

**TOWN OF PLAINFIELD
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009**

TOWN OF PLAINFIELD, NEW HAMPSHIRE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
A Statement of Net Assets	2
B Statement of Activities	3
Fund Financial Statements:	
Governmental Funds	
C-1 Balance Sheet	4
C-2 Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets	5
C-3 Statement of Revenues, Expenditures and Changes in Fund Balances	6
C-4 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Fiduciary Funds	
D-1 Statement of Fiduciary Net Assets	8
D-2 Statement of Changes in Fiduciary Net Assets	9
NOTES TO THE BASIC FINANCIAL STATEMENTS	10 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
E Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	23
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	24 - 25
COMBINING AND INDIVIDUAL FUND SCHEDULES	
GOVERNMENTAL FUNDS	
Major General Fund	
1 Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)	26
2 Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)	27 - 28
3 Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)	29
Nonmajor Governmental Funds	
4 Combining Balance Sheet	30
5 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	31
INDEPENDENT AUDITOR'S COMMUNICATION OF CONTROL DEFICIENCIES AND OTHER MATTERS	
	32 - 33



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

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 governmental activities, each major fund and the aggregate remaining fund information of the Town of Plainfield as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Plainfield as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12, as of January 1, 2009, the Town has implemented a new financial reporting model, as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Plainfield has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

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. They have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 30, 2010

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,475,129
Investments	1,609,408
Other receivables, net of allowances for uncollectible	502,189
Capital assets, not being depreciated:	
Land	692,302
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	101,850
Equipment and vehicles	441,247
Infrastructure	375,993
Total assets	<u>5,198,118</u>
LIABILITIES	
Accounts payable	31,523
Accrued salaries and benefits	16,603
Intergovernmental payable	2,037,080
Accrued interest payable	4,508
Unearned revenue	3,101
Noncurrent obligations:	
Due within one year:	
Note	25,000
Capital lease	10,833
Compensated absence	8,040
Due in more than one year:	
Note	187,500
Compensated absences	15,040
Total liabilities	<u>2,339,228</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,388,059
Restricted for perpetual care	249,553
Unrestricted	1,221,278
Total net assets	<u>\$ 2,858,890</u>

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

EXHIBIT B
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2009

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Assets
Governmental activities:				
Functions:				
General government	\$ 335,477	\$ 13,106	\$ -	\$ (322,371)
Public safety	423,147	1,107	11,676	(410,364)
Highways and streets	725,905	11,790	120,399	(593,716)
Sanitation	206,065	93,615	-	(112,450)
Health	19,967	-	-	(19,967)
Welfare	4,699	100	-	(4,599)
Culture and recreation	126,174	4,070	-	(122,104)
Conservation	600	100	-	(500)
Interest on long-term debt	9,372	-	-	(9,372)
Total governmental activities	<u>\$ 1,851,406</u>	<u>\$ 123,888</u>	<u>\$ 132,075</u>	<u>(1,595,443)</u>
General revenues:				
Taxes:				
Property				1,120,344
Other				72,019
Motor vehicle permit fees				411,984
Licenses and other fees				9,633
Grants and contributions not restricted to specific programs				108,023
Unrestricted investment earnings				41,572
Miscellaneous				38,276
Total general revenues				<u>1,801,851</u>
Change in net assets				206,408
Net assets, beginning, as restated (see Note 12)				2,652,482
Net assets, ending				<u>\$ 2,858,890</u>

