

TOWN OF SANBORNTON, NEW HAMPSHIRE

Financial Statements

June 30, 2014

and

Independent Auditor's Report

TOWN OF SANBORNTON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2014

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	i-vii
BASIC FINANCIAL STATEMENTS	
EXHIBITS:	
A Statement of Net Position	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
E Statement of Net Position – Proprietary Fund	5
F Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	6
G Statement of Cash Flows – Proprietary Fund	7
H Statement of Fiduciary Net Position – Fiduciary Funds	8
I Statement of Changes in Fiduciary Net Position - Fiduciary Funds	9
NOTES TO BASIC FINANCIAL STATEMENTS	10-25
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	26
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	27
SUPPLEMENTAL SCHEDULES	
SCHEDULES:	
A Combining Balance Sheet – Governmental Funds - All Nonmajor Funds	28
A-1 Combining Balance Sheet – Governmental Funds - All Nonmajor Special Revenue Funds	29

**TOWN OF SANBORNTON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2014**

TABLE OF CONTENTS (CONTINUED)

Page(s)

SUPPLEMENTAL SCHEDULES (CONTINUED)

SCHEDULES:

B	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds - All Nonmajor Funds	30
B-1	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds - All Nonmajor Special Revenue Funds	31

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Sanbornton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sanbornton, New Hampshire, as of and for the year ended June 30, 2014, 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.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Sanbornton, New Hampshire, as of June 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting policies generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Town of Sanbornton, New Hampshire, as of June 30, 2014, and the respective changes in financial position and cash flows 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 and budgetary comparison information on pages i-vii and 26-27 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 Sanbornton, New Hampshire’s basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Vachon Cluby & Company PC

Manchester, New Hampshire
January 29, 2015

Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014

The Town of Sanbornton provides this Management Discussion & Analysis as part of the format prescribed by the provisions of the Government Standards Board Statement 34 (GASB 34). This overview and analysis of the Town of Sanbornton's financial activities covers the twelve months Financial Statements ending June 30, 2014. This report and its content have been designed to fairly present the Town's financial position, including the result of operations of all the funds of the Town. All the disclosures necessary to enable and to assist the reader to acquiring an accurate understanding of the Town's financial activities have been included.

Overview of the Financial Statement

This discussion and analysis is intended to serve as an introduction to the Town of Sanbornton's financial statements. The basic financial statements comprise three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to 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 between them reported as net position. The statement of activities presents information illustrating how the Town's net position changed during the most recent fiscal year.

Both of the government-wide financial statements have separate sections for two types of activities:

Governmental activities – represent most of the Town's basic services and includes all Governmental Funds

Business-type activities- account for the Town's sewer operations and receives its revenue from user fees.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. Sanbornton uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements .The Town maintains three fund types: governmental, proprietary and fiduciary funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements

Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014

focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the governmental-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. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances for the General Fund, the Y Capital Fund and the Non-Major Governmental Funds.

Sanbornton relies on a May Town Meeting and adopts an annual budget for its General Fund. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds provide sewer services to customers and charge a user fee.

Fiduciary Funds are used to account for resources held for the benefit of parties outside of town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the town's programs. Fiduciary Funds include Private Purpose Trust Funds (Nonexpendable Trusts) under the stewardship of the Sanbornton Trustees of the Trust Fund.

Notes to the Basic 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.

Comparative Information

The information below reflects activities for the year ended June 30, 2013 and the year ended June 30, 2014.

Government-Wide Financial Analysis

Governmental Activities (See Exhibits A, &)

Statement of Net Position

Net position of the Town of Sanbornton's governmental activities as of June 30, 2014 are as follows:

Current and Other Assets:	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Current Assets	\$ 6,549,754	\$ 7,161,524

**Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014**

Other Assets	<u>\$13,735,648</u>	<u>\$13,514,288</u>
Total Assets	<u>\$20,285,402</u>	<u>\$20,675,812</u>
Deferred Outflow of Resources	<u>\$ 0</u>	<u>\$ 0</u>
Current and Other Liabilities		
Current Liabilities	\$ 1,315,355	\$ 928,837
Other Liabilities	<u>\$ 4,233,405</u>	<u>\$3,282,515</u>
Total Liabilities	<u>\$5,548,760</u>	<u>\$4,211,352</u>
Deferred Inflows of Resources	<u>\$4,380,855</u>	<u>\$4,415,671</u>
Net Position		
Invested in Capital Assets	\$7,943,586	\$ 9,834,707
Restricted	\$ 120,670	\$ 124,149
Unrestricted	<u>\$2,291,531</u>	<u>\$ 2,089,933</u>
Total Net Position	<u>\$10,355,787</u>	<u>\$12,048,789</u>

Sanbornton's net position totaled \$12,048,789 at June 30, 2014 with \$9,834,707 reflecting the investment in capital assets such as land, buildings, infrastructure, and equipment less the outstanding debt used to acquire those assets.

