

**TOWN OF NEW DURHAM,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2013**

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
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# PLODZIK & SANDERSON

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Members of the Board of Selectmen  
Town of New Durham  
New Durham, New Hampshire

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, major general fund, and aggregate remaining fund information of the Town of New Durham as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 adverse and unmodified audit opinions.

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed in Note 19 to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily 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 government-wide financial statements of the Town of New Durham, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

*Town of New Durham  
Independent Auditor's Report*

*Unmodified Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major general fund and aggregate remaining fund information of the Town of New Durham as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

**Management's Discussion and Analysis** - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 9) 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 New Durham's basic financial statements. The combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

October 8, 2014

*Plodzik & Sanderson  
Professional Association*

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**CALENDAR YEAR ENDED DECEMBER 31, 2013**

Presented here is the Management Discussion & Analysis to accompany the financial statements for the calendar year ended December 31, 2013. The purpose of this discussion and analysis is to serve as an introduction to the Town of New Durham, New Hampshire's basic financial statements, as well as to provide additional discussion and information intended to assist the reader in understanding the town's financial activities.

**FINACIAL HIGHLIGHTS**

- For the fiscal year ended December 31, 2013, the Town of New Durham's net position is recorded at \$8,306,932.
- The Town's unassigned fund balance for the General Fund at year-end is a positive \$1,091,425, which reflects an increase of \$10,631 when compared to the prior fiscal year's end of \$1,080,794. This increase is a result of unexpended appropriations and a better revenue stream than was anticipated.
- The Expendable Trust Fund's committed fund balance at year-end 2013 of \$1,441,094 increased \$86,001 when compared to the prior fiscal year's end of \$1,355,093.
- The town's long-term obligations as of December 31, 2013 were \$888,576. This indicates a decrease in long-term obligations by \$60,859. The long-term obligations did not increase as the Town did not initiate any new capital construction projects nor issue any long-term bonds in 2014.

**BASIC FINANCIAL STATEMENTS**

The financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**1) Government-Wide Financial Statements**

The government-wide financial statements report financial information for the town as a whole. Included in this section are a statement of net position and a statement of activities.

The *statement of net position* presents information on all the Town of New Durham's assets and liabilities, with the difference between the two report *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of New Durham, NH is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The governmental activities of the Town of New Durham, NH include general government, public safety, roadways, cemetery, library, trust and capital reserve funds, grants, conservation, culture and recreation.

### ***Statement of Net Position***

The comparative *net position* of the town is an indication of its financial position. The government-wide financial statements enable us to review and determine the town's net position. A positive change in net position means the financial position is improving; a negative change may indicate the financial position is deteriorating. The accounting that determines net position is summarized below. As set forth in Table 1, net position at December 31, 2013, was \$8,306,932.

<b>Table 1 - Net Position Comparative Summary</b>	<b>2012</b>	<b>2013</b>	<b>Amt. Variance</b>	<b>%Variance</b>
Current and Other Assets	\$ 6,089,589	\$ 4,996,380	(1,093,209)	-17.95%
Capital Assets, net	5,796,827	7,328,740	1,531,913	26.43%
<b>Total Assets</b>	<b>11,886,416</b>	<b>12,325,120</b>	<b>438,704</b>	<b>3.69%</b>
Current Liabilities	3,168,822	3,129,612	(39,210)	-1.24%
Long-term & Other Liabilities	853,263	888,576	35,313	4.14%
<b>Total Liabilities</b>	<b>4,022,085</b>	<b>4,018,188</b>	<b>(3,897)</b>	<b>-0.00097%</b>
Net investment in capital assets	5,060,216	5,231,093	170,877	3.38%
Restricted net position	56,758	91,027	34,259	60.35%
Unrestricted net position	2,747,347	2,984,812	237,465	8.64%
<b>Total Net Position</b>	<b>\$ 7,864,331</b>	<b>\$ 8,306,932</b>	<b>\$ 442,601</b>	<b>5.63%</b>

### ***Statement of Activities***

The *statement of activities* provides an important record of overall expenditures and revenues for the calendar year. The government-wide financial statements provide a summary of the governmental activities. These are displayed in Table 2 below.

The program expenses are shown net of program revenues.

<b>Table 2 - Governmental Activities</b>	<b>2012</b>	<b>2013</b>	<b>Amt Variance</b>	<b>%Variance</b>	<b>% of Total</b>	
<b>Program Expense</b>					<b>2012</b>	<b>2013</b>
General Government	(990,771)	(562,957)	427,814	-43.18%	34.55%	19.48%
Public Safety	(580,233)	(777,111)	-196,878	33.93%	20.24%	26.89%
Highways & Streets	(853,780)	(1,064,974)	-211,194	24.74%	29.78%	36.85%
Sanitation	(152,777)	(183,178)	-30,401	19.90%	5.33%	6.34%
Health	(7,194)	(6,236)	958	-13.32%	0.25%	0.22%
Welfare	(20,666)	(17,250)	3,416	-16.53%	0.72%	0.60%
Culture and Recreation	(170,811)	(209,232)	-38,421	22.49%	5.96%	7.24%
Conservation	(5,064)	(1,025)	4,039	-79.76%	0.18%	0.04%
Interest on long-term debt	(33,737)	(29,253)	4,484	-13.29%	1.18%	1.01%
Capital outlay	(52,312)	(38,570)	13,742	-26.27%	1.82%	1.33%
<b>Total Program Expense</b>	<b>-2,867,345</b>	<b>-2,889,786</b>	<b>-22,441</b>	<b>0.78%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>General Revenues</b>						
Property Taxes	2,761,253	2,489,304	-271,949	-9.85%	78.94%	74.70%
Other	105,200	104,863	-337	-0.32%	3.01%	3.15%
Motor vehicle permit fees	427,083	463,450	36,367	8.52%	12.21%	13.91%
Licenses & Other Fees	51,412	46,459	-4,953	-9.63%	1.47%	1.39%
Grants Not Restricted to Specific Programs	137,287	116,968	-20,319	-14.80%	3.92%	3.51%
Unrestricted Investment Earnings	1,831		-1,831	-100.00%	0.05%	0.00%
Miscellaneous	13,889	111,343	97,454	701.66%	0.40%	3.34%
<b>Total General Revenues</b>	<b>3,497,955</b>	<b>3,332,387</b>	<b>-165,568</b>	<b>-4.73%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Change in net position</b>	<b>630,610</b>	<b>442,601</b>	<b>-188,009</b>	<b>-29.81%</b>		

### *Net Cost of Services*

This exhibit illustrates the net cost of the Town's largest functions based upon the total expense, less charges for services and operating grants/ contributions. The net cost reflects the amount that was funded by general revenues.

