

**TOWN OF PLAINFIELD,  
NEW HAMPSHIRE**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2008**

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2008**

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# PLODZIK & SANDERSON

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the Town of Plainfield as of and for the fiscal year ended December 31, 2008 as shown on pages 2 through 6. These financial statements are the responsibility of the Town of Plainfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has not implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Therefore these financial statements are presented following the principles that were in effect prior to GASB Statement No. 34. Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities. The financial statements presented do not contain separate statements for governmental and fiduciary fund types, nor are major and nonmajor funds separately identified and classified. The financial statements presented report expendable and nonexpendable trust funds, some of which should be reported as special revenue and permanent funds under the new reporting model. The financial statements also present a general long-term debt account group which should not be reported as such, but the information contained therein should be included in the government-wide financial statements were they presented. Also, the financial statements do not contain any information on capital assets because the government has not maintained historical cost records of such assets. Management has not presented a management's discussion and analysis as required. The amounts that would be reported in the missing statements and required supplementary information, and the effects of reclassifying and properly reporting the information presented are not reasonably determined.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Plainfield as of December 31, 2008, or the changes in its financial position or its cash flows, where applicable, for the year then ended.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plainfield's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. For reasons stated in the third paragraph of this report, we expressed an opinion that the financial statements of the Town of Plainfield do not fairly present financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. Therefore, we do not express an opinion on the accompanying combining and individual fund schedules.

*Plodzik & Sanderson  
Professional Association*

June 16, 2009

***FINANCIAL STATEMENTS***

*Exhibit A*  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
*Combined Balance Sheet - All Fund Types and Account Group*  
*December 31, 2008*

	Governmental Fund Types		Fiduciary Fund Type Trust	Account Group	Total (Memorandum Only)
	General	Special Revenue		General	
				Long-Term Debt	
<b>ASSETS AND OTHER DEBITS</b>					
Assets:					
Cash and cash equivalents	\$ 239,197	\$ 84,826	\$ 2,954	\$ -	\$ 326,977
Investments	2,252,978	144,072	1,062,565	-	3,459,615
Receivables, net of allowance for uncollectible:					
Taxes	489,443	-	-	-	489,443
Accounts	10,158	-	-	-	10,158
Interfund receivable	-	11,360	445	-	11,805
Other debits:					
Amount to be provided for retirement of general long-term debt	-	-	-	237,500	237,500
Total assets and other debits	<u>\$2,991,776</u>	<u>\$240,258</u>	<u>\$1,065,964</u>	<u>\$ 237,500</u>	<u>\$ 4,535,498</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
Liabilities:					
Accounts payable	\$ 47,175	\$ -	\$ -	\$ -	\$ 47,175
Accrued payroll and benefits	16,818	-	-	-	16,818
Intergovernmental payable	2,475,240	-	413,993	-	2,889,233
Interfund payable	11,805	-	-	-	11,805
Escrow and performance deposits	7,658	-	-	-	7,658
Deferred tax revenue	4,882	-	-	-	4,882
Other deferred revenue	5,000	-	-	-	5,000
General obligation note payable	-	-	-	237,500	237,500
Total liabilities	<u>2,568,578</u>	<u>-</u>	<u>413,993</u>	<u>237,500</u>	<u>3,220,071</u>
Equity and other credits:					
Fund balances:					
Reserved for endowments	-	-	268,528	-	268,528
Reserved for encumbrances	18,500	-	-	-	18,500
Reserved for special purposes	-	-	383,443	-	383,443
Unreserved:					
Designated for special purposes	-	240,258	-	-	240,258
Undesignated	404,698	-	-	-	404,698
Total equity and other credits	<u>423,198</u>	<u>240,258</u>	<u>651,971</u>	<u>-</u>	<u>1,315,427</u>
Total liabilities, equity and other credits	<u>\$2,991,776</u>	<u>\$240,258</u>	<u>\$1,065,964</u>	<u>\$ 237,500</u>	<u>\$ 4,535,498</u>

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

*Exhibit B*  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
*Combined Statement of Revenues, Expenditures and Changes in Fund Balances*  
*All Governmental Fund Types and Expendable Trust Funds*  
*For the Fiscal Year Ended December 31, 2008*