Statement of Activities

Changes in net position of the governmental activities for the year ending June 30, 2014 are as follows:

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Program Revenues:		
Charges for Services	\$ 243,422	\$ 258,186
Operating Grants and Contributions	\$ 395,399	\$ 176,632
Capital Grants and Contributions	<u>\$ 530,812</u>	<u>\$ 459,140</u>
Total Program Revenues	<u>\$1,169,633</u>	<u>\$ 893,958</u>
General Revenues:		
Property & Other Taxes	\$3,312,174	\$3,343,955
Licenses & Permits	\$ 546,329	\$ 574,684
Intergovernmental Revenues	\$ 132,580	\$ 132,545
Interest & Investment Earnings	\$ 7,165	\$ 11,584
Miscellaneous	<u>\$ 42,301</u>	<u>\$ 30,868</u>
Total General Revenues	<u>\$4,040,549</u>	<u>\$4,093,636</u>
Total Revenues	<u>\$5,210,183</u>	<u>\$4,987,594</u>
Program Expenses:		
General Government	\$ 1,017,126	\$1,054,212
Public Safety	\$ 866,424	\$ 920,032
Highway & Streets	\$1,661,278	\$1,182,061

**Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014**

Health & Welfare	\$ 115,661	\$ 94,250
Sanitation	\$ 118,967	\$ 124,449
Culture & Recreation	\$ 282,888	\$ 238,797
Conservation	\$ 179,359	\$ 0
Interest	<u>\$ 149,870</u>	<u>\$ 150,740</u>
Total Expenses	<u>\$ 4,391,568</u>	<u>\$ 3,764,541</u>
Change In Net Position:	\$ 818,614	\$ 1,223,053
Net Position –Beginning of Year	<u>\$ 9,537,173</u>	<u>\$10,825,736</u>
Net Position-Ending of Year	<u>\$ 10,355,787</u>	<u>\$12,048,789</u>

As shown in the above statement the town of Sanbornton's governmental activities experienced a favorable increase in financial position of \$1,223,053.

Business-Type Activities (See Exhibits E,F & G)

Statement of Net Position

Net position of the business-type activities as of June 30, 2014 is as follows:

Current and Other Assets	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Current Assets	\$ 66,008	\$ 69,416
Other Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total Assets	<u>\$ 66,008</u>	<u>\$ 69,416</u>
Deferred Outflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>
Current and Other Liabilities		
Current Liabilities	\$ 0	\$ 0
Other Liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources	<u>\$</u>	<u>\$ 25,409</u>
Net Position		
Unrestricted	<u>\$ 39,309</u>	<u>\$ 44,007</u>
Total Net Position	<u>\$ 39,309</u>	<u>\$ 44,007</u>

Statement of Activities

Changes in the net position of the business-type activities for the year ending June 30, 2014 are as follows:

Program Revenues:	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Charges for Services	<u>\$ 44,993</u>	<u>\$ 52,108</u>
Total Program Revenues	<u>\$ 44,993</u>	<u>\$ 52,108</u>

**Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014**

General Revenues		
Interest & Investment Earnings	\$ 1	\$ 1
Total General Revenues	<u>\$ 1</u>	<u>\$ 1</u>
Total Revenues	<u>\$ 44,011</u>	<u>\$ 52,110</u>
Program Expenses ¹		
Contract Services	\$ 41,760	\$ 47,411
Total Expenses	<u>\$ 41,760</u>	<u>\$ 47,411</u>
Change In Net Position	<u>\$ 8,236</u>	<u>\$ 4,697</u>
Net Position-Beginning of Year	<u>\$ 31,073</u>	<u>\$ 39,309</u>
Net Position – Ending of Year	<u>\$ 39,309</u>	<u>\$ 44,007</u>

The following source for business-type activities is charges for services. Net position increased by \$4,698

Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town of Sanbornton'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 year.

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the general fund had a fund balance of \$1,001,839. There was a use of fund balance to help offset the current year tax rate in the amount of \$245,498.

Other Governmental Funds

For financial statement reporting purposes, the following funds are included as part of the General Fund: Energy Conservation Fund, Food Pantry Fund, Library Fund, Town Hall Restoration Fund, Drug Forfeiture Fund, and Capital Reserve Funds. The total fund balance of these funds is \$361,971.

Y Capital Project Fund

The Fund Balance as of June 30, 2014 is \$68,983. This 2/3rds State of New Hampshire Department of Transportation funded project is related to the reconstruction of Hunkins Pond, Upper Bay and Bay Roads.

**Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014**

Non-Major Governmental Funds

Includes the following separate funds: Ambulance Fund, Conservation Commission Fund, Recreation Fund, Cemetery Sales Fund and the Police Details Revolving Fund.

Proprietary Funds

The Town's proprietary fund, the Sewer Fund, had an unrestricted net position of \$44,007 at June 30, 2014. Charges for services for sewer operation cover the Winnepesaukee River Basin Program Administration, Operating & Maintenance and Capital charges as allocated to Sanbornton based upon the Town's share of the entire project.

Capital Assets and Long-Term Obligations

Capital Assets

The Town of Sanbornton's Capital Assets of \$19,592,294 covers Land, Construction in progress, Infrastructure, Buildings & Improvements and Vehicles and Equipment. Assets depreciated using the straight-line method over the course of their useful life. The Total Accumulated Depreciation at June 30, 2014 is \$6,745,023, resulting in a Net Capital Assets of \$12,847,271. See Note 6 in the Notes to the Basic Financial Statements for additional information.

Long-Term Obligations

All Changes to Long-Term Obligations resulted in a \$1,512,989 net decrease primarily in Bonds Payable and Capital Lease Payments. Additional information regarding the Town's long-term debt obligations can be found in Note 8 of the Notes to the Basic Financial Statements.

Budgetary Highlights

Budgetary information for the General Fund (a major governmental fund) is included in the Required Supplementary Information section. Budgetary information in these financial statements has been presented for only one of the Town's major governmental funds (the General Fund).

Actual revenues and transfers in on the budgetary basis were higher than the budgeted amount by \$75,846.

The Town under-expended its budget by \$251,959.

Economic Factors

The Town's Assessed Valuation for tax rate setting increased from \$387,446,574 to \$388,082,990. The Town's portion of the overall property tax rate decreased from \$8.72 per \$1,000 to \$8.23 per \$1,000 of valuation. The Town accounted for 36% of the total tax rate of \$22.97 per \$1,000. The County tax rate was \$1.51 and the State and Local tax rate was \$13.23.