<b>TOTAL AND NET COST OF SERVICES</b>						
<b>Functions / Programs</b>	<b>Total Cost of Services</b>			<b>Net Cost of Services</b>		
General Government	589,295	17.96%		562,957	19.48%	
Public Safety	858,514	26.16%		777,111	26.89%	
Highways & Streets	1,238,926	37.76%		1,064,974	36.85%	
Sanitation	231,825	7.06%		183,178	6.34%	
Health	6,236	0.19%		6,236	0.22%	
Welfare	17,250	0.53%		17,250	0.60%	
Culture and Recreation	268,517	8.18%		209,232	7.24%	
Conservation	1,025	0.03%		1,025	0.04%	
Interest on long-term debt	29,253	0.89%		29,253	1.01%	
Capital outlay	40,570	1.24%		38,570	1.33%	
<b>Total</b>	<b>\$ 3,281,411</b>	<b>100%</b>		<b>\$ 2,889,786</b>	<b>100%</b>	

## 2) Fund Financial Statements

A *fund* is a set of reports that is used to segregate specific activities. The Town of New Durham, New Hampshire, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the Town of New Durham, New Hampshire can be divided in two categories: governmental and fiduciary funds.

**Government Funds.** *Governmental Funds* are used to report on the general operations of the town. They are used to account for essentially the same functions reported as *government activities* in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statement focus only on current expenditures and revenue (*inflows and outflows of spendable resources this year*), as well as on balances (*of spendable resources*) available at the end of the fiscal year. Such information may be useful in evaluating a government's current 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 in *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 balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of New Durham, New Hampshire adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been 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 outside the New Durham town government, such as developer's performance bonds, capital reserve and expendable trust funds belonging to other governments, and trust funds for which the income is used for purposes that are not normally funded by the town. Fiduciary funds are *not* reflected in the government-wide financial statement because these funds are not available to support the Town of New Durham's own programs. The accounting used for the fiduciary funds is much like that used for businesses.

### ***Financial Summary of the Town of New Durham's Funds***

#### General Fund

In March 2013, the Town of New Durham taxpayers voted an appropriation of \$3,800,029 in the General Fund for operation of the town for calendar year 2013.

- Significant General Fund **expenditures-to-net** budget variances in 2013 occurred in these areas:
  - The General government budget turned back \$35,463 of unexpended appropriations.
  - The Public Safety budget turned back \$36,607.
  - The Highways and Streets budget turned back \$21,050.
  - The Welfare budget turned back \$13,241 of unexpended appropriations.
  - The Capital Outlay budget turned back \$20,772.

### **3) Notes to the Financial Statements**

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

#### **ADDITIONAL MANAGEMENT DISCUSSION ITEMS**

##### Capital Assets

The net book value of all capital assets is \$5,879,532. The town's capital assets consist of land and buildings including improvements, machinery, equipment and vehicles.

- Highway: 2014 F250 ¾ ton pick-up to replace the 2001 F250 transferred to the Equipment Mechanic and a John Deere 544K Loader with a trade-in of \$42,500 for the old loader. Paving of Birch Hill Road, Davis Crossing Road and Copple Crown Road. Re-roofing existing maintenance building and expansion to the highway building for a furnace room.
- Solid Waste Facility: Philadelphia High Density Vertical Baler and a Quonset Hut to cover containers at the facility.
- Town Buildings: Repair of Town Hall front wall—right side of entrance door.

Capital asset activity for the year ended December 31, 2013 consisted of the following:			
	Balance beginning	Changes	Balance ending
At cost:			
Not being depreciated:			
Land	\$ 257,300	\$ -	\$ 257,300
Construction in progress	-	19,656	\$ 19,656
Total capital assets not being depreciated	257,300	19,656	- 276,956
Being depreciated:			
Land Improvements	3,447,030	205,782	\$ 3,652,812
Buildings and building improvements	993,186	19,012	\$ 1,012,198
Machinery and equipment	2,506,438	85,639	\$ 2,592,077
Total capital assets being depreciated	6,946,654	310,433	7,257,087
Total all capital assets	7,203,954	330,089	7,534,043
Less accumulated depreciation:			
Land Improvements	(379,053)	(135,531)	\$ (514,584)
Buildings and building improvements	(231,594)	(16,961)	\$ (248,555)
Machinery and equipment	(796,480)	(94,892)	\$ (891,372)
Total accumulated depreciation	(1,407,127)	(247,384)	(1,654,511)
Net book value, capital assets being depreciated	5,539,527	63,049	5,602,576
Net book value, all capital assets	\$ 5,796,827	\$ 82,705	\$ 5,879,532

### Bond Issues

The town holds a twenty year bond for a Sand and Salt building issued in 2004 in the amount of \$248,600, and a fifteen year bond for March's Pond Dam issued in 2008 in the amount \$620,000. The Town has a lease for the Highway Volvo Motor Grader for \$189,000 that was issued in 2012.

The annual requirements to amortize the general obligation bond and note outstanding as of December 31, 2013, including interest payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
December 31,			
2014	50,000	\$ 26,569	\$ 76,569
2015	45,000	23,981	\$ 68,981
2016	50,000	21,644	\$ 71,644
2017	50,000	19,044	\$ 69,044
2018	55,000	16,444	\$ 71,444
2019-2023	295,000	42,263	\$ 337,263
2024	10,000	500	\$ 10,500
Totals	\$ 555,000	\$ 150,445	\$ 705,445

The bond premium is being amortized over twenty years, the same being the life of the related bond.