	Governmental Fund Types		Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Fund Type Expendable Trust	
<b>Revenues:</b>				
Taxes	\$ 1,061,916	\$ 31,580	\$ -	\$ 1,093,496
Licenses and permits	437,982	-	-	437,982
Intergovernmental	340,537	-	-	340,537
Charges for services	145,132	-	-	145,132
Miscellaneous	41,464	15,798	10,482	67,744
Total revenues	<u>2,027,031</u>	<u>47,378</u>	<u>10,482</u>	<u>2,084,891</u>
<b>Expenditures:</b>				
Current:				
General government	330,677	5,000	66,899	402,576
Public safety	414,836	-	-	414,836
Highways and streets	900,804	-	-	900,804
Sanitation	201,327	-	-	201,327
Health	18,195	-	-	18,195
Welfare	8,059	-	-	8,059
Culture and recreation	28,735	105,366	-	134,101
Conservation	1,641	4,430	-	6,071
Debt service	35,265	-	-	35,265
Capital outlay	158,062	-	160,000	318,062
Total expenditures	<u>2,097,601</u>	<u>114,796</u>	<u>226,899</u>	<u>2,439,296</u>
Deficiency of revenues under expenditures	<u>(70,570)</u>	<u>(67,418)</u>	<u>(216,417)</u>	<u>(354,405)</u>
<b>Other financing sources (uses):</b>				
Interfund transfers in	100,465	91,611	131,714	323,790
Interfund transfers out	<u>(214,811)</u>	<u>(16,465)</u>	<u>(81,000)</u>	<u>(312,276)</u>
Total other financing sources and uses	<u>(114,346)</u>	<u>75,146</u>	<u>50,714</u>	<u>11,514</u>
Net change in fund balances	(184,916)	7,728	(165,703)	(342,891)
Fund balances, beginning	608,114	232,530	480,578	1,321,222
Fund balances, ending	<u>\$ 423,198</u>	<u>\$ 240,258</u>	<u>\$ 314,875</u>	<u>\$ 978,331</u>

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

Exhibit C  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
*Combined Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
*General and Special Revenue Funds*  
*For the Fiscal Year Ended December 31, 2008*

	General Fund		Annually Budgeted Special Revenue Funds		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues:</b>						
Taxes	\$ 1,056,768	\$ 1,061,916	\$ -	\$ -	\$ 1,056,768	\$ 1,061,916
Licenses and permits	455,000	437,982	-	-	455,000	437,982
Intergovernmental	328,716	330,261	-	-	328,716	330,261
Charges for services	130,000	145,132	-	-	130,000	145,132
Miscellaneous	63,000	41,464	-	12,094	63,000	53,558
Total revenues	2,033,484	2,016,755	-	12,094	2,033,484	2,028,849
<b>Expenditures:</b>						
Current:						
General government	353,940	349,177	-	-	353,940	349,177
Public safety	411,305	399,085	-	-	411,305	399,085
Highways and streets	799,340	795,978	-	-	799,340	795,978
Sanitation	201,110	201,327	-	-	201,110	201,327
Health	20,200	18,195	-	-	20,200	18,195
Welfare	7,758	8,059	-	-	7,758	8,059
Culture and recreation	20,735	18,070	87,311	105,216	108,046	123,286
Conservation	2,500	1,641	-	-	2,500	1,641
Debt service	35,250	35,265	-	-	35,250	35,265
Capital outlay	158,000	158,062	-	-	158,000	158,062
Total expenditures	2,010,138	1,984,859	87,311	105,216	2,097,449	2,090,075
Excess (deficiency) of revenues over (under) expenditures	23,346	31,896	(87,311)	(93,122)	(63,965)	(61,226)
Other financing sources (uses):						
Interfund transfers in	102,465	100,465	87,311	91,611	189,776	192,076
Interfund transfers out	(214,811)	(214,811)	-	-	(214,811)	(214,811)
Total other financing sources and uses	(112,346)	(114,346)	87,311	91,611	(25,035)	2,300
Net change in fund balances	\$ (89,000)	(82,450)	\$ 6,550	(1,511)	\$ (89,000)	(83,961)
Unreserved fund balances, beginning		487,148		80,967		568,115
Unreserved fund balances, ending		\$ 404,698		\$ 79,456		\$ 484,154

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

*Exhibit D*  
*TOWN OF PLAINFIELD, NEW HAMPSHIRE*  
*Combined Statement of Revenues, Expenses and Changes in Fund Balances*  
*All Nonexpendable Trust Funds*  
*For the Fiscal Year Ended December 31, 2008*