**Town of Sanbornton, New Hampshire
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending June 30, 2014**

The Town of Sanbornton is in good financial condition. The Town of Sanbornton has a stable cash flow and does not have to utilize any Tax Anticipation Notes. It is the Board of Selectmen's intent to continue this stability during the coming years.

Contacting the Town of Sanbornton's Financial Management

This financial report is to provide our citizens and creditors with a general overview of the Town's finances and to show a measure of accountability for the money it receives. If you have any questions about this report or need to get additional information, contact the Board of Selectmen at, PO Box 124, Sanbornton, NH 03269, telephone number 603-286-8303.

EXHIBIT A
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Net Position
June 30, 2014

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,519,263	\$ 1,541	\$ 3,520,804
Investments	441,761		441,761
Taxes receivable, net	2,481,373		2,481,373
Accounts receivable, net	39,629	35,125	74,754
Due from other governments	712,248		712,248
Internal balances	(32,750)	32,750	-
Total Current Assets	<u>7,161,524</u>	<u>69,416</u>	<u>7,230,940</u>
Noncurrent Assets:			
Due from other governments	667,017		667,017
Non-depreciable capital assets	3,082,510		3,082,510
Depreciable capital assets, net	9,764,761		9,764,761
Total Noncurrent Assets	<u>13,514,288</u>	<u>-</u>	<u>13,514,288</u>
Total Assets	<u>20,675,812</u>	<u>69,416</u>	<u>20,745,228</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Current Liabilities:			
Accounts payable	277,080		277,080
Accrued expenses	132,539		132,539
Unearned recreation revenue	18,721		18,721
Current portion of bonds payable	457,770		457,770
Current portion of capital leases payable	31,177		31,177
Current portion of estimated liability for landfill postclosure care costs	11,550		11,550
Total Current Liabilities	<u>928,837</u>	<u>-</u>	<u>928,837</u>
Noncurrent Liabilities:			
Bonds payable	2,860,871		2,860,871
Capital leases payable	80,915		80,915
Compensated absences payable	138,604		138,604
Estimated liability for landfill postclosure care costs	202,125		202,125
Total Noncurrent Liabilities	<u>3,282,515</u>	<u>-</u>	<u>3,282,515</u>
Total Liabilities	<u>4,211,352</u>	<u>-</u>	<u>4,211,352</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property tax revenue	4,415,671		4,415,671
Unearned user charges		25,409	25,409
Total Deferred Inflows of Resources	<u>4,415,671</u>	<u>25,409</u>	<u>4,441,080</u>
NET POSITION			
Net investment in capital assets	9,834,707		9,834,707
Restricted	124,149		124,149
Unrestricted	2,089,933	44,007	2,133,940
Total Net Position	<u>\$ 12,048,789</u>	<u>\$ 44,007</u>	<u>\$ 12,092,796</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,054,212	\$ 1,840	\$ 21,056		\$ (1,031,316)		\$ (1,031,316)
Public safety	920,032	116,405			(803,627)		(803,627)
Highways and streets	1,182,061		155,576	\$ 459,140	(567,345)		(567,345)
Health and welfare	94,250				(94,250)		(94,250)
Sanitation	124,449	78,488			(45,961)		(45,961)
Culture and recreation	238,797	61,453			(177,344)		(177,344)
Interest and fiscal charges	150,740				(150,740)		(150,740)
Total governmental activities	<u>3,764,541</u>	<u>258,186</u>	<u>176,632</u>	<u>459,140</u>	<u>(2,870,583)</u>	<u>\$ -</u>	<u>(2,870,583)</u>
Business-type activities:							
Sewer	47,411	52,108				4,697	4,697
Total business-type activities	<u>47,411</u>	<u>52,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,697</u>	<u>4,697</u>
Total primary government	<u>\$ 3,811,952</u>	<u>\$ 310,294</u>	<u>\$ 176,632</u>	<u>\$ 459,140</u>	<u>(2,870,583)</u>	<u>4,697</u>	<u>(2,865,886)</u>
General revenues:							
Property and other taxes					3,343,955		3,343,955
Licenses and permits					574,684		574,684
Grants and contributions:							
Rooms and meals tax distribution					132,545		132,545
Interest and investment earnings					11,584	1	11,585
Miscellaneous					30,868		30,868
Total general revenues					<u>4,093,636</u>	<u>1</u>	<u>4,093,637</u>
Change in net position					1,223,053	4,698	1,227,751
Net position - beginning, as restated					10,825,736	39,309	10,865,045
Net position - ending					<u>\$ 12,048,789</u>	<u>\$ 44,007</u>	<u>\$ 12,092,796</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF SANBORNTON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	"Y" Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,200,003		\$ 319,260	\$ 3,519,263
Investments	324,137		117,624	441,761
Taxes receivable, net	2,481,373			2,481,373
Accounts receivable, net	-		39,629	39,629
Due from other governments	12,248			12,248
Due from other funds	12,138	\$ 68,983	290	81,411
Total Assets	<u>6,029,899</u>	<u>68,983</u>	<u>476,803</u>	<u>6,575,685</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	<u>\$ 6,029,899</u>	<u>\$ 68,983</u>	<u>\$ 476,803</u>	<u>\$ 6,575,685</u>
LIABILITIES				
Accounts payable	\$ 277,080			\$ 277,080
Accrued expenses	34,610			34,610
Due to other funds	102,023		\$ 12,138	114,161
Unearned recreation revenue			18,721	18,721
Total Liabilities	<u>413,713</u>	<u>\$ -</u>	<u>30,859</u>	<u>444,572</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned property tax revenue	4,614,347			4,614,347
Total Deferred Inflows of Resources	<u>4,614,347</u>	<u>-</u>	<u>-</u>	<u>4,614,347</u>
FUND BALANCES				
Nonspendable			47,040	47,040
Restricted	423		76,686	77,109
Committed	348,321	68,983	322,218	739,522
Assigned	31,391			31,391
Unassigned	621,704			621,704
Total Fund Balances	<u>1,001,839</u>	<u>68,983</u>	<u>445,944</u>	<u>1,516,766</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,029,899</u>	<u>\$ 68,983</u>	<u>\$ 476,803</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 12,847,271