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues

### Future Financial Position

The Town of New Durham taxpayers have a long history of strong support for the ongoing operations of the community and for providing sufficient resources. There is no indication of any change.

Recognizing the importance of fiscal restraint, the town government is committed to continually looking for ways to contain cost increases and to keep budgets as low as possible while still continuing to provide adequate or above services to its tax payers.

### Contacting the Town with Financial Management Questions

This financial report is designed to provide a general overview of the town's finances, comply with finance-related laws and regulations, and demonstrate the Town of New Durham's commitment to public accountability. If you have any questions about the report or would like to request additional information, please contact the Town of New Durham's Selectmen's office at 4 Main St. P.O. Box 207 New Durham, NH 03855 or call (603) 859-2091.

***BASIC FINANCIAL STATEMENTS***

*EXHIBIT A*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2013*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,066,924
Taxes receivable (net)	710,440
Account receivable (net)	28,552
Inventory	12,852
Prepaid items	53,423
Tax dedeed property, subject to resale	124,189
Restricted assets:	
Cash and cash equivalents	1,449,208
Capital assets:	
Land and construction in progress	276,956
Other capital assets, net of depreciation	5,602,576
Total assets	12,325,120
<b>LIABILITIES</b>	
Accounts payable	139,853
Accrued salaries and benefits	41,635
Accrued interest payable	11,847
Intergovernmental payable	2,804,808
Unearned revenue	131,469
Long-term liabilities:	
Due within one year	97,395
Due in more than one year	791,181
Total liabilities	4,018,188
<b>NET POSITION</b>	
Net investment in capital assets	5,231,093
Restricted	91,027
Unrestricted	2,984,812
Total net position	\$ 8,306,932

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT B**  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2013**

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 589,295	\$ 5,645	\$ 20,693	\$ -	\$ (562,957)
Public safety	858,514	78,535	2,868	-	(777,111)
Highways and streets	1,238,926	-	173,952	-	(1,064,974)
Sanitation	231,825	48,647	-	-	(183,178)
Health	6,236	-	-	-	(6,236)
Welfare	17,250	-	-	-	(17,250)
Culture and recreation	268,517	59,285	-	-	(209,232)
Conservation	1,025	-	-	-	(1,025)
Interest on long-term debt	29,253	-	-	-	(29,253)
Capital outlay	40,570	-	-	2,000	(38,570)
Total governmental activities	<u>\$ 3,281,411</u>	<u>\$ 192,112</u>	<u>\$ 197,513</u>	<u>\$ 2,000</u>	<u>(2,889,786)</u>

General revenues:

Taxes:	
Property	2,489,304
Other	104,863
Motor vehicle permit fees	463,450
Licenses and other fees	46,459
Grants and contributions not restricted to specific programs	116,968
Miscellaneous	111,343
Total general revenues	<u>3,332,387</u>
Change in net position	442,601
Net position, beginning	7,864,331
Net position, ending	<u>\$ 8,306,932</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-1*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Governmental Funds*  
*Balance Sheet*  
*December 31, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,582,827	\$ 484,097	\$ 4,066,924
Accounts receivable (net)	4,855	23,697	28,552
Taxes receivable	758,440	-	758,440
Interfund receivable	8,511	705	9,216
Voluntary tax liens	84,101	-	84,101
Voluntary tax liens reserved until collected	(84,101)	-	(84,101)
Inventory	12,852	-	12,852
Prepaid items	53,423	-	53,423
Tax deeded property, subject to resale	124,189	-	124,189
Restricted assets:			
Cash and cash equivalents	1,449,208	-	1,449,208
Total assets	<u>\$ 5,994,305</u>	<u>\$ 508,499</u>	<u>\$ 6,502,804</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 139,639	\$ 214	\$ 139,853
Accrued salaries and benefits	41,635	-	41,635
Due to other governments	2,804,808	-	2,804,808
Interfund payable	705	8,511	9,216
Unearned revenue	72,529	58,940	131,469
Total liabilities	<u>3,059,316</u>	<u>67,665</u>	<u>3,126,981</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - Property taxes	624,652	-	624,652
<b>FUND BALANCES</b>			
Nonspendable	190,464	35,552	226,016
Restricted	29,096	26,379	55,475
Committed	1,526,849	378,903	1,905,752
Assigned	49,155	-	49,155
Unassigned	514,773	-	514,773
Total fund balances	<u>2,310,337</u>	<u>440,834</u>	<u>2,751,171</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,994,305</u>	<u>\$ 508,499</u>	<u>\$ 6,502,804</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-2*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position*  
*December 31, 2013*

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,751,171
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 7,534,043	
Less accumulated depreciation	<u>(1,654,511)</u>	5,879,532
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (9,216)	
Payables	<u>9,216</u>	-
Long term revenue (taxes) is not available to pay current-period expenditures and, therefore, is deferred in the governmental funds.		
		624,652
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		
		(48,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(11,847)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bond	\$ 555,000	
Unamortized bond premium	16,735	
Capital lease	76,704	
Compensated absences	104,137	
Accrued landfill postclosure care costs	<u>136,000</u>	
		<u>(888,576)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 8,306,932</u></u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-3*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Governmental Funds*  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2013**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,622,182	\$ 1,900	\$ 2,624,082
Licenses and permits	509,909	-	509,909
Intergovernmental	314,481	2,000	316,481
Charges for services	90,868	101,244	192,112
Miscellaneous	101,741	9,602	111,343
Total revenues	<u>3,639,181</u>	<u>114,746</u>	<u>3,753,927</u>
<b>EXPENDITURES</b>			
Current:			
General government	559,936	-	559,936
Public safety	759,519	2,640	762,159
Highways and streets	1,017,730	-	1,017,730
Sanitation	232,108	-	232,108
Health	6,236	-	6,236
Welfare	17,250	-	17,250
Culture and recreation	189,192	75,067	264,259
Conservation	1,025	-	1,025
Debt service:			
Principal	86,498	-	86,498
Interest	32,774	-	32,774
Capital outlay	444,847	2,000	446,847
Total expenditures	<u>3,347,115</u>	<u>79,707</u>	<u>3,426,822</u>
Excess of revenues over expenditures	<u>292,066</u>	<u>35,039</u>	<u>327,105</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	116	705	821
Transfers out	(705)	(116)	(821)
Total other financing sources (uses)	<u>(589)</u>	<u>589</u>	<u>-</u>
Net change in fund balances	291,477	35,628	327,105
Fund balances, beginning, as restated (see Note 17)	2,018,860	405,206	2,424,066
Fund balances, ending	<u>\$ 2,310,337</u>	<u>\$ 440,834</u>	<u>\$ 2,751,171</u>