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Operating revenues:	
Interest and dividends	\$ 15,644
Net decrease in fair value of investments	<u>(71,846)</u>
Total revenue deficit	<u>(56,202)</u>
Operating expenses:	
Trust income distributions	499
Transfers to other funds	<u>11,514</u>
Total operating expenses	<u>12,013</u>
Operating loss	(68,215)
Fund balances, beginning	<u>405,311</u>
Fund balances, ending	<u>\$ 337,096</u>

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



*Exhibit E*  
*TOWN OF PLAINFIELD, NEW HAMPSHIRE*  
*Combined Statement of Cash Flows*  
*All Nonexpendable Trust Funds*  
*For the Fiscal Year Ended December 31, 2008*

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Cash flows from operating activities:	
Cash received as interest and dividends	\$ 15,644
Cash paid as trust income distributions	(499)
Cash paid to other funds	(11,514)
Net cash provided by operating activities	3,631
Cash flows from investing activities:	
Purchase of investments	(4,258)
Net decrease in cash	(627)
Cash, beginning	3,581
Cash, ending	\$ 2,954

*Reconciliation of Operating Loss  
to Net Cash Provided by Operating Activities*

Operating loss	\$ (68,215)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Net decrease in fair value of investments	71,846
Net cash provided by operating activities	\$ 3,631

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

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2008**

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**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***1-A Reporting Entity***

The Town of Plainfield, New Hampshire (the Town), 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 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 organization; or (2) the Town is legally entitled to or can otherwise access the organization's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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 Basis of Presentation***

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the Town:

***Governmental Fund Types***

**General Fund** - The general fund is the primary operating fund of the Town. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

***Fiduciary Fund Types***

**Trust Funds** - These funds account for assets held or established under a formal trust agreement or Town Meeting vote, or assets held by the Town as a trustee for individuals, private organizations, or other units of government.

***Account Group***

**General Long-Term Debt Account Group** - Account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations. The Town uses only the general long-term debt account group, which was established to account for all long-term debt of the Town.

***1-C Measurement Focus/Basis of Accounting***

Governmental and expendable trust funds use the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). Licenses and permits, fines and forfeits, and most miscellaneous revenues are recorded when received in cash. General taxes, intergovernmental revenues, charges for services, and investment earnings are recorded when earned (when they are measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepayments, debt service, and other long-term obligations, which are recognized when due.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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Nonexpendable trust funds are accounted for using the accrual basis of accounting. Using this basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred (flow of economic resources measurement focus).

***1-D Assets, Liabilities and Fund Equity***

***1-D-1 Cash, Cash Equivalents and Investments***

***Cash and Cash Equivalents*** - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

New Hampshire statutes require that the Town treasurer have custody of all moneys belonging to the Town and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all moneys in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

***Investments*** - Whenever the treasurer has in custody an excess of funds which is not immediately needed for the purpose of expenditure, the treasurer shall, with the approval of the Board of Selectmen, invest the excess funds. New Hampshire law authorizes the Town to invest in the following types of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits, or
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments are stated at fair value as of the balance sheet date which is based on quoted market prices.

***1-D-2 Receivables***

Tax revenue is recorded when a warrant for collection is committed to the tax collector. Taxes receivable are reported net of an allowance established for taxes where collection is in doubt or the taxpayer is in bankruptcy. As prescribed by law, the tax collector executes a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax deeded to the Town.

Accounts receivable include various service charges which are recorded as revenue for the period when service was provided. These receivables are reported net of any allowances for uncollectible amounts.

***1-D-3 Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables."

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
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***1-D-4 Compensated Absences***

Employees are entitled to certain compensated absences based on their length of employment. Compensated absences accumulate and are recorded as expenditures when they are paid.

***1-D-5 Deferred Revenue***

The government reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

***1-D-6 Accrued Liabilities and Long-Term Obligations***

All payables and accrued liabilities are reported in the financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year.

The Town reports long-term debt of governmental funds at face value in the general long-term debt account group.

***1-D-7 Equity***

Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or that do not represent available, spendable resources, and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management’s intent to set aside these resources for specific purposes.

The following reserves are used by the Town:

**Reserved for Encumbrances** - is used to account for open purchase orders, contracts and other commitments at year-end for which goods and services have not been received.

**Reserved for Endowments** - represents the principal balance of the Town’s nonexpendable trust funds which must be held for investment purposes only.

