	<u>1,385,894</u>
Other capital assets:				
Infrastructure	1,514,274			1,514,274
Land improvements	1,240,516			1,240,516
Buildings and improvements	6,062,557	72,203		6,134,760
Vehicles and equipment	3,405,467	207,096		3,612,563
Total other capital assets at historical cost	<u>12,222,814</u>	<u>279,299</u>	<u>-</u>	<u>12,502,113</u>
Less accumulated depreciation for:				
Infrastructure	(214,059)	(62,036)		(276,095)
Land improvements	(191,307)	(49,621)		(240,928)
Buildings and improvements	(988,492)	(120,415)		(1,108,907)
Vehicles and equipment	(1,817,680)	(222,913)		(2,040,593)
Total accumulated depreciation	<u>(3,211,538)</u>	<u>(454,985)</u>	<u>-</u>	<u>(3,666,523)</u>
Total other capital assets, net	<u>9,011,276</u>	<u>(175,686)</u>	<u>-</u>	<u>8,835,590</u>
Total capital assets, net	<u>\$10,380,105</u>	<u>\$ (119,844)</u>	<u>\$ (38,777)</u>	<u>\$ 10,221,484</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 69,161
Public safety	147,132
Highways and streets	167,985
Sanitation	17,994
Culture and recreation	52,713
Total governmental activities depreciation expense	<u>\$ 454,985</u>

The balance of assets acquired through capital lease issuances as of December 31, 2011 is as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Vehicles and equipment	\$ 362,121
Less: Accumulated depreciation	<u>(49,143)</u>
	<u>\$ 312,978</u>

NOTE 7—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, 2011, the balance of the property tax appropriation due to the Moultonborough School District is \$6,000,362.

NOTE 8—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 public safety employees are required to contribute 9.3% of their covered salary, whereas general employees are required to contribute 5.0% of their covered salary, through June 30, 2011. Effective July 1, 2011 covered police officers, firefighters, and general employees are required to contribute 11.55%, 11.8% and 7.0%, respectively. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, firefighters, and general employees were 14.63%, 18.52% and 9.16%, respectively, through June 30, 2011, and 25.57%, 30.9% and 11.09%, respectively, in July 2011, and 19.95%, 22.89% and 8.8%, respectively, thereafter. The Town contributed 75% of the employer cost for public safety employees and the State contributed the remaining 25% of the employer cost, through June 30, 2011, and the Town contributed 100% thereafter. The Town contributes 100% of the employer cost for general employees of the Town. In accordance with accounting principles generally accepted in the United States of America (GASB Statement #24), on-behalf fringe benefits contributed by the State of New Hampshire of \$19,883 have been reported as a revenue and expenditure in the General Fund in these financial statements.

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, 2011, 2010, and 2009 were \$302,977, \$280,560, and \$248,692, respectively, equal to the required contributions for each year.

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE 9—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, 2011, the alternative measurement method valuation date, approximately 1 retiree and 49 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

Annual OPEB Costs

The Town's fiscal 2011 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, 2011 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)	\$ 430,833
Interest on Net OPEB obligation (NOO)	10,794
Adjustment to ARC	<u>(10,698)</u>
Annual OPEB Cost	430,929
Age Adjusted Contributions made	<u>(23,942)</u>
Increase in Net OPEB obligation	406,987
Net OPEB obligation - beginning of year	<u>359,788</u>
Net OPEB obligation - end of year	<u>\$ 766,775</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, 2011 and 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 422,340	14.8%	\$ 359,788
12/31/2011	\$ 430,928	5.6%	\$ 766,775

The Town's net OPEB obligation as of December 31, 2011 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, 2011, 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, 2011

Actuarial Accrued Liability (AAL)	\$ 2,246,932
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,246,932</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 2,455,710
UAAL as a percentage of covered payroll	91.5%

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 Assumption 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 will provide 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, when available.

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, 2011 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 3.0% 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 nine 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, 2011

NOTE 10—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2011 are as follows:

	Balance <u>01/01/11</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/11</u>	Due Within <u>One Year</u>
Governmental activities:					
Capital leases payable	\$ 239,371	\$ -	\$ (57,868)	\$ 181,503	\$ 60,597

Payments made on the capital leases are paid out of 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, 2011:

John Deere Motor Grader, due in monthly installments of \$4,116, including interest at 4.50%, through September 2014	\$ 123,906
John Deere Backhoe Loader, due in monthly installments of \$1,530, including interest at 4.95%, through June 2015	<u>57,597</u>
	<u>\$ 181,503</u>

Debt service requirements to retire capital leases outstanding at December 31, 2011 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 60,597	\$ 7,155	\$ 67,752
2013	63,456	4,297	67,753
2014	49,893	1,396	51,289
2015	<u>7,557</u>	<u>93</u>	<u>7,650</u>
	<u>\$ 181,503</u>	<u>\$ 12,941</u>	<u>\$ 194,444</u>

NOTE 11—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, the charges for services from the recreation department in excess of the General Fund's budgeted revenue at year end is payable to the Recreation Fund, a Nonmajor Governmental 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, 2011 as follows:

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

	Due from		
	General Fund	Nonmajor Governmental Funds	Totals
Due to General Fund		\$ 955	\$ 955
Nonmajor Governmental Funds	\$ 60,034		60,034
	<u>\$ 60,034</u>	<u>\$ 955</u>	<u>\$ 60,989</u>

NOTE 12—RESTRICTED NET ASSETS

Net assets are restricted for specific purposes at December 31, 2011 as follows:

Library - Building and Principal funds	\$ 35,006
Permanent funds - Endowments	91,045
Permanent funds - Income	14,954
	<u>\$ 141,005</u>

NOTE 13—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2011 are as follows:

Fund Balances	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid expenses	\$ 14,749		\$ 14,749
Permanent funds - Endowments		\$ 91,045	91,045
Restricted for:			
Permanent funds - Income		14,954	14,954
Library building and principal funds	35,006		35,006
Committed for:			
Continuing non-lapsing appropriations	638,470		638,470
Capital reserve funds	1,515,768		1,515,768
Expendable trust funds	278,206		278,206
Encumbrances	173,858		173,858
Conservation		41,371	41,371
Town Property Acquisition trust		106,290	106,290
Recreation		204,186	204,186
Assigned for:			
Encumbrances	15,898		15,898
Library operations	181,134		181,134
Unassigned:			
Unassigned - General operations	3,143,426		3,143,426
	<u>\$ 5,996,515</u>	<u>\$ 457,846</u>	<u>\$ 6,454,361</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

NOTE 14—PERFORMANCE DEPOSITS

The Town holds letters of credit from developers until projects have been completed to Town standards. Due to the nature of these deposits, these letters of credit are not included as part of the financial statements. At December 31, 2011, the Town held performance deposits totaling \$244,233.

NOTE 15—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, 2011, the Town expended \$174,284 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, 2011, the Town expended \$125,653 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.

NOTE 16—RESTATEMENT OF EQUITY

Effective January 1, 2011, the Town retroactively changed its method of financial reporting to conform to a recent pronouncement of the Governmental Accounting Standards Board (Statement No. 54). This new standard changes how fund balance is reported for governmental fund types. As a result, the Capital Reserve Funds, previously reported as a Major Governmental Fund, with the exception of the Town

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Property Acquisition Fund, and the Maintenance Trust and Library Funds, previously reported as Nonmajor Governmental Funds, have been reclassified and combined into the General Fund for reporting purposes. The impact of the restatement on the governmental funds is as follows:

	General <u>Fund</u>	Capital Reserve <u>Funds</u>	Nonmajor Governmental <u>Funds</u>
Fund balance, January 1, 2011 - as previously reported	\$ 2,837,487	\$ 1,408,165	\$ 800,234
Amount of restatement due to:			
Reclassification of Capital Reserve Funds	1,368,094	(1,408,165)	40,071
Reclassification of Maintenance Trust Funds	303,106		(303,106)
Reclassification of Library Fund	207,123		(207,123)
Fund balance, January 1, 2011 - as restated	<u>\$ 4,715,810</u>	<u>\$ -</u>	<u>\$ 330,076</u>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,509,161	\$ 7,509,161	\$ 7,547,333	\$ 38,172
Licenses and permits	1,167,500	1,167,500	1,123,780	(43,720)
Intergovernmental	600,173	359,047	394,323	35,276
Charges for services	523,150	523,150	534,869	11,719
Interest income	50,000	50,000	22,207	(27,793)
Miscellaneous	225,671	225,671	143,449	(82,222)
Total Revenues	<u>10,075,655</u>	<u>9,834,529</u>	<u>9,765,961</u>	<u>(68,568)</u>
Expenditures:				
Current:				
General government	2,132,042	2,151,842	1,866,341	285,501
Public safety	2,478,067	2,433,051	2,380,781	52,270
Highways and streets	2,125,984	1,690,854	1,496,078	194,776
Sanitation	529,921	526,171	497,240	28,931
Health and welfare	659,323	664,173	564,396	99,777
Culture and recreation	791,817	794,117	723,556	70,561
Capital outlay	<u>1,700,768</u>	<u>1,047,189</u>	<u>864,493</u>	<u>182,696</u>
Total Expenditures	<u>10,417,922</u>	<u>9,307,397</u>	<u>8,392,885</u>	<u>914,512</u>
Excess revenues over (under) expenditures	<u>(342,267)</u>	<u>527,132</u>	<u>1,373,076</u>	<u>845,944</u>
Other financing sources (uses):				
Transfers in	319,109	88,180	82,476	(5,704)
Transfers out	<u>(528,980)</u>	<u>(528,980)</u>	<u>(528,980)</u>	<u>-</u>
Total other financing sources (uses)	<u>(209,871)</u>	<u>(440,800)</u>	<u>(446,504)</u>	<u>(5,704)</u>
Net change in fund balance	(552,138)	86,332	926,572	840,240
Fund balance at beginning of year				
- Budgetary Basis	<u>3,487,573</u>	<u>3,487,573</u>	<u>3,487,573</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 2,935,435</u>	<u>\$ 3,573,905</u>	<u>\$ 4,414,145</u>	<u>\$ 840,240</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, 2011