Other long-term assets are not available to pay current period expenditures, and therefore, are not reported in governmental 1,367,017

Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis 198,676

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:

Bonds payable	(3,318,641)
Capital leases payable	(112,092)
Compensated absences payable	(138,604)
Accrued interest on long-term obligations	(97,929)
Estimated liability for landfill postclosure care costs	(213,675)
Net position of governmental activities	<u>\$ 12,048,789</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	"Y" Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,382,551		\$ 250	\$ 3,382,801
Licenses and permits	574,684			574,684
Intergovernmental	309,177	\$ 564,000		873,177
Charges for services	81,965		176,221	258,186
Investment income	4,643		6,941	11,584
Miscellaneous	43,112			43,112
Total Revenues	<u>4,396,132</u>	<u>564,000</u>	<u>183,412</u>	<u>5,143,544</u>
Expenditures:				
Current operations:				
General government	1,022,896			1,022,896
Public safety	741,421		39,933	781,354
Highways and streets	719,603			719,603
Health and welfare	94,250			94,250
Sanitation	133,704			133,704
Culture and recreation	219,856		8,965	228,821
Capital outlay	755,213		7,513	762,726
Debt service:				
Principal retirement	492,378	564,000		1,056,378
Interest and fiscal charges	176,272			176,272
Total Expenditures	<u>4,355,593</u>	<u>564,000</u>	<u>56,411</u>	<u>4,976,004</u>
Excess revenues over expenditures	<u>40,539</u>	<u>-</u>	<u>127,001</u>	<u>167,540</u>
Other financing sources (uses):				
Capital lease proceeds	106,406			106,406
Transfers in	75,332			75,332
Transfers out			(75,332)	(75,332)
Total other financing sources (uses)	<u>181,738</u>	<u>-</u>	<u>(75,332)</u>	<u>106,406</u>
Net change in fund balances	222,277	-	51,669	273,946
Fund balances at beginning of year	<u>779,562</u>	<u>68,983</u>	<u>394,275</u>	<u>1,242,820</u>
Fund balances at end of year	<u>\$ 1,001,839</u>	<u>\$ 68,983</u>	<u>\$ 445,944</u>	<u>\$ 1,516,766</u>

See accompanying notes to the basic financial statements

TOWN OF SANBORNTON, 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 June 30, 2014

Net Change in Fund Balances--Total Governmental Funds	\$ 273,946
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 exceeded depreciation expense in the current period.	20,935
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(143,706)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the net gain on the disposal of capital assets reduced by the actual proceeds received from the sale of capital assets.	(12,244)
Proceeds from capital leases are reported as other financing sources in the funds, but a capital lease increases long-term liabilities in the statement of net position.	(106,406)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.	1,155,907
In the statement of activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when due.	30,273
Some expenses reported in the statement of activities, such as compensated absences and the estimated liability for landfill postclosure care costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	4,348
Change in Net Position of Governmental Activities	<u>\$ 1,223,053</u>

EXHIBIT E
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Net Position
Proprietary Fund
June 30, 2014

	Sewer Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,541
Accounts receivable	35,125
Due from other funds	<u>32,750</u>
Total Assets	<u>69,416</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Total Liabilities	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned user charges	<u>25,409</u>
Total Deferred Inflows of Resources	<u>25,409</u>
NET POSITION	
Unrestricted	<u>44,007</u>
Total Net Position	<u>\$ 44,007</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

	Sewer Fund
Operating revenues:	
Charges for services	\$ 52,108
Total operating revenues	<u>52,108</u>
Operating expenses:	
Contractual services	<u>47,411</u>
Total operating expenses	<u>47,411</u>
Operating income	<u>4,697</u>
Non-operating revenues:	
Interest revenue	<u>1</u>
Net non-operating revenues	<u>1</u>
Change in net position	4,698
Total net position at beginning of year	<u>39,309</u>
Total net position at end of year	<u>\$ 44,007</u>

See accompanying notes to the basic financial statements

EXHIBIT G
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

	Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 49,090
Cash paid to suppliers	<u>(47,411)</u>
Net cash provided by operating activities	<u>1,679</u>
Cash flows from investing activities:	
Interest on investments	<u>1</u>
Net cash provided by investing activities	<u>1</u>
Net increase in cash and cash equivalents	1,680
Cash and cash equivalents at beginning of year	<u>32,611</u>
Cash and cash equivalents at end of year	<u>\$ 34,291</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,697
Changes in assets and liabilities:	
(Increase) in accounts receivable	(1,728)
(Decrease) in unearned user charges	<u>(1,290)</u>
Net cash provided by operating activities	<u>\$ 1,679</u>

See accompanying notes to the basic financial statements

EXHIBIT H
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	ASSETS	Private- Purpose <u>Trust Funds</u>	
Cash		\$ 1,820	
Investments		<u>134,632</u>	
Total assets		<u>\$ 136,452</u>	
<th style="text-align: center;">NET POSITION</th>			NET POSITION
Held in trust		<u>\$ 136,452</u>	
Total net position		<u>\$ 136,452</u>	