**Reserved for Special Purposes** - is used to account for the unencumbered balance of restricted funds. These consist of the Town’s expendable trust funds, and the income portion of the Town’s nonexpendable trust funds.

The following designation is used by the Town:

**Designated for Special Purposes** - is used to account for the unencumbered balances of special revenue funds.

***1-D-8 Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**1-D-9 Memorandum Only - Total Columns**

Total columns on the financial statements are captioned as “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with U.S. generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**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 and Philip Read Memorial Library and Meriden Library Funds. Except as reconciled in Note 2-B, the budget was adopted on a basis consistent with U.S. 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 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 unreserved fund balance to achieve that end. In the fiscal year 2008, \$89,000 of the beginning general fund fund balance was applied for this purpose.

**2-B Budgetary Reconciliation**

Amounts recorded as budgetary revenues and expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds (Exhibit C) are presented on the basis budgeted by the Town. The amounts differ from those reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds (Exhibit B) as follows:

Revenues and other financing sources:	
Per Exhibit C (budgetary basis)	\$ 2,117,220
Adjustments:	
Basis difference:	
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	10,276
Per Exhibit B (GAAP basis)	<u>\$ 2,127,496</u>
Expenditures and other financing uses:	
Per Exhibit C (budgetary basis)	\$ 2,199,670
Adjustments:	
Basis difference:	
Encumbrances, beginning	120,966
Encumbrances, ending	(18,500)
On-behalf retirement contributions made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	10,276
Per Exhibit B (GAAP basis)	<u>\$ 2,312,412</u>

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2008**

**2-C Excess of Expenditures Over Appropriations**

The Philip Read Memorial Library and Meriden Library funds had an excess of expenditures over appropriations of \$17,905 for the year ended December 31, 2008. Overexpenditures by the two library funds were due to the failure to gross budget. Funds received outside the Town assessment were expended without appropriation.

**2-D Applicable Reporting Standard**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. When implemented, it requires new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Town was required to implement this standard beginning with the year ended December 31, 2004, but has not done so.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**3-A Custodial Credit Risk for Deposits and Investment Risks**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2008, none of the Town's bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2008, the Town had the following investments:

Certificate of deposit	\$ 100,374
Mutual funds	245,993
New Hampshire Public Deposit Investment Pool	3,113,248
Total	<u>\$ 3,459,615</u>

*Interest Rate Risk* - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* - State law limits investments to those described in Note 1-D-1. The Town has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk* - The Town places no limit on the amount it may invest in any one issuer. More than 5 percent of the Town's investments are in the New Hampshire Public Deposit Investment Pool. These investments are 89% of the Town's total investments for all funds.

**3-B Taxes Receivable**

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The net assessed valuation as of April 1, 2008, upon which the 2008 property tax levy was based is:

For the New Hampshire education tax	\$ 267,660,361
For all other taxes	\$ 274,052,161

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are due on or around July 1 and December 1 of each year, with interest accruing at a rate of 12% on bills outstanding after the due date. The first billing is considered an estimate only and is one half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the New Hampshire Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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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 abatements and refunds of property taxes, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any tax allowances at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Plainfield School District and Sullivan County, which are remitted as required by law. The ultimate responsibility for the collection of taxes rests with the Town.

The tax rates and amounts assessed for the year ended December 31, 2008, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$3.80	\$ 1,041,994
School portion:		
State of New Hampshire	\$2.25	603,518
Local	\$13.40	3,671,089
County portion	\$2.55	698,165
Total		\$ 6,014,766

During the current fiscal year, the tax collector executed a lien on May 6 for all uncollected 2007 property taxes.

Taxes receivable at December 31, 2008, are as follows:

Property:	\$ 367,303
Levy of 2008	
Unredeemed (under tax lien)	
Levy of 2007	96,505
Levy of 2006	40,443
Levies of 2005 and prior	329
Less: allowance for estimated uncollectible taxes	(15,137)
Net taxes receivable	\$ 489,443

**3-C Other Receivables**

Other receivables at December 31, 2008, consist of billings for refuse charges of \$12,374, less an amount of \$2,216 reserved for uncollectible.

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 collectibility.