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT C-4*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2013*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 327,105
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. 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 capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 330,089	
Depreciation expense	<u>(247,384)</u>	82,705
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (821)	
Transfers out	<u>821</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		(29,915)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Repayment of bond principal	\$ 50,000	
Repayment of capital lease	36,498	
Amortization of bond premium	<u>1,674</u>	88,172
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 1,847	
Decrease in compensated absences payable	(35,313)	
Decrease in accrued landfill postclosure care costs	<u>8,000</u>	(25,466)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 442,601</u></u>

The notes to the basic financial statements are an integral part of this statement.

**EXHIBIT D**  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
*For the Fiscal Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,548,032	\$ 2,548,032	\$ 2,592,267	\$ 44,235
Licenses and permits	470,900	470,900	509,909	39,009
Intergovernmental	323,250	323,250	314,481	(8,769)
Charges for services	43,400	43,400	90,868	47,468
Miscellaneous	45,440	45,440	95,291	49,851
Total revenues	<u>3,431,022</u>	<u>3,431,022</u>	<u>3,602,816</u>	<u>171,794</u>
<b>EXPENDITURES</b>				
Current:				
General government	579,387	579,387	543,924	35,463
Public safety	796,126	796,126	759,519	36,607
Highways and streets	1,075,938	1,075,938	1,054,888	21,050
Sanitation	238,313	238,313	234,117	4,196
Health	6,616	6,616	6,236	380
Welfare	30,491	30,491	17,250	13,241
Culture and recreation	193,006	171,536	164,219	7,317
Conservation	1,730	1,025	1,025	-
Debt service:				
Principal	86,498	86,498	86,498	-
Interest	35,449	35,449	32,774	2,675
Capital outlay	465,619	465,619	444,847	20,772
Total expenditures	<u>3,509,173</u>	<u>3,486,998</u>	<u>3,345,297</u>	<u>141,701</u>
Excess of revenues over expenditures	<u>(78,151)</u>	<u>(55,976)</u>	<u>257,519</u>	<u>313,495</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	286,151	286,151	286,267	116
Transfers out	(370,500)	(392,675)	(392,675)	-
Total other financing sources (uses)	<u>(84,349)</u>	<u>(106,524)</u>	<u>(106,408)</u>	<u>116</u>
Net change in fund balances	<u>\$ (162,500)</u>	<u>\$ (162,500)</u>	151,111	<u>\$ 313,611</u>
Increase in nonspendable fund balance			(110,640)	
Increase in restricted fund balance			(6,585)	
Increase in committed fund balance			(23,255)	
Unassigned fund balance, beginning			1,080,794	
Unassigned fund balance, ending			<u>\$ 1,091,425</u>	

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT E-1*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Fiduciary Net Position**  
*December 31, 2013*

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ 166,511	\$ 116,901
<b>LIABILITIES</b>		
Due to other governmental units	-	3,180
Due to others	-	113,721
Total liabilities	-	116,901
<b>NET POSITION</b>		
Held in trust for specific purposes	\$ 166,511	\$ -

The notes to the basic financial statements are an integral part of this statement.

*EXHIBIT E-2*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Fiduciary Funds*  
*Statement of Changes in Fiduciary Net Position*  
*For the Fiscal Year Ended December 31, 2013*

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	Private Purpose Trust
<b>ADDITIONS</b>	
New funds	\$ 300
Interest	250
Total revenue	550
<b>DEDUCTIONS</b>	
Scholarships	600
Change in net position	(50)
Net position, beginning	166,561
Net position, ending	\$ 166,511

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2013**

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*TOWN OF NEW DURHAM, NEW HAMPSHIRE*  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
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**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of New Durham, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

***1-A Reporting Entity***

The Town of New Durham is a municipal corporation governed by an elected 3-member Board of Selectmen. The reporting entity is comprised of the primary government and any other organizations (*component units*) that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board, and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; (3) the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Town is obligated for the debt of the organization. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity.

***1-B Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities, and net position, with the exception of the long term costs of retirement, health care, and obligations for other postemployment benefits have been omitted because the liability and expense have not been determined.

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

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year.

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. 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 specific 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Town reports the following major governmental fund:

**General Fund** – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Permanent Fund** - is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

**Agency Fund** - used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

***1-D Cash and Cash Equivalents***

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***1-E Restricted Assets***

Certain cash balances are classified as restricted assets on the balance sheet because their use is designated for a specific purpose and therefore not available for immediate and general use by the Town.

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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***1-F Receivables***

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts' receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

***1-G Interfund Balances***

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term Interfund loans are reported as "Interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***1-H Inventory***

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's general fund consist of materials and supplies held for subsequent use. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

***1-I Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and expenses as the items are used.

***1-J Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All infrastructure has not been capitalized as the Town has not determined the historical cost for the initial reporting of these assets and does not maintain adequate records to capture annual capital outlay for infrastructure.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
<b>Capital Asset Classes:</b>	
Land improvements	20-40
Building and building improvements	25-125
Machinery and equipment	7-25

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

***1-K Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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***1-L Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Billings for the year were on May 20, 2013 and November 6, 2013. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Governor Wentworth Regional School District, Cople Crown Village District, and Strafford County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2013 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 415,742,260
For all other taxes	\$ 418,729,560

The tax rates and amounts assessed for the year ended December 31, 2013 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$6.19	\$ 2,588,799
School portion:		
State of New Hampshire	\$2.43	1,012,300
Local	\$11.20	4,689,549
County portion	\$2.68	1,123,508
Total		<u>\$ 9,414,156</u>

***1-M Compensated Absences***

The Town's policy allows certain employees to earn varying amounts of vacation and sick time based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

***1-N Long-Term Obligations***

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

***1-O Claims and Judgments***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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***1-P Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

***1-Q Net Position/Fund Balance Reporting***

***Government-wide Statements*** – Equity is classified as net position and displayed in three components:

- a) ***Net investment in capital assets*** – Consists of capital assets, reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) ***Restricted net position*** – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) ***Unrestricted net position*** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

***Fund Balance Classifications*** - The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town’s governmental fund financial statements are as follows:

***Nonspendable*** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact. The Town has classified inventories, prepaid items, tax deeded property subject to resale, and the principal portion of permanent funds as being nonspendable.