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

EXHIBIT C-1
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2009

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,395,583	\$ -	\$ 79,546	\$ 1,475,129
Investments	769,965	430,836	408,607	1,609,408
Receivables, net of allowance for uncollectible:				
Taxes	492,622	-	-	492,622
Accounts	9,567	-	-	9,567
Interfund receivable	-	-	3,395	3,395
Total assets	<u>\$ 2,667,737</u>	<u>\$ 430,836</u>	<u>\$ 491,548</u>	<u>\$ 3,590,121</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 31,523	\$ -	\$ -	\$ 31,523
Accrued salaries and benefits	16,603	-	-	16,603
Intergovernmental payable	2,037,080	-	-	2,037,080
Interfund payable	3,395	-	-	3,395
Deferred revenue	3,101	-	-	3,101
Total liabilities	<u>2,091,702</u>	<u>-</u>	<u>-</u>	<u>2,091,702</u>
Fund balances:				
Reserved for encumbrances	81,659	-	-	81,659
Reserved for endowments	-	-	243,278	243,278
Reserved for special purposes	-	-	6,275	6,275
Unreserved, undesignated, reported in:				
General fund	494,376	-	-	494,376
Special revenue funds	-	430,836	241,995	672,831
Total fund balances	<u>576,035</u>	<u>430,836</u>	<u>491,548</u>	<u>1,498,419</u>
Total liabilities and fund balances	<u>\$ 2,667,737</u>	<u>\$ 430,836</u>	<u>\$ 491,548</u>	<u>\$ 3,590,121</u>

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

EXHIBIT C-2
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets
December 31, 2009

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,498,419
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 2,456,593	
Less accumulated depreciation	<u>(845,201)</u>	
		1,611,392
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (3,395)	
Payables	<u>3,395</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(4,508)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Note	\$ (212,500)	
Capital lease	(10,833)	
Compensated absences payable	<u>(23,080)</u>	
		(246,413)
Total net assets of governmental activities (Exhibit A)		<u><u>\$ 2,858,890</u></u>

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

EXHIBIT C-3
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
For the Fiscal Year Ended December 31, 2009

	General	Expendable Trust	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 1,182,713	\$ -	\$ 9,650	\$ 1,192,363
Licenses and permits	421,617	-	-	421,617
Intergovernmental	240,098	-	-	240,098
Charges for services	123,888	-	-	123,888
Miscellaneous	27,795	3,890	48,163	79,848
Total revenues	<u>1,996,111</u>	<u>3,890</u>	<u>57,813</u>	<u>2,057,814</u>
Expenditures:				
Current:				
General government	321,333	5,400	332	327,065
Public safety	414,140	-	-	414,140
Highways and streets	627,269	-	-	627,269
Sanitation	206,065	-	-	206,065
Health	19,967	-	-	19,967
Welfare	4,699	-	-	4,699
Culture and recreation	18,950	9,029	98,195	126,174
Conservation	600	-	-	600
Debt service:				
Principal	25,000	-	-	25,000
Interest	9,230	-	-	9,230
Capital outlay	21,666	-	-	21,666
Total expenditures	<u>1,668,919</u>	<u>14,429</u>	<u>98,527</u>	<u>1,781,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>327,192</u>	<u>(10,539)</u>	<u>(40,714)</u>	<u>275,939</u>
Other financing sources (uses):				
Transfers in	22,390	127,500	95,211	245,101
Transfers out	(218,411)	(1,000)	(25,690)	(245,101)
Inception of capital lease	21,666	-	-	21,666
Total other financing sources and uses	<u>(174,355)</u>	<u>126,500</u>	<u>69,521</u>	<u>21,666</u>
Net change in fund balances	152,837	115,961	28,807	297,605
Fund balances, beginning	423,198	314,875	462,741	1,200,814
Fund balances, ending	<u>\$ 576,035</u>	<u>\$ 430,836</u>	<u>\$ 491,548</u>	<u>\$ 1,498,419</u>

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

EXHIBIT C-4
TOWN OF PLAINFIELD, 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, 2009

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 297,605
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 depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 21,000	
Depreciation expense	(103,142)	
		(82,142)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (245,101)	
Transfers out	245,101	
		-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Capital lease inception	\$ (21,666)	
Repayment of note principal	25,000	
Payment of capital lease principal	10,833	
		14,167
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (142)	
Increase in compensated absences payable	(23,080)	
		(23,222)
Changes in net assets of governmental activities (Exhibit B)		<u>\$ 206,408</u>