See accompanying notes to the basic financial statements

EXHIBIT I
TOWN OF SANBORNTON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Private- Purpose <u>Trust Funds</u>
ADDITIONS:	
Investment earnings:	
Interest	\$ 4,025
Net increase in the fair value of investments	<u>3,662</u>
Total Investment Earnings	<u>7,687</u>
Total Additions	<u>7,687</u>
DEDUCTIONS:	
Benefits	<u>2,000</u>
Total Deductions	<u>2,000</u>
Change in net position	5,687
Net position - beginning of year	<u>130,765</u>
Net position - end of year	<u><u>\$ 136,452</u></u>

See accompanying notes to the basic financial statements

**TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Sanbornton, 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 Sanbornton, New Hampshire (the Town) was incorporated in 1770. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions as 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 the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial conditions of the governmental and business-type activities of the Town at fiscal 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 and business-type 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 are 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 and proprietary fund financial statements is on major funds. Each major fund is

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

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

1. Governmental Funds:

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

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.

The "*Y*" *Capital Project Fund* accounts for financial transactions related to the construction and reconstruction of Upper Bay Road and Bay Road.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The Town has no internal service funds. The following is the Town's major proprietary fund:

The *Sewer Fund* accounts for all revenues and expenses pertaining to the Town's wastewater services provided by the Winnepesaukee River Basin Program.

The Sewer Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The Town maintains one category of fiduciary funds known as private purpose trust 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.

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is 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. Proprietary and 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year end.

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

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 fiscal year for which the taxes are levied (see Note 3). Revenue from grants, entitlements and donations are recognized in the fiscal 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 fiscal 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 fiscal 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. Unearned Revenue:

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

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2014, the Town applied \$245,498 of its unappropriated fund balance to reduce taxes.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

	Sewer Fund
Cash and cash equivalents	\$ 1,541
Due from other funds	<u>32,750</u>
	<u>\$ 34,291</u>

Investments

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

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2014 are recorded as receivables net of reserves for estimated uncollectibles of \$10,000.

Accounts Receivable

Accounts receivable are recorded net of reserves for estimated uncollectibles of \$25,442 in the Ambulance Fund.

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 governmental 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 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.

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	40
	Buildings and improvements	40
	Vehicles and equipment	5-10

Compensated Absences

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to Town personnel policy and collective bargaining agreements,

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

employees may accumulate up to 60 days of unused sick time earned and, upon retirement, resignation or death will be compensated for half of the total accrued amounts at current rates of pay. Employees may also accumulate up to 25 days of unused vacation pay earned and, upon retirement, resignation or death will be compensated for the total accrued amounts at current rates of pay.

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

Except for the obligation for other post-employment benefits (see Note 2), 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 fiscal year.

General obligation bonds and capital leases 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.

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. These 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 constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or by the enabling legislation.

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

- *Committed Fund Balance*: 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 (Board of Selectmen). Commitments may be changed or lifted only by the Board of Selectmen taking the same formal action that imposed the constraint originally. The Board of Selectmen's actions 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 a Town intends to use for specific purposes. 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 available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balances of another governmental fund.

In circumstances where 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 classification can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

As of June 30, 2014 the Town has not established a Fund Balance Policy.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the sewer fund, these revenues are charges to customers for sales and services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

Significant estimates include depreciation expense and the allowances for uncollectible taxes and accounts receivable.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town has not implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 45 were required to be implemented by the Town during the year ended June 30, 2010.

NOTE 3—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$387,446,574 as of April 1, 2013) and are due in two installments on July 8, 2013 and December 9, 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 Winnisquam Regional School District and Belknap 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 \$4,954,993 and \$559,642, for the Winnisquam Regional School District and Belknap County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 4—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 June 30, 2014, the Town 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.

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

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

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 June 30, 2014.

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 5—DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 3,520,804
Investments	441,761
Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,820
Investments	<u>134,632</u>
Total deposits and investments	<u>\$ 4,099,017</u>

Deposits and investments at June 30, 2014 consist of the following:

Cash on hand	\$ 187,104
Deposits with financial institutions	3,659,657
Investments	<u>252,256</u>
Total deposits and investments	<u>\$ 4,099,017</u>

The Town does not have an investment policy for the investment of public funds in governmental funds. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Library Fund are at the discretion of the Library Trustees.

As of June 30, 2014, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

<u>Investment Type</u>	<u>Reported Amount</u>
Equity Income Funds	3,071
Bond Mutual Funds	138,545
Prime Money Market Funds	110,640
	<u>\$ 252,256</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a policy to address interest rate risk.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity</u>	
		<u>0-1 Years</u>	<u>> 5 Years</u>
Bond Mutual Funds	<u>\$ 138,545</u>	<u>\$ 5,126</u>	<u>\$ 133,419</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have a policy to address credit risk.

The following is the actual rating as of June 30, 2014 for each investment type.

<u>Rating</u>	<u>Bond Mutual Funds</u>	<u>Prime Money Market Funds</u>
Aaa	\$ 3,464	
Aa1	8,590	
Aa2	15,517	
Aa3	16,071	
A1	14,270	
A2	29,510	
A3	28,540	
Baa1	8,867	
Baa2	2,909	
Baa3	1,108	
Not Rated	9,698	\$ 110,640
	<u>\$ 138,545</u>	<u>\$ 110,640</u>

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have an investment policy for assurance against custodial credit risk.

Of the Town's deposits with financial institutions at year end, \$2,415,046 was collateralized by securities held by the bank in the bank's name.