***Restricted*** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified its escrow accounts, drug forfeiture monies, library, and the income portion of permanent funds as being restricted because their use is restricted by Federal/State statutes for expenditures.

***Committed*** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Expendable trust, conservation commission fund, ambulance fund, recreation fund, and legislative body votes relative to the use of unassigned fund balance at year-end are included in this classification.

***Assigned*** – This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process. This classification consists of encumbrances in the general fund at year-end.

***Unassigned*** – This classification includes the residual fund balance for the general fund.

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A Budgetary Information**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013, \$162,500 of the beginning general fund unassigned fund balance was applied for this purpose.

**2-B Budgetary Reconciliation to GAAP Basis**

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 3,889,083
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	6,450
Net effect of eliminated and recognized transfers	(286,151)
Change in deferred tax revenue relating to 60-day revenue recognition	29,915
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,639,297</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,737,972
Adjustment:	
Basis differences:	
Encumbrances, beginning	26,000
Encumbrances, ending	(49,155)
GASB Statement No. 54:	
To record expenditures of the blended funds	24,973
Net effect of eliminated and recognized transfers	(391,970)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,347,820</u>

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**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At December 31, 2013, the reported amount of the Town’s deposits was \$5,799,544 and the bank balance was \$6,027,829. Of the bank balance \$5,932,473 was covered by federal depository insurance or by collateral held by the Town’s agent in the Town’s name, and \$95,356 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A):	
Unrestricted	\$ 4,066,924
Restricted	<u>1,449,208</u>
Total per Statement of Net Position (Exhibit A)	<u>5,516,132</u>
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	<u>283,412</u>
Total cash and cash equivalents	<u><u>\$ 5,799,544</u></u>

**NOTE 4 – RESTRICTED CASH**

The following cash balances are classified as restricted because of the statutory limitation place on their use as they are earmarked for a specific purpose:

General fund:	
Expendable trusts	\$ 1,441,713
Library	<u>7,495</u>
Total restricted cash	<u><u>\$ 1,449,208</u></u>

**NOTE 5 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2013. The amount has been reduced by an allowance for an estimated uncollectible amount of \$48,000. Taxes receivable by year are as follows:

	Per Exhibit A	Per Exhibit C-1
Property:		
Levy of 2013	<u>\$ 521,883</u>	<u>\$ 521,883</u>
Unredeemed (under tax lien):		
Levy of 2012	134,561	134,561
Levy of 2011	88,161	88,161
Levies of 2010 and prior	4,506	4,506
Yield	7,429	7,429
Land use change	1,900	1,900
Less: allowance for estimated uncollectible taxes	(48,000)	-
Net taxes receivable	<u><u>\$ 710,440</u></u>	<u><u>\$ 758,440</u></u>

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2013, consisted of accounts (program revenues and charges for services) and intergovernmental amounts arising from grants. Receivables are recorded on the Town’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

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Receivables as of December 31, 2013 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Accounts	\$ 4,855	\$ 58,511	\$ 63,366
Liens	<u>84,101</u>	<u>-</u>	<u>84,101</u>
Gross receivables	88,956	58,511	147,467
Less: allowance for uncollectibles	<u>(84,101)</u>	<u>(34,814)</u>	<u>(118,915)</u>
Net total receivables	<u>\$ 4,855</u>	<u>\$ 23,697</u>	<u>\$ 28,552</u>

**NOTE 7 – PREPAID ITEMS**

Prepaid items at December 31, 2013 consisted of the following:

Insurance	\$ 46,069
Software licenses	7,215
Seminars	54
Membership dues	<u>85</u>
Total prepaid items	<u>\$ 53,423</u>

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 consisted of the following:

	<u>Balance, beginning,</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 257,300	\$ -	\$ -	\$ 257,300
Construction in progress	<u>-</u>	<u>19,656</u>	<u>-</u>	<u>19,656</u>
Total capital assets not being depreciated	257,300	19,656	-	276,956
Being depreciated:				
Land improvements	3,447,030	205,782	-	3,652,812
Building and building improvements	993,186	19,012	-	1,012,198
Machinery and equipment	<u>2,506,438</u>	<u>184,639</u>	<u>(99,000)</u>	<u>2,592,077</u>
Total capital assets being depreciated	6,946,654	409,433	(99,000)	7,257,087
Total all capital assets	<u>7,203,954</u>	<u>429,089</u>	<u>(99,000)</u>	<u>7,534,043</u>
Less accumulated depreciation:				
Land improvements	(379,053)	(135,531)	-	(514,584)
Building and building improvements	(231,594)	(16,961)	-	(248,555)
Machinery and equipment	<u>(796,480)</u>	<u>(146,372)</u>	<u>51,480</u>	<u>(891,372)</u>
Total accumulated depreciation	<u>(1,407,127)</u>	<u>(298,864)</u>	<u>51,480</u>	<u>(1,654,511)</u>
Net book value, capital assets being depreciated	<u>5,539,527</u>	<u>110,569</u>	<u>(47,520)</u>	<u>5,602,576</u>
Net book value, all capital assets	<u>\$ 5,796,827</u>	<u>\$ 130,225</u>	<u>\$ (47,520)</u>	<u>\$ 5,879,532</u>

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Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$	1,602
Public safety		77,008
Highways and streets		210,720
Sanitation		6,248
Culture and recreation		3,286
Total depreciation expense		\$ 298,864