EXHIBIT D-1
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2009

	Private Purpose Trust	Agency
ASSETS		
Investments	\$ 133,528	\$ 434,685
LIABILITIES		
Due to others	-	434,685
NET ASSETS	<u>\$ 133,528</u>	<u>\$ -</u>

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

EXHIBIT D-2
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended December 31, 2009

	Private Purpose Trust
ADDITIONS	
Investment earnings:	
Interest and dividends	\$ 4,257
Increase in fair value of investments	15,500
Total additions	<u>19,757</u>
DEDUCTIONS	
Trust income distributions	<u>(841)</u>
Change in net assets	18,916
Net assets, beginning	114,612
Net assets, ending	<u><u>\$ 133,528</u></u>

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

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

Summary of Significant Accounting Policies	1
Reporting Entity.....	1-A
Basis of Presentation.....	1-B
Measurement Focus	1-C
Cash and Cash Equivalents	1-D
Investments	1-E
Receivables.....	1-F
Interfund Balances	1-G
Capital Assets	1-H
Allowance for Uncollectible Accounts	1-I
Deferred/Unearned Revenue.....	1-J
Compensated Absences.....	1-K
Long-Term Obligations.....	1-L
Claims and Judgments	1-M
Equity Classifications	1-N
Interfund Activities	1-O
Use of Estimates	1-P
Custodial Credit Risk for Deposits	2
Investments	3
Taxes Receivable.....	4
Other Receivables.....	5
Capital Assets.....	6
Interfund Balances and Transfers	7
Intergovernmental Payables.....	8
Long-Term Liabilities	9
Governmental Activities Net Assets	10
Governmental Fund Balances	11
Changes in Accounting Principles.....	12
Employee Retirement Plan	13
Risk Management.....	14
Contingent Liabilities.....	15

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Plainfield are presented 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 Plainfield, New Hampshire (the Town), is a municipal corporation governed by an elected three 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 Basis of Presentation

Government-Wide Financial Statements – The government-wide financial statements display information about the Town as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. The effect of interfund activity has been eliminated from these statements.

The statement of net assets presents information on all of the entities assets and liabilities, with the difference between the two presented as net assets. Net assets are reported as one of three categories; invested in capital assets, net of related debt; restricted; or unrestricted.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund has a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized as major funds or nonmajor funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type; and
- (b) Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.
- (c) In addition, any other governmental fund that the Town believes is particularly important to the financial statement users may be reported as a major fund.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

Governmental Activities – Governmental funds are identified as general, special revenue, and permanent funds based upon the following guidelines:

General Fund – is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Permanent Funds – are used to account for resources legally held in trust. All resources of the fund, including earnings on invested resources, may be used to support the Town.

Fiduciary Fund Types – These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. Fiduciary Fund types are not part of the reporting entity in the Government-wide financial statements, but are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are as follows:

Private Purpose Trust Funds – are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds – are used to account for resources held by the Town in a purely custodial capacity, for individuals, private organizations, and/or governmental units.

Major Funds – The Town reports the following major governmental funds:

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.

Expendable Trust Funds – The expendable trust funds account for the legally established funds for future costs.

The Town also reports eight nonmajor governmental funds.

I-C Measurement Focus

Government-Wide and Fiduciary Fund Financial Statements – The government-wide and fiduciary fund financial statements, except for agency funds which have no measurement focus, are reported using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a 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.

Accounting and financial reporting for governmental activities is based on all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements:

- a. Financial Accounting Standards Board (FASB) Statements and Interpretations;
- b. Accounting Principles Board Opinions;
- c. Accounting Research Bulletins of the Committee on Accounting Procedure.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

Governmental Fund Financial Statements – 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 susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis revenue is recorded when the exchange takes place in the fiscal year in which the resources are measurable and become available.

Revenues – Nonexchange Transactions - Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all grantor imposed eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within sixty days) before it can be recognized, with the exception of property taxes which are recognized if expected to be collected in time to be used to pay the liability to the school district which is due over the next six months.