NOTE 6—CAPITAL ASSETS

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

	(as restated)			
	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 3,082,510			\$ 3,082,510
Total capital assets not being depreciated	<u>3,082,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,082,510</u>
Other capital assets:				
Infrastructure	11,231,174	238,258		11,469,432
Buildings and improvements	2,472,763			2,472,763
Vehicles and equipment	2,700,672	177,330	(310,413)	2,567,589
Total other capital assets at historical cost	<u>16,404,609</u>	<u>415,588</u>	<u>(310,413)</u>	<u>16,509,784</u>
Less accumulated depreciation for:				
Infrastructure	(4,421,489)	(153,427)		(4,574,916)
Buildings and improvements	(395,920)	(39,405)		(435,325)
Vehicles and equipment	(1,831,130)	(201,821)	298,169	(1,734,782)
Total accumulated depreciation	<u>(6,648,539)</u>	<u>(394,653)</u>	<u>298,169</u>	<u>(6,745,023)</u>
Total other capital assets, net	<u>9,756,070</u>	<u>20,935</u>	<u>(12,244)</u>	<u>9,764,761</u>
Total capital assets, net	<u>\$ 12,838,580</u>	<u>\$ 20,935</u>	<u>\$ (12,244)</u>	<u>\$ 12,847,271</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 3,623
Public safety	99,996
Highways and streets	282,767
Sanitation	1,345
Culture and recreation	6,922
Total governmental activities depreciation expense	<u>\$ 394,653</u>

The balance of the assets acquired through capital leases as of June 30, 2014 is as follows:

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

Vehicles and equipment	\$ 164,744
Less accumulated depreciation for:	
Vehicles and equipment	<u>(37,344)</u>
	<u>\$ 127,400</u>

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Descriptions

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. 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 Policies

Covered general employees, police officers, and fire employees are required to contribute 7.0%, 11.55% and 11.80%, respectively, 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 general employees, police officers, and fire employees were 10.77%, 25.30%, and 27.74%. The Town contributes 100% of the employer cost for general employees, police officers and fire employees employed by 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 June 30, 2014, 2013, and 2012 were \$146,705, \$109,790, and \$115,896, respectively, equal to the required contributions for each year.

NOTE 8—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended June 30, 2014 are as follows:

	Balance <u>7/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2014</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 4,834,159		\$(1,515,518)	\$ 3,318,641	\$ 457,770
Capital leases payable	105,215	\$ 106,406	(99,529)	112,092	31,177
Compensated absences	131,402	29,614	(22,412)	138,604	
Estimated liability for landfill postclosure care costs	<u>225,225</u>		<u>(11,550)</u>	<u>213,675</u>	<u>11,550</u>
Total governmental activities	<u>\$ 5,296,001</u>	<u>\$ 136,020</u>	<u>\$(1,649,009)</u>	<u>\$ 3,783,012</u>	<u>\$ 500,497</u>

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

Payments on the general obligation bonds, capital leases and estimated liability for landfill postclosure care costs of the governmental activities are paid out of the General Fund and the "Y" Capital Project Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

General Obligation Bonds

Bonds payable at June 30, 2014 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>6/30/2014</u>
Transition bond	\$ 950,000	3.300%	April 2018	\$ 418,169
Highway building bond	1,100,000	3.875%	August 2020	813,306
"Y" Project bond	3,000,000	3.875%	August 2020	1,654,107
Maple Circle bond	918,280	1.700%	October 2023	433,059
				<u>\$ 3,318,641</u>

Debt service requirements to retire general obligation bonds at June 30, 2014 are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 457,770	\$ 116,581	\$ 574,351
2016	474,064	100,287	574,351
2017	490,942	83,409	574,351
2018	508,548	65,803	574,351
2019	413,226	48,582	461,808
2020-2023	974,091	54,064	1,028,155
	<u>\$ 3,318,641</u>	<u>\$ 468,726</u>	<u>\$ 3,787,367</u>

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 of the governmental activities at June 30, 2014:

Vehicle, due in annual installments of \$28,524, including interest at 2.85%, through November 2017	\$ 106,406
Vehicle, due in annual installments of \$5,963, including interest at 4.87%, through August 2014	<u>5,686</u>
	<u>\$ 112,092</u>

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2014 are as follows:

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 31,177	\$ 3,309	\$ 34,486
2016	26,217	2,306	28,523
2017	26,965	1,559	28,524
2018	27,733	790	28,523
	<u>\$ 112,092</u>	<u>\$ 7,964</u>	<u>\$ 120,056</u>

NOTE 9—LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. During 2002, a final cover was placed on the landfill. An estimated liability has been recorded based on the future postclosure care costs that will be incurred after the date the landfill no longer accepts waste. The estimated liability for postclosure care costs has a balance of \$213,675 as of June 30, 2014. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of June 30, 2014. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended June 30, 2014:

Balance - July 1, 2013	\$ 225,225
Expenditures recognized in the General Fund	(7,851)
Net change in estimated liability for postclosure care costs	<u>(3,699)</u>
Balance - June 30, 2014	<u>\$ 213,675</u>

NOTE 10—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of some of its governmental fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at June 30, 2014 are as follows:

	Due from		<u>Totals</u>
	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	
General Fund		\$ 12,138	\$ 12,138
"Y" Capital Project Fund	\$ 68,983		68,983
Nonmajor Governmental Funds	290		290
Proprietary Fund - Sewer	32,750		32,750
	<u>\$ 102,023</u>	<u>\$ 12,138</u>	<u>\$ 114,161</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2014 amounted to \$75,332 from the Nonmajor Governmental Funds to the General Fund.