**3-D Interfund Balances and Transfers**

Interfund balances at December 31, 2008 consist of budgetary transfers as follows:

Receivable Fund	Payable Fund	Amount
Conservation commission	General	\$ 11,360
Expendable trust	General	445
		\$ 11,805



**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
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Interfund transfers during the year were comprised of the following:

	Transfer In:			Total
	General Fund	Special Revenue Fund	Expendable Trust Fund	
Transfer out:				
General fund	\$ -	\$ 87,311	\$ 127,500	\$ 214,811
Special revenue fund	14,465	-	2,000	16,465
Expendable trust fund	81,000	-	-	81,000
Nonexpendable trust fund	5,000	4,300	2,214	11,514
Total	<u>\$ 100,465</u>	<u>\$ 91,611</u>	<u>\$ 131,714</u>	<u>\$ 323,790</u>

**3-E Intergovernmental Payable**

Amounts due to other governments at December 31, 2008 consist of:

General fund:		
Dog license fees to State of New Hampshire	\$	633
Balance of 2007-2008 district assessment due to the Plainfield School District		2,474,607
Expendable trust funds:		
Balance of funds belonging to the Meriden Sewer District		56,729
Balance of funds belonging to the Meriden Water District		114,062
Balance of funds belonging to the Plainfield School District		224,050
Balance of funds belonging to the Plainfield Water District		19,152
Totals		<u>\$ 2,889,233</u>

**3-F Deferred/Unearned Revenue**

Deferred/unearned revenue at December 31, 2008 consists of FEMA Hazardous Mitigation funds amounting to \$5,000 to be expended in 2009 and \$4,882 in prepaid taxes.

**3-G Long-Term Liabilities**

Changes in the Town's long-term obligations during the year ended December 31, 2008, consisted of the following:

	Balances, beginning	Reductions	Balances, ending
General obligation note	\$ 262,500	\$ 25,000	\$ 237,500
Capital lease	9,408	9,408	-
Totals	<u>\$ 271,908</u>	<u>\$ 34,408</u>	<u>\$ 237,500</u>

Long-term liabilities are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2008
General obligation note payable:					
Library expansion	\$ 375,000	2003	2018	4.00	\$ 237,500

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
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The annual requirements to amortize the general obligation note outstanding as of December 31, 2008, including interest payments, are as follow:

*Annual Requirements To Amortize General Obligation Note Payable*

Fiscal Year Ending December 31	Principal	Interest	Total
2009	\$ 25,000	\$ 9,251	\$ 34,251
2010	25,000	8,251	33,251
2011	25,000	7,250	32,250
2012	25,000	6,233	31,233
2013	25,000	5,250	30,250
2014-2018	112,500	9,660	122,160
Totals	<u>\$ 237,500</u>	<u>\$ 45,895</u>	<u>\$ 283,395</u>

**NOTE 4 - OTHER MATTERS**

**4-A Pensions**

The Town of Plainfield participates in the New Hampshire Retirement System (the System) which consists 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. Provisions 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. All employees except police officers are required to contribute 5% of gross earnings. Police officers are required to contribute 9.3% of gross earnings. For 2008, the Town contributed 11.84% for police and 8.74% for other employees. The contribution requirements for the Town of Plainfield for the fiscal years 2006, 2007 and 2008 were \$32,947, \$41,911 and \$51,468, respectively, which were paid in full in each year.

The State of New Hampshire funds 35% of employer costs for police officers employed by the Town. This amount, \$10,276, is reported as an "on-behalf payment," as an expenditure and revenue on the governmental fund operating statement.

**4-B 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 2008, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation Program. This entity is considered a public entity risk pool, currently operating as a common risk management and insurance program for member towns and cities.

The New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are pooled risk management programs under RSAs 5-B and 281-A. The workers' compensation and employer's liability policy provides statutory coverage for workers' compensation and up to \$2,000,000 of employer's liability coverage. Primex retained \$500,000 of each workers' compensation and liability loss, and \$200,000 of each property loss. The combined liability package includes coverage for property, auto, liability, errors and omissions, crime, and boiler and machinery. The membership and coverage run from January 1 through December 31. The estimated net contribution from the Town of Plainfield billed and paid for the year ended December 31, 2008 was \$19,002 for workers' compensation and \$14,149 for property/liability. The member participation agreements permit Primex to make additional assessments to members, should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Primex foresees no likelihood of any additional assessment for this or any prior year.