**NOTE 9 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 8,511
Nonmajor	General	705
		\$ 9,216

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2013 is as follows:

	Transfers In:		
	General Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ -	\$ 705	\$ 705
Nonmajor fund	116	-	116
Total	\$ 116	\$ 705	\$ 821

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

**NOTE 10 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$2,804,808 at December 31, 2013 consist of the following:

General fund:	
Balance due to the Governor Wentworth Regional School District	\$ 2,782,286
Balance due to the State of New Hampshire for miscellaneous Town Clerk fees	1,953
Balance due to the New Hampshire Retirement System	18,463
Balance due to the State of New Hampshire for miscellaneous purposes	2,106
Total intergovernmental payables due	\$ 2,804,808

**NOTE 11 – DEFERRED INFLOW OF RESOURCES**

Deferred inflows of resources, in the amount of \$624,652 in the general fund at December 31, 2013, consist of property taxes that were not collected within 60 days of the fiscal year-end.

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**NOTE 12 – CAPITAL LEASE OBLIGATIONS**

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2013
Capital lease obligations:		
Grader with wing gear	3.35%	\$ 76,704

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Machinery, equipment, and vehicles:	
Grader with wing gear	\$ 188,808
Less: accumulated depreciation	31,468
Total capital lease equipment	\$ 157,340

The annual requirements to amortize the capital lease payable as of December 31, 2013, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2014	\$ 40,291
2015	40,290
Total requirements	80,581
Less: interest	3,877
Present value of remaining payments	\$ 76,704

Amortization of lease equipment under capital assets is included with depreciation expense.

**NOTE 13 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2013:

	Balance January 1, 2013	Reductions	Balance December 31, 2013	Due Within One Year
Bonds payable:				
General obligation bonds payable	\$ 605,000	\$ (50,000)	\$ 555,000	\$ 50,000
Premium	18,409	(1,674)	16,735	1,674
Total bonds payable	623,409	(51,674)	571,735	51,674
Capital lease	113,202	(36,498)	76,704	37,721
Compensated absences	68,824	35,313	104,137	-
Accrued landfill postclosure care costs	144,000	(8,000)	136,000	8,000
Total long-term liabilities	\$ 949,435	\$ (60,859)	\$ 888,576	\$ 97,395

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Long term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2013	Current Portion
General obligation bond payable:						
Sand and salt storage building	\$ 248,000	2004	2024	4.31	\$ 115,000	\$ 15,000
March's Pond Dam	\$ 594,895	2007	2023	4.08	440,000	35,000
					<u>555,000</u>	<u>50,000</u>
Bond premium					16,735	1,674
Total					<u>\$ 571,735</u>	<u>\$ 51,674</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2013, including interest payments, are as follows:

Fiscal Year Ending December,	Principal	Interest	Total
2014	\$ 50,000	\$ 26,569	\$ 76,569
2015	45,000	23,981	68,981
2017	50,000	21,644	71,644
2017	50,000	19,044	69,044
2018	55,000	16,444	71,444
2019-2023	295,000	42,263	337,263
2024	10,000	500	10,500
Totals	<u>\$ 555,000</u>	<u>\$ 150,445</u>	<u>\$ 705,445</u>

Bond premiums are being amortized on a straight-line basis over the life of the bonds.

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

**Accrued Landfill Postclosure Care Costs** – The Town ceased operating its landfill in 1990. State 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 after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The estimated liability for landfill postclosure care costs has a balance of \$136,000 as of December 31, 2013, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor, and maintain the landfill were acquired as of December 31, 2013. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

**NOTE 14 – ENCUMBRANCES**

Encumbrances outstanding at December 31, 2013 are as follows:

General fund:	
General government	\$ 9,988
Highways and streets	37,158
Sanitation	2,009
Total encumbrances	<u>\$ 49,155</u>

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**NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2013 include the following:

Net investment in capital assets:		
Net property, buildings, and equipment	\$	5,879,532
Less:		
General obligation bonds payable	(555,000)	
Unamortized bond premiums	(16,735)	
Capital lease payable	(76,704)	
Total net investment in capital assets	<u>5,231,093</u>	
Restricted for special purposes:		
Escrow accounts	18,732	
Police forfeiture funds	2,869	
Permanent funds	61,931	
Library purposes	7,495	
Total restricted for special purposes	<u>91,027</u>	
Unrestricted	<u>2,984,812</u>	
Total net position	<u>\$ 8,306,932</u>	

**NOTE 16 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

<b>Nonspendable:</b>		
Major fund:		
General:		
Tax deeded property, subject to resale	\$	124,189
Inventory		12,852
Prepaid items		53,423
		<u>190,464</u>
Nonmajor fund:		
Permanent - principal balance		<u>35,552</u>
Total nonspendable fund balance	\$	226,016
<b>Restricted:</b>		
Major fund:		
General:		
Library	\$	7,495
Escrow account		18,732
Police forfeiture funds		2,869
		<u>29,096</u>
Nonmajor fund:		
Permanent - income balance		<u>26,379</u>
Total restricted fund balance		55,475

*(continued)*

**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
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*Governmental fund balances continued:*

<b>Committed:</b>		
Major fund:		
General:		
Expendable trust	\$ 1,441,094	
Warrant articles from 2014 Annual Meeting	85,755	
	<u>1,526,849</u>	
Nonmajor funds:		
Conservation commission	112,888	
Ambulance	224,566	
Recreation	41,449	
	<u>378,903</u>	
Total committed fund balance		1,905,752
<b>Assigned:</b>		
Major fund:		
General:		
Encumbrances		49,155
<b>Unassigned:</b>		
Major fund:		
General		<u>514,773</u>
Total governmental fund balances		<u><u>\$ 2,751,171</u></u>

**NOTE 17 – PRIOR PERIOD ADJUSTMENTS**

Fund balance of the general fund was restated at January 1, 2013 to give retroactive effect to the following prior period adjustments:

	General Fund
To remove prior year allowance for uncollectible property taxes, not recognized on modified accrual basis of accounting	\$ 48,000
To record prior year deferral of property taxes, not collected within 60 days of the fiscal year-end	(654,567)
Fund balance, as previously reported	<u>2,625,427</u>
Fund balance, as restated	<u><u>\$ 2,018,860</u></u>

**NOTE 18 – EMPLOYEE RETIREMENT PLAN**

The Town participates in the New Hampshire Retirement System (the System) which is the administrator of a cost-sharing multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Provision for benefits and contributions are established and can be amended by the New Hampshire Legislature. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. For fiscal year 2013, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters.