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."

New Hampshire statutes require that the Town treasurer have custody of all money belonging to the Town and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all such 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 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- 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.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

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 based on quoted market prices.

1-F Receivables

Receivables in the government-wide financial statements represent amounts due to the Town at December 31, recorded as revenue, which will be collected in the future and consist primarily of taxes and accounts receivable.

Tax revenue is recorded when a warrant for collection is committed to the tax collector. 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 two year redemption period, the property is tax dedeed to the Town.

Accounts receivable include various service charges which are recorded as revenue for the period when serviced was provided.

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 assets.

1-H Capital Assets

General capital assets are those assets of a capital nature which the Town owns. All capital assets are capitalized at cost (or estimated at historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$5,000 and more than one year of estimated useful life. Improvements to capital assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are expensed.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All reported capital assets are depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and building improvements	150
Equipment and vehicles	4-25
Infrastructure	15

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.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

1-I Allowance for Uncollectible Accounts

An allowance for uncollectible accounts has been recorded for taxes receivable where collectability is in doubt.

1-J Deferred/Unearned Revenue

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. On the government-wide statements of net assets, deferred revenue is classified as unearned revenue.

1-K Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation pay based on the employee's length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

Vested amounts of vacation pay are reported as long-term liabilities in the statement of net assets.

1-L Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statements.

1-M 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.

1-N Equity Classifications

Government-Wide Statement – Equity is classified as net assets and displayed in three components:

- a) *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net assets* – Consists of net assets 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 assets* – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements- Governmental fund equity is classified as fund balance. Fund balance is classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balances represent amounts not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative management plans that are subject to change. Undesignated fund balance amounts represent amounts available for use in future periods.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

1-O 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 either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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-P Use of Estimates

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

NOTE 2 – CUSTODIAL CREDIT RISK FOR DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2009, \$42,593 of the Town’s bank balances of \$1,395,417 was exposed to custodial credit risk as uninsured and uncollateralized.

NOTE 3 - INVESTMENTS

The Town maintains a portfolio of short-term maturity investments, including money market investments, which are reported at amortized cost. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town’s fiscal agent or custodian provides the fair value of all intermediate maturity investments. As of December 31, 2009, the Town had the following investments:

	Governmental Activities
Certificates of deposit	\$ 688,668
NH Public Deposit Investment Pool	1,195,296
Fixed income money market mutual funds	293,657
	<u>\$ 2,177,621</u>

Investment reconciliation:

Investments per statement of net assets (Exhibit A)	\$ 1,609,408
Investments per statement of fiduciary net assets (Exhibit D-1)	568,213
Total investments	<u>\$ 2,177,621</u>

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 4 - 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, 2009, upon which the 2009 property tax levy was based is:

For the New Hampshire education tax	\$ 269,133,911
For all other taxes	\$ 276,170,311

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.

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 allowance 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, 2009 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.24	\$ 1,172,902
School portion:		
State of New Hampshire	\$2.19	588,524
Local	\$12.78	3,528,849
County portion	\$2.79	770,062
Total		<u>\$ 6,060,337</u>

During the current fiscal year, the tax collector executed a lien on May 12 for all uncollected 2008 property taxes.

Taxes receivable at December 31, 2009, are as follows:

Property:	
Levy of 2009	\$ 336,094
Unredeemed (under tax lien):	
Levy of 2008	111,036
Levy of 2007	71,291
Yield	201
Less: allowance for estimated uncollectible taxes	(26,000)
Net taxes receivable	<u>\$ 492,622</u>

NOTE 5 - OTHER RECEIVABLES

Receivables at December 31, 2009, consisted of billings for refuse charges in the general fund totaling \$9,567.