***TOWN OF PLAINFIELD, NEW HAMPSHIRE  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2008***

***4-C Contingent Liabilities***

There are various claims and suits pending against the Town which arose in the normal course of the Town's 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 has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

***SUPPLEMENTAL SCHEDULES***

Schedule 1  
TOWN OF PLAINFIELD, NEW HAMPSHIRE  
General Fund  
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,005,668	\$ 1,004,597	\$ (1,071)
Timber	5,000	2,999	(2,001)
Payment in lieu of taxes	1,000	-	(1,000)
Excavation	100	54	(46)
Interest and penalties on delinquent taxes	45,000	54,266	9,266
<b>Total taxes</b>	<u>1,056,768</u>	<u>1,061,916</u>	<u>5,148</u>
<b>Licenses, permits and fees:</b>			
Business licenses and permits	5,000	5,341	341
Motor vehicle permit fees	450,000	432,641	(17,359)
<b>Total licenses, permits and fees</b>	<u>455,000</u>	<u>437,982</u>	<u>(17,018)</u>
<b>Intergovernmental:</b>			
State:			
Shared revenue block grant	132,803	132,803	-
Highway block grant	102,806	102,448	(358)
State and federal forest land reimbursement	158	158	-
Other	-	1,903	1,903
Federal	92,949	92,949	-
<b>Total intergovernmental</b>	<u>328,716</u>	<u>330,261</u>	<u>1,545</u>
<b>Charges for services:</b>			
Income from departments	20,000	48,640	28,640
Garbage - refuse charges	110,000	96,492	(13,508)
<b>Total charges for services</b>	<u>130,000</u>	<u>145,132</u>	<u>15,132</u>
<b>Miscellaneous:</b>			
Sale of municipal property	3,000	-	(3,000)
Interest on investments	55,000	33,896	(21,104)
Rent of property	-	1,367	1,367
Other	5,000	6,201	1,201
<b>Total miscellaneous</b>	<u>63,000</u>	<u>41,464</u>	<u>(21,536)</u>
<b>Other financing sources:</b>			
Interfund transfers in:			
Special revenue funds	14,465	14,465	-
Trust funds:			
Expendable	81,000	81,000	-
Nonexpendable	7,000	5,000	(2,000)
<b>Total other financing sources</b>	<u>102,465</u>	<u>100,465</u>	<u>(2,000)</u>
<b>Total revenues and other financing sources</b>	2,135,949	<u>\$ 2,117,220</u>	<u>\$ (18,729)</u>
Unreserved fund balance used to reduce tax rate	89,000		
<b>Total revenues, other financing sources and use of fund balance</b>	<u>\$ 2,224,949</u>		

See independent auditor's report, page 1.

Schedule 2  
TOWN OF PLAINFIELD, NEW HAMPSHIRE  
General Fund  
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 151,260	\$ 145,654	\$ -	\$ 5,606
Election and registration	-	11,530	11,884	-	(354)
Financial administration	-	58,800	65,649	-	(6,849)
Revaluation of property	-	10,000	13,714	-	(3,714)
Legal	-	18,100	4,751	13,500	(151)
Personnel administration	-	10,100	9,632	-	468
Planning and zoning	-	10,200	3,023	-	7,177
General government buildings	-	8,150	7,185	-	965
Cemeteries	-	30,000	23,417	5,000	1,583
Insurance, not otherwise allocated	-	37,800	37,270	-	530
Advertising and regional associations	-	8,000	8,498	-	(498)
<b>Total general government</b>	<b>-</b>	<b>353,940</b>	<b>330,677</b>	<b>18,500</b>	<b>4,763</b>
<b>Public safety:</b>					
Police department	1,075	272,355	264,697	-	8,733
Ambulance	4,400	29,000	29,384	-	4,016
Fire department	-	77,000	77,000	-	-
Building inspection	-	8,800	10,352	-	(1,552)
Emergency management	-	250	-	-	250
Other	-	23,900	23,127	-	773
<b>Total public safety</b>	<b>5,475</b>	<b>411,305</b>	<b>404,560</b>	<b>-</b>	<b>12,220</b>
<b>Highways and streets:</b>					
Administration	-	21,525	21,874	-	(349)
Highways and streets	-	573,060	605,711	-	(32,651)
Road projects	104,826	195,755	263,753	-	36,828
Street lighting	-	9,000	9,466	-	(466)
<b>Total highways and streets</b>	<b>104,826</b>	<b>799,340</b>	<b>900,804</b>	<b>-</b>	<b>3,362</b>
<b>Sanitation:</b>					
Solid waste collection	-	137,500	145,031	-	(7,531)
Solid waste disposal	-	61,610	54,502	-	7,108
Recycling	-	2,000	1,794	-	206
<b>Total sanitation</b>	<b>-</b>	<b>201,110</b>	<b>201,327</b>	<b>-</b>	<b>(217)</b>
<b>Health:</b>					
Administration and agencies	-	19,450	17,945	-	1,505
Animal control	-	750	250	-	500
<b>Total health</b>	<b>-</b>	<b>20,200</b>	<b>18,195</b>	<b>-</b>	<b>2,005</b>
<b>Welfare:</b>					
Administration	-	1,250	849	-	401
Direct assistance	-	6,508	7,210	-	(702)
<b>Total welfare</b>	<b>-</b>	<b>7,758</b>	<b>8,059</b>	<b>-</b>	<b>(301)</b>
<b>Culture and recreation:</b>					
Parks and recreation	-	19,235	16,556	-	2,679
Patriotic purposes	-	1,500	1,514	-	(14)
Service memorial	10,665	-	10,665	-	-
<b>Total culture and recreation</b>	<b>10,665</b>	<b>20,735</b>	<b>28,735</b>	<b>-</b>	<b>2,665</b>
Conservation	-	2,500	1,641	-	859