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The Town's contribution rates for 2013 for pension and medical subsidy were as follows:

Period	Police	All Other Employees
January 1, 2013 thru June 30, 2013	19.95%	8.80%
July 1, 2013 thru December 31, 2013	25.30%	10.77%

The contribution requirements for the Town of New Durham for the fiscal years 2011, 2012, and 2013 were \$104,803, \$100,327, and \$116,341, respectively, which were paid in full in each year.

**NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

In addition to pension benefits described in preceding note, the Town provides postemployment benefit options for health care, to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, which was effective for the Town on January 1, 2009, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements. The Town has not implemented GASB Statement No. 45 at December 31, 2013 or contracted with an actuarial firm to assist in evaluating the impact of this new standard on the Town. The amounts that should be recorded as the annual required contribution/OPEB cost and the net OPEB obligation are unknown.

**NOTE 20 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2013, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance programs for member Towns and cities.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2013 to June 30, 2014 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of New Durham billed and paid for the year ended December 31, 2013 was \$31,150 for workers' compensation and \$43,036 for property/liability.

**NOTE 21 – CONTINGENCIES**

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

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

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**NOTE 22 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

The following GASB pronouncements were implemented by the Town for the fiscal year ended December 31, 2013. Only GASB Statement No. 65 impacted these financial statements:

**GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendments of GASB Statements No. 14 and No. 34***, issued November 2010. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

**GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, issued March 2012, has an effective date of the Town beginning with its fiscal year ending December 31, 2013. This Statement is intended to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

**GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62***, issued March 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2013. This Statement is intended to resolve conflicting accounting and financial report and guidance that emerged from two recent standards, Statement No. 54 and Statement No. 62. These standards conflicted with existing guidance in Statements No. 10, 13, and 48.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

**GASB Statement No. 67, *Financial Reporting for Pension Plans***, issued in June 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2014. The guidance contained in this Statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. They replace the requirements of Statements No. 27 and 50.

**GASB Statement No. 68, *Accounting and Financial Reporting for Pensions***, issued in June 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2015. The guidance contained in this statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. This replaces the requirements of Statements No. 27 and 50.

**GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, issued in January 2013, will be effective for the Town beginning with its fiscal year ending December 31, 2014. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations that have been transferred or sold.

**GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***, issued in April 2013, will be effective for the Town beginning with the fiscal year ending December 31, 2014. The objective of this statement is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees.

**GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68***, issued in November 2013, will be effective for the Town beginning with its fiscal year ending December 31, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*, and is required to be applied simultaneously with the provisions of that Statement.

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***NOTE 23 – SUBSEQUENT EVENTS***

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through October 8, 2014, the date the December 31, 2013 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

*SCHEDULE 1*  
*TOWN OF NEW DURHAM, NEW HAMPSHIRE*  
*Major General Fund*  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2013*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 2,460,787	\$ 2,489,304	\$ 28,517
Yield	7,028	16,248	9,220
Excavation	217	217	-
Interest and penalties on taxes	80,000	86,498	6,498
Total from taxes	<u>2,548,032</u>	<u>2,592,267</u>	<u>44,235</u>
<b>Licenses, permits, and fees:</b>			
Business licenses, permits, and fees	20,650	20,839	189
Motor vehicle permit fees	430,000	463,450	33,450
Building permits	13,500	17,549	4,049
Other	6,750	8,071	1,321
Total from licenses, permits, and fees	<u>470,900</u>	<u>509,909</u>	<u>39,009</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	116,968	116,968	-
Highway block grant	189,644	173,952	(15,692)
Other	16,638	23,561	6,923
Total from intergovernmental	<u>323,250</u>	<u>314,481</u>	<u>(8,769)</u>
<b>Charges for services:</b>			
Income from departments	43,400	90,868	47,468
<b>Miscellaneous:</b>			
Sale of municipal property	2,440	46,199	43,759
Interest on investments	1,000	1,492	492
Fines and forfeits	-	587	587
Insurance dividends and reimbursements	-	39,132	39,132
Contributions and donations	-	3,691	3,691
Other	42,000	4,190	(37,810)
Total from miscellaneous	<u>45,440</u>	<u>95,291</u>	<u>49,851</u>
<b>Other financing sources:</b>			
Transfers in	286,151	286,267	116
Total revenues and other financing sources	3,717,173	<u>\$ 3,889,083</u>	<u>\$ 171,910</u>
Unassigned fund balance used to reduce tax rate	162,500		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,879,673</u>		