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

NOTE 11—RESTRICTED NET POSITION

Net position is restricted for specific purposes as follows:

	Governmental
	<u>Activities</u>
Permanent funds - Principal	\$ 47,040
Permanent funds - Income	70,584
Conservation donations	6,102
Drug Forfeiture funds	423
	<u>\$ 124,149</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The Town's fund balance components are comprised as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>"Y" Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Non-spendable:				
Permanent Funds - Principal			\$ 47,040	\$ 47,040
Restricted for:				
Conservation - Donations			6,102	6,102
Permanent Funds - Income			70,584	70,584
Drug Forfeiture Fund	\$ 423			423
Committed for:				
Ambulance Fund			157,299	157,299
Capital Project Fund		\$ 68,983		68,983
Conservation Commission			120,575	120,575
Recreation Fund			8,490	8,490
Cemetery Sales Fund			3,349	3,349
Capital Reserve Fund	330,157			330,157
Police Special Detail Fund			32,505	32,505
Subsequent year expenditures	15,000			15,000
Encumbrances	3,164			3,164
Assigned for:				
Energy conservation Fund	167			167
Food Pantry Fund	542			542
Library Fund	26,001			26,001
Town Hall Restoration Fund	4,681			4,681
Unassigned:				
Unassigned - General operations	621,704			621,704
	<u>\$ 1,001,839</u>	<u>\$ 68,983</u>	<u>\$ 445,944</u>	<u>\$ 1,516,766</u>

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2014

NOTE 13—COMMITMENTS AND CONTINGENCIES

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 14—RESTATEMENT OF EQUITY

Government-Wide Statements

During the year ended June 30, 2014, it was determined that capital assets were previously understated in the governmental activities.

Net position of the governmental activities as of July 1, 2013 has been restated as follows:

	Governmental <u>Activities</u>
Net Position - July 1, 2013 - as previously reported	\$ 10,355,787
Amount of restatement due to:	
Understatement of capital assets	<u>469,949</u>
Net Position - July 1, 2013 - as restated	<u>\$ 10,825,736</u>

NOTE 15--IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Government Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Report for Pensions*, which the Town is required to implement in the fiscal year ending June 30, 2015. Management believes that this pronouncement will have a potentially significant impact on the Town's government wide basic financial statements. Under GASB Statement 68, the Town will be required to report its estimated proportional share of the New Hampshire Retirement System's unfunded pension liability in the financial statements for fiscal years beginning after June 15, 2014.

SCHEDULE 1
TOWN OF SANBORNTON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Favorable <u>(Unfavorable)</u>
Revenues:				
Taxes	\$ 3,294,514	\$ 3,294,514	\$ 3,343,705	\$ 49,191
Licenses and permits	516,800	516,800	574,684	57,884
Intergovernmental	324,030	324,030	309,177	(14,853)
Charges for services	90,000	90,000	81,965	(8,035)
Interest income	4,000	4,000	4,046	46
Miscellaneous	26,019	26,019	38,300	12,281
Total Revenues	<u>4,255,363</u>	<u>4,255,363</u>	<u>4,351,877</u>	<u>96,514</u>
Expenditures:				
Current operations:				
General government	1,128,018	1,128,018	1,022,896	105,122
Public safety	755,984	755,984	741,421	14,563
Highways and streets	722,253	722,253	719,603	2,650
Health and welfare	117,994	117,994	91,257	26,737
Sanitation	144,034	144,034	133,704	10,330
Culture and recreation	115,752	115,752	110,638	5,114
Capital outlay	621,575	621,575	541,581	79,994
Debt service:				
Principal retirement	490,931	490,931	492,378	(1,447)
Interest and fiscal charges	178,526	178,526	176,272	2,254
Total Expenditures	<u>4,275,067</u>	<u>4,275,067</u>	<u>4,029,750</u>	<u>245,317</u>
Excess revenues over expenditures	<u>(19,704)</u>	<u>(19,704)</u>	<u>322,127</u>	<u>341,831</u>
Other financing sources (uses):				
Transfers in	96,000	96,000	75,332	(20,668)
Transfers out	(321,794)	(321,794)	(315,152)	6,642
Total other financing sources (uses)	<u>(225,794)</u>	<u>(225,794)</u>	<u>(239,820)</u>	<u>(14,026)</u>
Net change in fund balance	(245,498)	(245,498)	82,307	327,805
Fund balance at beginning of year				
- Budgetary Basis	<u>753,073</u>	<u>753,073</u>	<u>753,073</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 507,575</u>	<u>\$ 507,575</u>	<u>\$ 835,380</u>	<u>\$ 327,805</u>

See accompanying notes to the required supplementary information

TOWN OF SANBORNTON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2014

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. General Fund budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for encumbrances, capital leases, non-budgetary activity, and budgetary transfers out.

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 4,577,870	\$ 4,355,593
Difference in property taxes meeting susceptible to accrual criteria	(38,846)	
Encumbrances, June 30, 2013		(3,164)
Encumbrances, June 30, 2014		3,164
Capital lease activity	(106,406)	(106,406)
Non-budgetary activity	(5,409)	(219,437)
Budgetary transfers out		315,152
Per Schedule 1	<u>\$ 4,427,209</u>	<u>\$ 4,344,902</u>

NOTE 2—GENERAL FUND BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2014 are as follows:

<i>Committed for:</i>	
Future year expenditures	\$ 15,000
<i>Unassigned:</i>	
Unassigned - General operations	<u>820,380</u>
	<u>\$ 835,380</u>

SCHEDULE A
TOWN OF SANBORNTON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
June 30, 2014