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.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 consisted of the following:

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 692,302	\$ -	\$ 692,302
Being depreciated:			
Buildings and building improvements	190,692	-	190,692
Equipment and vehicles	1,019,339	21,000	1,040,339
Infrastructure	533,260	-	533,260
Total capital assets being depreciated	1,743,291	21,000	1,764,291
Total all capital assets	2,435,593	21,000	2,456,593
Less accumulated depreciation:			
Buildings and building improvements	(87,571)	(1,271)	(88,842)
Equipment and vehicles	(532,771)	(66,321)	(599,092)
Infrastructure	(121,717)	(35,550)	(157,267)
Total accumulated depreciation	(742,059)	(103,142)	(845,201)
Net book value, capital assets being depreciated	1,001,232	(82,142)	919,090
Net book value, all capital assets	\$ 1,693,534	\$ (82,142)	\$ 1,611,392

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	\$ 832
Public safety	11,134
Highways and streets	91,176
Total	\$ 103,142

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at December 31, 2009, are as follows:

Receivable Fund	Payable Fund	Amount
Conservation commission	General	\$ 3,395

Interfund transfers during the year ended December 31, 2009 are as follows:

	Transfers In:		
	General Fund	Expendable Trust Fund	Nonmajor Funds
Transfers out:			
General fund	\$ -	\$ 127,500	\$ 90,911
Expendable trust fund	1,000	-	-
Nonmajor funds	21,390	-	4,300
Total	\$ 22,390	\$ 127,500	\$ 95,211
			\$ 245,101

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 8 - INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2009 consist of the following:

General fund:	
Dog license fees to State of New Hampshire	\$ 394
Balance of 2008-2009 district assessment due to the Plainfield School District	2,017,373
NH Retirement System	9,563
City of Lebanon for refuse disposal fees	4,010
Meriden Village Water District for miscellaneous charges	5,740
Total	<u>\$ 2,037,080</u>

NOTE 9 - LONG-TERM LIABILITIES

Changes in the Town's long-term obligations consisted of the following for the year ended December 31, 2009:

	General Obligation Note Payable	Capital Lease Payable	Total
Balance, beginning	\$ 237,500	\$ -	\$ 237,500
Additions	-	21,666	21,666
Reductions	(25,000)	(10,833)	(35,833)
Balance, ending	<u>\$ 212,500</u>	<u>\$ 10,833</u>	<u>\$ 223,333</u>

Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2009	Current Portion
General obligation note payable:						
Library expansion	\$ 375,000	2003	2018	4.00	\$ 212,500	\$ 25,000
Capital lease payable:						
2009 Police cruiser	\$ 21,666	2009	2010	7.65	10,833	10,833
Compensated absences payable:						
Accrued vacation leave					23,080	8,040
Total					<u>\$ 246,413</u>	<u>\$ 43,873</u>

The annual requirements to amortize all general obligation note outstanding as of December 31, 2009, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	25,000	4,238	29,238
2015-2018	87,500	7,002	94,502
Totals	<u>\$ 212,500</u>	<u>\$ 38,224</u>	<u>\$ 250,724</u>

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

The annual requirements to amortize the capital lease payable as of December 31, 2009, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2010	\$ 10,833	\$ 773	\$ 11,606

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.

NOTE 10 – GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2009 include the following:

	Governmental Activities
Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 1,611,392
Less:	
Note payable	212,500
Capital lease payable	10,833
Total invested in capital assets, net of related debt	1,388,059
Restricted for special purposes:	
Perpetual care	249,553
Unrestricted	1,221,278
Total net assets	\$ 2,858,890

NOTE 11 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2009 include the following:

Reserved:	
Major fund:	
General	\$ 81,659
Nonmajor funds:	
Special revenue	
Permanent trust	249,553
Total reserved fund balance	331,212
Unreserved-designated:	
Major funds:	
General	494,376
Expendable trust	430,836
Nonmajor funds:	
Special revenue	
Philip Read Memorial Library	4,521
Meriden Library	81,950
Plainfield history	1,658
Philip Read Memorial Library Building	248
Conservation commission	130,096
Forestry	18,697
Land use change	4,825
Total unreserved-designated fund balance	1,167,207
Total governmental fund balances	\$ 1,498,419

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 12 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year 2009, the Town has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

GASB Statement No. 34 creates new basic financial statements for reporting the Town's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in a single column.