<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%

See accompanying notes to the required supplementary information

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

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 on-behalf payments for fringe benefits, encumbrances, 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	\$ 9,883,876	\$ 8,603,171
Difference in property taxes meeting susceptible to accrual criteria	(32,586)	
On-behalf fringe benefits	(19,883)	(19,883)
Encumbrances, December 31, 2011		189,756
Non-budgetary revenues and expenditures	(65,298)	(380,159)
Budgetary transfers in and out	<u>82,328</u>	<u>528,980</u>
Per Schedule 1	<u>\$ 9,848,437</u>	<u>\$ 8,921,865</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2011 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 14,749
<i>Committed for:</i>	
Encumbrances	173,858
Continuing appropriations	638,470
<i>Assigned for:</i>	
Encumbrances	15,898
<i>Unassigned:</i>	
Unassigned - General operations	<u>3,571,170</u>
	<u>\$ 4,414,145</u>

TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2011

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 only been presented for the most recent actuarial valuation reports. Additional disclosures will be made as the information becomes available.

SCHEDULE A
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2011

	Special Revenue Funds					Combining Totals
	Recreation Fund	Property Acquisition Fund	Conservation Fund	Total Special Revenue Funds	Permanent Funds	
ASSETS						
Cash and cash equivalents	\$ 164,152	\$ 106,290	\$ 21,371	\$ 291,813	\$ 106,954	\$ 398,767
Due from other funds	40,034		20,000	60,034		60,034
Total Assets	<u>\$ 204,186</u>	<u>\$ 106,290</u>	<u>\$ 41,371</u>	<u>\$ 351,847</u>	<u>\$ 106,954</u>	<u>\$ 458,801</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 955	\$ 955
Total Liabilities					<u>955</u>	<u>955</u>
FUND BALANCES						
Nonspendable					91,045	91,045
Restricted					14,954	14,954
Committed	204,186	106,290	41,371	351,847		351,847
Total Fund Balances	<u>204,186</u>	<u>106,290</u>	<u>41,371</u>	<u>351,847</u>	<u>105,999</u>	<u>457,846</u>
Total Liabilities and Fund Balances	<u>\$ 204,186</u>	<u>\$ 106,290</u>	<u>\$ 41,371</u>	<u>\$ 351,847</u>	<u>\$ 106,954</u>	<u>\$ 458,801</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, 2011

	Special Revenue Funds					Total Special Revenue Funds	Permanent Funds	Combining Totals
	Recreation Fund	Property Acquisition Fund	Conservation Fund	Conservation Fund	Conservation Fund			
Revenues:								
Taxes	\$ 40,034		\$ 20,000		\$ 20,000		\$ 20,000	
Charges for services	413	\$ 366	9		40,034	\$ 955	40,034	
Interest and investment income		65,853			788	1,095	1,743	
Miscellaneous		66,219	20,009		65,853	2,050	66,948	
Total Revenues	<u>40,447</u>	<u>66,219</u>	<u>20,009</u>	<u>20,009</u>	<u>126,675</u>	<u>2,050</u>	<u>128,725</u>	
Expenditures:								
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Excess revenues over expenditures	<u>40,447</u>	<u>66,219</u>	<u>20,009</u>	<u>20,009</u>	<u>126,675</u>	<u>2,050</u>	<u>128,725</u>	
Other financing sources (uses):								
Transfers out						(955)	(955)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(955)</u>	<u>(955)</u>	
Net change in fund balances	40,447	66,219	20,009	20,009	126,675	1,095	127,770	
Fund balances at beginning of year, as restated	<u>163,739</u>	<u>40,071</u>	<u>21,362</u>	<u>21,362</u>	<u>225,172</u>	<u>104,904</u>	<u>330,076</u>	
Fund balances at end of year	<u>\$ 204,186</u>	<u>\$ 106,290</u>	<u>\$ 41,371</u>	<u>\$ 41,371</u>	<u>\$ 351,847</u>	<u>\$ 105,999</u>	<u>\$ 457,846</u>	

SCHEDULE C
TOWN OF MOULTONBOROUGH, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - All Agency Funds
December 31, 2011

	School Agency <u>Funds</u>	Performance Bond Agency <u>Funds</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 332,848	\$ 23,360	\$ 356,208
Investments	<u>537,007</u>		<u>537,007</u>
Total assets	<u><u>\$ 869,855</u></u>	<u><u>\$ 23,360</u></u>	<u><u>\$ 893,215</u></u>
LIABILITIES			
Due to other governments	\$ 869,855		\$ 869,855
Deposits		<u>\$ 23,360</u>	<u>23,360</u>
Total liabilities	<u><u>\$ 869,855</u></u>	<u><u>\$ 23,360</u></u>	<u><u>\$ 893,215</u></u>