**SCHEDULE 2**  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
**For the Fiscal Year Ended December 31, 2013**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 157,493	\$ 171,027	\$ -	\$ (13,534)
Election and registration	-	122,970	122,351	-	619
Financial administration	-	105,364	105,853	-	(489)
Revaluation of property	-	45,469	38,919	-	6,550
Legal	-	30,000	21,522	-	8,478
Personnel administration	-	31,085	1,339	-	29,746
Planning and zoning	250	10,116	7,359	175	2,832
General government buildings	25,750	28,398	45,903	9,813	(1,568)
Cemeteries	-	3,075	1,246	-	1,829
Insurance, not otherwise allocated	-	42,617	41,617	-	1,000
Other	-	2,800	2,800	-	-
Total general government	<u>26,000</u>	<u>579,387</u>	<u>559,936</u>	<u>9,988</u>	<u>35,463</u>
Public safety:					
Police	-	529,043	505,859	-	23,184
Fire	-	200,150	173,591	-	26,559
Building inspection	-	28,569	21,671	-	6,898
Emergency management and forestry	-	17,470	12,592	-	4,878
Other	-	20,894	45,806	-	(24,912)
Total public safety	<u>-</u>	<u>796,126</u>	<u>759,519</u>	<u>-</u>	<u>36,607</u>
Highways and streets:					
Highways and streets	-	934,496	867,451	37,158	29,887
Street lighting	-	5,100	5,095	-	5
Other	-	136,342	145,184	-	(8,842)
Total highways and streets	<u>-</u>	<u>1,075,938</u>	<u>1,017,730</u>	<u>37,158</u>	<u>21,050</u>
Sanitation:					
Solid waste disposal	-	238,313	232,108	2,009	4,196
Health:					
Administration	-	2,170	2,090	-	80
Pest control	-	1,600	1,300	-	300
Health agencies	-	2,846	2,846	-	-
Total health	<u>-</u>	<u>6,616</u>	<u>6,236</u>	<u>-</u>	<u>380</u>
Welfare:					
Administration	-	30,491	17,250	-	13,241
Culture and recreation:					
Parks and recreation	-	63,819	57,283	-	6,536
Library	-	107,317	106,543	-	774
Patriotic purposes	-	400	393	-	7
Total culture and recreation	<u>-</u>	<u>171,536</u>	<u>164,219</u>	<u>-</u>	<u>7,317</u>
Conservation	-	1,025	1,025	-	-
Debt service:					
Principal of long-term debt	-	86,498	86,498	-	-
Interest on long-term debt	-	32,949	32,774	-	175
Interest on tax anticipation notes	-	2,500	-	-	2,500
Total debt service	<u>-</u>	<u>121,947</u>	<u>119,272</u>	<u>-</u>	<u>2,675</u>

*(Continued)*

*SCHEDULE 2 (Continued)*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Major General Fund*  
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2013*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Capital outlay	-	465,619	444,847	-	20,772
Other financing uses:					
Transfers out	-	392,675	392,675	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 26,000	\$ 3,879,673	\$ 3,714,817	\$ 49,155	\$ 141,701

**SCHEDULE 3**  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended December 31, 2013**

Unassigned fund balance, beginning		\$ 1,080,794
Changes:		
Unassigned fund balance used to reduce 2013 tax rate		(162,500)
2013 Budget summary:		
Revenue surplus (Schedule 1)	\$ 171,910	
Unexpended balance of appropriations (Schedule 2)	<u>141,701</u>	
2013 Budget surplus		313,611
Increase in nonspendable fund balance		(110,640)
Increase in restricted fund balance		(6,585)
Increase in committed fund balance		<u>(23,255)</u>
Unassigned fund balance, ending		1,091,425
<b>Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:</b>		
To record the deferral of property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(624,652)
To remove the allowance for uncollectible property taxes, recognized on a budgetary basis, but not on a GAAP basis		<u>48,000</u>
Unassigned fund balance, ending, GAAP Basis (C-1)		<u><u>\$ 514,773</u></u>

*SCHEDULE 4*  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
*December 31, 2013*

	Special Revenue Funds					Total
	Conservation Commission	Ambulance	Recreation	Grants	Permanent Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 112,183	\$ 207,873	\$ 44,283	\$ 57,711	\$ 62,047	\$ 484,097
Accounts receivable (net)	-	19,489	4,208	-	-	23,697
Interfund receivable	705	-	-	-	-	705
Total assets	<u>\$ 112,888</u>	<u>\$ 227,362</u>	<u>\$ 48,491</u>	<u>\$ 57,711</u>	<u>\$ 62,047</u>	<u>\$ 508,499</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 80	\$ 134	\$ -	\$ -	\$ 214
Interfund payable	-	2,716	5,679	-	116	8,511
Unearned revenue	-	-	1,229	57,711	-	58,940
Total liabilities	<u>-</u>	<u>2,796</u>	<u>7,042</u>	<u>57,711</u>	<u>116</u>	<u>67,665</u>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	35,552	35,552
Restricted	-	-	-	-	26,379	26,379
Committed	112,888	224,566	41,449	-	-	378,903
Total fund balances	<u>112,888</u>	<u>224,566</u>	<u>41,449</u>	<u>-</u>	<u>61,931</u>	<u>440,834</u>
Total liabilities and fund balances	<u>\$ 112,888</u>	<u>\$ 227,362</u>	<u>\$ 48,491</u>	<u>\$ 57,711</u>	<u>\$ 62,047</u>	<u>\$ 508,499</u>

**SCHEDULE 5**  
**TOWN OF NEW DURHAM, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2013**

	Special Revenue Funds				Permanent Fund	Total
	Conservation Commission	Ambulance	Recreation	Grants		
<b>Revenues:</b>						
Taxes	\$ 1,900	\$ -	\$ -	\$ -	\$ -	\$ 1,900
Intergovernmental	-	-	-	2,000	-	2,000
Charges for services	-	41,959	59,285	-	-	101,244
Miscellaneous	745	284	8,480	-	93	9,602
Total revenues	<u>2,645</u>	<u>42,243</u>	<u>67,765</u>	<u>2,000</u>	<u>93</u>	<u>114,746</u>
<b>Expenditures:</b>						
Current:						
Public safety	-	2,640	-	-	-	2,640
Culture and recreation	-	-	75,067	-	-	75,067
Capital outlay	-	-	-	2,000	-	2,000
Total expenditures	<u>-</u>	<u>2,640</u>	<u>75,067</u>	<u>2,000</u>	<u>-</u>	<u>79,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,645</u>	<u>39,603</u>	<u>(7,302)</u>	<u>-</u>	<u>93</u>	<u>35,039</u>
<b>Other financing sources (uses):</b>						
Transfers in	705	-	-	-	-	705
Transfers out	-	-	-	-	(116)	(116)
Total other financing sources (uses)	<u>705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116)</u>	<u>589</u>
Net change in fund balances	3,350	39,603	(7,302)	-	(23)	35,628
Fund balances, beginning	109,538	184,963	48,751	-	61,954	405,206
Fund balances, ending	<u>\$ 112,888</u>	<u>\$ 224,566</u>	<u>\$ 41,449</u>	<u>\$ -</u>	<u>\$ 61,931</u>	<u>\$ 440,834</u>