The government-wide financial statements present the Town's programs as governmental activities. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at January 1, 2009, caused by conversion to the accrual basis of accounting.

The transition from governmental fund balance to net assets of the governmental activities (i.e., the GASB Statement No. 34 adjustments) is presented here.

Fund balances, all governmental funds, December 31, 2008	\$ 663,456
Trust funds previously reported as fiduciary funds, now reported as special revenue funds	314,875
Trust funds previously reported as fiduciary funds, now reported as permanent funds	222,483
Accrued interest payable	(4,366)
Capital assets, net of accumulated depreciation	1,693,534
Bond/note payable	(237,500)
Net assets, governmental activities, December 31, 2008	<u>\$ 2,652,482</u>

NOTE 13 - 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. All employees except police officers required to contribute 5% of earnable compensation. Police officers are required to contribute 9.3% of gross earnings. For the first six months of 2009, the Town contributed 11.84% for police and 8.74% for other employees. As of July 1, those rates increased to 13.66% for police and 9.16% for others. The contribution requirements for the Town of Plainfield for the fiscal years 2007, 2008 and 2009 were \$41,911 \$51,468 and \$48,703 respectively, which were paid in full in each year.

For the first six months of 2009, the State of New Hampshire funded 35% of the total employer contribution rate for police officers employed by the Town. As of July 1, the funding rate decreased to 30% of the total employer contribution rate. This amount \$10,342 is reported as an "on-behalf payment" as an expenditure and revenue on the governmental fund operating statement, and as an expense and revenue on the government-wide statements of activities.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

NOTE 14 - 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 2009, 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, 2009 was \$18,861 for workers' compensation and \$18,438 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.

NOTE 15 - CONTINGENT LIABILITIES

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.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 1,139,043	\$ 1,182,713	\$ 43,670
Licenses and permits	439,500	421,617	(17,883)
Intergovernmental	215,667	229,756	14,089
Charges for services	125,000	123,888	(1,112)
Miscellaneous	29,000	27,795	(1,205)
Total revenues	<u>1,948,210</u>	<u>1,985,769</u>	<u>37,559</u>
Expenditures:			
Current:			
General government	329,990	316,333	13,657
Public safety	406,741	403,798	2,943
Highways and streets	734,925	695,428	39,497
Sanitation	196,110	206,065	(9,955)
Health	21,535	19,967	1,568
Welfare	8,223	4,699	3,524
Culture and recreation	23,315	18,950	4,365
Conservation	500	600	(100)
Debt service:			
Principal	25,000	25,000	-
Interest	9,250	9,230	20
Total expenditures	<u>1,755,589</u>	<u>1,700,070</u>	<u>55,519</u>
Excess of revenues over expenditures	<u>192,621</u>	<u>285,699</u>	<u>93,078</u>
Other financing sources (uses):			
Transfers in	25,790	22,390	(3,400)
Transfers out	(218,411)	(218,411)	-
Total other financing sources and uses	<u>(192,621)</u>	<u>(196,021)</u>	<u>(3,400)</u>
Net change in fund balances	<u>\$ -</u>	<u>89,678</u>	<u>\$ 89,678</u>
Unreserved fund balance, beginning		404,698	
Unreserved fund balance, ending		<u>\$ 494,376</u>	

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

General Budget Policies.....	1
Budgetary Reconciliation.....	2

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2009

1. General Budget Policies

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, as well as the nonmajor Philip Read Memorial Library and Meriden Library funds. Except as reconciled below, 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 2009, none of the beginning general fund fund balance was applied for this purpose.