(continued)

Schedule 2 (Continued)  
TOWN OF PLAINFIELD, NEW HAMPSHIRE  
General Fund  
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	25,000	25,000	-	-
Interest expense on long-term debt	-	10,250	10,265	-	(15)
Total debt service	-	35,250	35,265	-	(15)
Capital outlay:					
Land purchase	-	78,000	78,062	-	(62)
New highway truck	-	80,000	80,000	-	-
Total capital outlay	-	158,000	158,062	-	(62)
Other financing uses:					
Interfund transfers out:					
Special revenue funds	-	87,311	87,311	-	-
Expendable trust funds:					
Capital reserve	-	115,000	115,000	-	-
Other	-	12,500	12,500	-	-
Total other financing uses	-	214,811	214,811	-	-
Total appropriations, expenditures, other financing uses and encumbrances	\$ 120,966	\$ 2,224,949	\$ 2,302,136	\$ 18,500	\$ 25,279

*Schedule 3*  
*TOWN OF PLAINFIELD, NEW HAMPSHIRE*  
*General Fund*  
*Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended December 31, 2008*

Unreserved, undesignated fund balance, beginning	\$	487,148
Changes:		
Unreserved fund balance used to reduce 2008 tax rate		(89,000)
2008 Budget summary:		
Revenue shortfall (Schedule 1)	\$	(18,729)
Unexpended balance of appropriations (Schedule 2)		<u>25,279</u>
2008 Budget surplus		<u>6,550</u>
Unreserved, undesignated fund balance, ending	\$	<u><u>404,698</u></u>



Schedule 4  
TOWN OF PLAINFIELD, NEW HAMPSHIRE  
Special Revenue Funds  
Combining Balance Sheet  
For the Fiscal Year Ended December 31, 2008

	Philip Read Memorial Library	Meriden Library	Plainfield History	Philip Read Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Total
Assets:								
Cash and cash equivalents	\$ 3,579	\$ 63,652	\$ 1,160	\$ 645	\$ -	\$ -	\$ 15,790	\$ 84,826
Investments	-	12,225	-	-	113,212	18,635	-	144,072
Interfund receivable	-	-	-	-	11,360	-	-	11,360
Total assets	<u>\$ 3,579</u>	<u>\$ 75,877</u>	<u>\$ 1,160</u>	<u>\$ 645</u>	<u>\$ 124,572</u>	<u>\$ 18,635</u>	<u>\$ 15,790</u>	<u>\$ 240,258</u>
Equity:								
Fund balances:								
Unreserved, designated for special purposes	\$ 3,579	\$ 75,877	\$ 1,160	\$ 645	\$ 124,572	\$ 18,635	\$ 15,790	\$ 240,258

Schedule 5  
TOWN OF PLAINFIELD, NEW HAMPSHIRE  
Special Revenue Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2008