	Special Revenue Funds	Permanent Funds	Combining Totals
ASSETS			
Cash and cash equivalents	\$ 319,260		\$ 319,260
Investments		\$ 117,624	117,624
Accounts receivable, net	39,629		39,629
Due from other funds	290		290
Total Assets	<u>359,179</u>	<u>117,624</u>	<u>476,803</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u> </u>	<u> </u>	<u> </u>
Total Assets and Deferred Outflows of Resources	<u>\$ 359,179</u>	<u>\$ 117,624</u>	<u>\$ 476,803</u>
LIABILITIES			
Due to other funds	\$ 12,138		\$ 12,138
Unearned recreation revenue	18,721		18,721
Total Liabilities	<u>30,859</u>	<u>\$ -</u>	<u>30,859</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		47,040	47,040
Restricted	6,102	70,584	76,686
Committed	322,218		322,218
Total Fund Balances	<u>328,320</u>	<u>117,624</u>	<u>445,944</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 359,179</u>	<u>\$ 117,624</u>	<u>\$ 476,803</u>

SCHEDULE A-1
TOWN OF SANBORNTON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
June 30, 2014

	Ambulance Fund	Conservation Commission	Recreation Fund	Cemetery Sales Fund	Police Special Detail Fund	Combining Totals
ASSETS						
Cash and cash equivalents	\$ 134,340	\$ 126,427	\$ 27,211	\$ 3,349	\$ 27,933	\$ 319,260
Accounts receivable, net	22,919				16,710	39,629
Due from other funds	40	250				290
Total Assets	<u>157,299</u>	<u>126,677</u>	<u>27,211</u>	<u>3,349</u>	<u>44,643</u>	<u>359,179</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources						
Total Assets and Deferred Outflows of Resources	<u>\$ 157,299</u>	<u>\$ 126,677</u>	<u>\$ 27,211</u>	<u>\$ 3,349</u>	<u>\$ 44,643</u>	<u>\$ 359,179</u>
LIABILITIES						
Due to other funds					\$ 12,138	\$ 12,138
Unearned recreation revenue			\$ 18,721			18,721
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>18,721</u>	<u>\$ -</u>	<u>12,138</u>	<u>30,859</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted		6,102				6,102
Committed	157,299	120,575	8,490	3,349	32,505	322,218
Total Fund Balances	<u>157,299</u>	<u>126,677</u>	<u>8,490</u>	<u>3,349</u>	<u>32,505</u>	<u>328,320</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 157,299</u>	<u>\$ 126,677</u>	<u>\$ 27,211</u>	<u>\$ 3,349</u>	<u>\$ 44,643</u>	<u>\$ 359,179</u>

SCHEDULE B
TOWN OF SANBORNTON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended June 30, 2014

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:			
Taxes	\$ 250		\$ 250
Charges for services	176,221		176,221
Investment income	<u>452</u>	\$ 6,489	<u>6,941</u>
Total Revenues	<u>176,923</u>	<u>6,489</u>	<u>183,412</u>
Expenditures:			
Current operations:			
Public safety	39,933		39,933
Culture and recreation	8,965		8,965
Capital outlay	<u>7,513</u>		<u>7,513</u>
Total Expenditures	<u>56,411</u>	<u>-</u>	<u>56,411</u>
Excess of revenues over expenditures	<u>120,512</u>	<u>6,489</u>	<u>127,001</u>
Other financing (uses):			
Transfers out	<u>(75,332)</u>		<u>(75,332)</u>
Total other financing (uses)	<u>(75,332)</u>	<u>-</u>	<u>(75,332)</u>
Net change in fund balances	45,180	6,489	51,669
Fund balances at beginning of year	<u>283,140</u>	<u>111,135</u>	<u>394,275</u>
Fund balances at end of year	<u>\$ 328,320</u>	<u>\$ 117,624</u>	<u>\$ 445,944</u>

SCHEDULE B-1
TOWN OF SANBORNTON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

	Ambulance Fund	Conservation Commission	Recreation Fund	Cemetery Sales Fund	Police Special Detail Fund	Combining Totals
Revenues:						
Taxes		\$ 250				\$ 250
Charges for services	\$ 59,763		\$ 61,453		\$ 55,005	176,221
Investment income	212	189	44	\$ 5	2	452
Total Revenues	<u>59,975</u>	<u>439</u>	<u>61,497</u>	<u>5</u>	<u>55,007</u>	<u>176,923</u>
Expenditures:						
Current operations:						
Public safety	452				39,481	39,933
Culture and recreation		5,025	3,940			8,965
Capital outlay					7,513	7,513
Total Expenditures	<u>452</u>	<u>5,025</u>	<u>3,940</u>	<u>-</u>	<u>46,994</u>	<u>56,411</u>
Excess of revenues over (under) expenditures	<u>59,523</u>	<u>(4,586)</u>	<u>57,557</u>	<u>5</u>	<u>8,013</u>	<u>120,512</u>
Other financing (uses):						
Transfers out	(19,397)		(55,935)			(75,332)
Total other financing (uses)	<u>(19,397)</u>	<u>-</u>	<u>(55,935)</u>	<u>-</u>	<u>-</u>	<u>(75,332)</u>
Net change in fund balances	40,126	(4,586)	1,622	5	8,013	45,180
Fund balances at beginning of year	<u>117,173</u>	<u>131,263</u>	<u>6,868</u>	<u>3,344</u>	<u>24,492</u>	<u>283,140</u>
Fund balances at end of year	<u>\$ 157,299</u>	<u>\$ 126,677</u>	<u>\$ 8,490</u>	<u>\$ 3,349</u>	<u>\$ 32,505</u>	<u>\$ 328,320</u>