2. Budgetary Reconciliation

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

Revenues and other financing sources:	
Per Exhibit E (budgetary basis)	\$ 2,008,159
Adjustment:	
Basis difference:	
Inception of capital leases	21,666
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	10,342
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,040,167</u>
Expenditures and other financing uses:	
Per Exhibit E (budgetary basis)	\$ 1,918,481
Adjustment:	
Basis differences:	
Encumbrances, beginning	18,500
Encumbrances, ending	(81,659)
Inception of capital leases	21,666
On-behalf retirement contributions made by the State of New Hampshire recognized as expenditures on the GAAP basis, but not on the budgetary basis	10,342
Per Exhibit C-3 (GAAP basis)	<u>\$ 1,887,330</u>

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,071,943	\$ 1,120,344	\$ 48,401
Yield	12,000	14,891	2,891
Excavation	100	45	(55)
Interest and penalties on taxes	55,000	47,433	(7,567)
Total taxes	<u>1,139,043</u>	<u>1,182,713</u>	<u>43,670</u>
Licenses, permits and fees:			
Motor vehicle permit fees	432,000	411,984	(20,016)
Other	7,500	9,633	2,133
Total licenses, permits and fees	<u>439,500</u>	<u>421,617</u>	<u>(17,883)</u>
Intergovernmental:			
State:			
Meals and rooms distribution	108,023	108,023	-
Highway block grant	104,966	104,966	-
State and federal forest land reimbursement	178	-	(178)
Other	2,500	1,334	(1,166)
Federal:			
FEMA	-	15,433	15,433
Total intergovernmental	<u>215,667</u>	<u>229,756</u>	<u>14,089</u>
Charges for services:			
Income from departments	30,000	34,076	4,076
Refuse charges	95,000	89,812	(5,188)
Total charges for services	<u>125,000</u>	<u>123,888</u>	<u>(1,112)</u>
Miscellaneous:			
Sale of municipal property	10,000	9,260	(740)
Interest on investments	15,000	5,618	(9,382)
Rent of property	-	440	440
Other	4,000	12,477	8,477
Total miscellaneous	<u>29,000</u>	<u>27,795</u>	<u>(1,205)</u>
Other financing sources:			
Transfers in:			
Expendable trusts	2,000	1,000	(1,000)
Nonmajor funds:			
Land use change	15,790	15,790	-
Permanent	8,000	5,600	(2,400)
Total other financing sources	<u>25,790</u>	<u>22,390</u>	<u>(3,400)</u>
Total revenues and other financing sources	<u>\$ 1,974,000</u>	<u>\$ 2,008,159</u>	<u>\$ 34,159</u>

SCHEDULE 2
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Major General Fund

Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 146,110	\$ 137,049	\$ -	\$ 9,061
Election and registration	-	5,330	6,533	-	(1,203)
Financial administration	-	62,800	60,921	-	1,879
Revaluation of property	-	10,000	10,675	-	(675)
Legal	13,500	10,100	10,876	13,500	(776)
Personnel administration	-	8,500	14,800	-	(6,300)
Planning and zoning	-	3,200	2,015	-	1,185
General government buildings	-	6,750	5,449	-	1,301
Cemeteries	5,000	31,000	30,038	-	5,962
Insurance, not otherwise allocated	-	39,600	38,215	-	1,385
Advertising and regional associations	-	6,600	4,762	-	1,838
Total general government	18,500	329,990	321,333	13,500	13,657
Public safety:					
Police	-	268,291	267,155	-	1,136
Ambulance	-	29,000	24,326	-	4,674
Fire	-	77,000	77,000	-	-
Building inspection	-	8,800	6,974	-	1,826
Emergency management	-	250	5,000	-	(4,750)
Hydrant rental	-	6,900	5,686	-	1,214
Dispatching	-	16,500	17,657	-	(1,157)
Total public safety	-	406,741	403,798	-	2,943
Highways and streets:					
Administration	-	20,900	23,105	-	(2,205)
Highways and streets	-	600,059	544,008	14,800	41,251
Road projects	-	104,966	51,607	53,359	-
Street lighting	-	9,000	8,549	-	451
Total highways and streets	-	734,925	627,269	68,159	39,497
Sanitation:					
Solid waste collection	-	140,500	150,932	-	(10,432)
Solid waste disposal	-	55,610	55,133	-	477
Total sanitation	-	196,110	206,065	-	(9,955)
Health:					
Administration and agencies	-	20,785	19,933	-	852
Animal control	-	750	34	-	716
Total health	-	21,535	19,967	-	1,568
Welfare:					
Administration	-	1,000	727	-	273
Direct assistance	-	7,223	3,972	-	3,251
Total welfare	-	8,223	4,699	-	3,524
Culture and recreation:					
Parks and recreation	-	21,815	17,424	-	4,391
Patriotic purposes	-	1,500	1,526	-	(26)
Total culture and recreation	-	23,315	18,950	-	4,365
Conservation	-	500	600	-	(100)