	Philip Read Memorial Library		Meriden Library	Plainfield History		Philip Read Library Building		Conservation Commission		Land Use Change	Total
				Operating	Forestry						
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,790	\$ 31,580
Miscellaneous	1,894	10,200	155	-	-	2,983	566	-	-	-	15,798
Total revenues	1,894	10,200	155	-	-	18,773	566	-	-	15,790	47,378
Expenditures:											
Current:											
General government	-	-	-	-	-	-	5,000	-	-	-	5,000
Conservation	-	-	-	-	-	4,430	-	-	-	-	4,430
Culture and recreation	58,420	46,796	-	150	-	-	-	-	-	-	105,366
Total expenditures	58,420	46,796	-	150	-	4,430	5,000	-	-	-	114,796
Excess (deficiency) of revenues over (under) expenditures	(56,526)	(36,596)	155	(150)	(150)	14,343	(4,434)	-	15,790	(67,418)	
Other financing sources (uses):											
Interfund transfers in	57,176	34,435	-	-	-	-	-	-	-	-	91,611
Interfund transfers out	-	-	(2,000)	-	-	-	-	-	(14,465)	-	(16,465)
Total other financing sources and uses	57,176	34,435	(2,000)	-	-	-	-	-	(14,465)	-	75,146
Net change in fund balances	650	(2,161)	(1,845)	(150)	(150)	14,343	(4,434)	-	1,325	7,728	
Fund balances, beginning	2,929	78,038	3,005	795	795	110,229	23,069	-	14,465	-	232,530
Fund balances, ending	\$ 3,579	\$ 75,877	\$ 1,160	\$ 645	\$ 645	\$ 124,572	\$ 18,635	\$ -	\$ 15,790	\$ -	\$ 240,258

Schedule 6  
TOWN OF PLAINFIELD, NEW HAMPSHIRE  
Trust Funds  
Combining Balance Sheet  
December 31, 2008

	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,954	\$ 2,954
Investments	728,423	334,142	1,062,565
Interfund receivable	445	-	445
Total assets	<u>\$ 728,868</u>	<u>\$ 337,096</u>	<u>\$ 1,065,964</u>
<b>LIABILITIES AND EQUITY</b>			
Liabilities:			
Intergovernmental payable	<u>\$ 413,993</u>	<u>\$ -</u>	<u>\$ 413,993</u>
Equity:			
Fund balances:			
Reserved for endowments	-	268,528	268,528
Reserved for special purposes	314,875	68,568	383,443
Total equity	<u>314,875</u>	<u>337,096</u>	<u>651,971</u>
Total liabilities and equity	<u>\$ 728,868</u>	<u>\$ 337,096</u>	<u>\$ 1,065,964</u>



## **PLODZIK & SANDERSON**

*Professional Association/Accountants & Auditors*

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### ***INDEPENDENT AUDITOR'S COMMUNICATION OF CONTROL DEFICIENCIES AND OTHER MATTERS***

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

In planning and reporting our audit of the financial statements of the Town of Plainfield as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Plainfield's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Plainfield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Plainfield's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency in internal control.

The Town's management has demonstrated the ability to review the financial statements with an understanding of the footnote disclosures that are included therein. However, we do not believe that the Town currently has the resources to adequately review the completeness of all disclosures in accordance with accounting principles generally accepted in the United States of America. We believe this is a deficiency which creates more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the review of management.

We also want to discuss the following other issue that we do not consider to be a significant deficiency.

During June of 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement drastically changes the way in which financial statements are prepared and requires additional information to be reported in order for the financial statements to be in compliance with accounting principles generally accepted in the United States of America. Statement No. 34 took effect for the Town of Plainfield beginning with the fiscal year ended December 31, 2004.

The Town has not implemented GASB Statement No. 34, but has presented the financial statements following the format that was in effect prior to GASB Statement No. 34. While we have conducted our audit following generally accepted auditing standards as we have in past years, we have issued an adverse opinion again this year because the financial statements are not presented following the model established by Statement No. 34. As described more fully in our audit opinion, the financial statements are missing several required statements and supplementary information, and the format presented does not follow Statement No. 34. The opinion does not mean to imply that the figures presented are incorrect, but they are not presented in accordance with generally accepted accounting principles.

*Town of Plainfield*  
*Independent Auditor's Communication of Control Deficiencies and Other Matters*

We recommend that the Town of Plainfield take action to implement GASB Statement No. 34 as required by accounting principles generally accepted in the United States of America.

This communication is intended solely for the information and use of management, the board of selectmen, others within the entity, and state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

June 16, 2009

*Plodzik & Sanderson*  
*Professional Association*