(continued)

SCHEDULE 2 (Continued)
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	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 on long-term debt	-	9,250	9,230	-	20
Total debt service	-	34,250	34,230	-	20
Other financing uses:					
Transfers out:					
Major fund:					
Expendable trust	-	127,500	127,500	-	-
Nonmajor funds:					
Public libraries	-	90,911	90,911	-	-
Total other financing uses	-	218,411	218,411	-	-
Total appropriations, expenditures, other financing uses and encumbrances	<u>\$ 18,500</u>	<u>\$ 1,974,000</u>	<u>\$ 1,855,322</u>	<u>\$ 81,659</u>	<u>\$ 55,519</u>

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, 2009

Unreserved, undesignated fund balance, beginning		\$ 404,698
Changes:		
2009 Budget summary:		
Revenue surplus (Schedule 1)	\$ 34,159	
Unexpended balance of appropriations (Schedule 2)	<u>55,519</u>	
2009 Budget surplus		<u>89,678</u>
Unreserved, undesignated fund balance, ending		<u>\$ 494,376</u>

SCHEDULE 4
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2009

	Special Revenue Funds								
	Philip Read Memorial Library	Meriden Library	Plainfield History	Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Permanent	Total
ASSETS									
Cash and cash equivalents	\$ 4,521	\$ 66,417	\$ 1,658	\$ 248	\$ 305	\$ -	\$ 4,825	\$ 1,572	\$ 79,546
Investments	-	15,533	-	-	126,396	18,697	-	247,981	408,607
Interfund receivable	-	-	-	-	3,395	-	-	-	3,395
Total assets	\$ 4,521	\$ 81,950	\$ 1,658	\$ 248	\$ 130,096	\$ 18,697	\$ 4,825	\$ 249,553	\$ 491,548
FUND BALANCES									
Reserved for endowments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,278	\$ 243,278
Reserved for special purposes	-	-	-	-	-	-	-	6,275	6,275
Unreserved, designated for special purposes	4,521	81,950	1,658	248	130,096	18,697	4,825	-	241,995
Total fund balances	\$ 4,521	\$ 81,950	\$ 1,658	\$ 248	\$ 130,096	\$ 18,697	\$ 4,825	\$ 249,553	\$ 491,548

SCHEDULE 5
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2009

	Special Revenue Funds										
	Philip Read Memorial Library	Meriden Library	Plainfield History	Philip Read Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Permanent	Total		
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,825	\$ -	\$ 4,825	\$ -	\$ 9,650		
Miscellaneous	4,713	4,889	498	-	699	62	-	37,302	48,163		
Total revenues	4,713	4,889	498	-	5,524	62	4,825	37,302	57,813		
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	332	332		
Culture and recreation	63,301	34,497	-	397	-	-	-	-	98,195		
Total expenditures	63,301	34,497	-	397	-	-	-	332	98,527		
Excess (deficiency) of revenues over (under) expenditures	(58,588)	(29,608)	498	(397)	5,524	62	4,825	36,970	(40,714)		
Other financing sources (uses):											
Transfers in	59,530	35,681	-	-	-	-	-	-	95,211		
Transfers out	-	-	-	-	-	-	(15,790)	(9,900)	(25,690)		
Total other financing sources and uses	59,530	35,681	-	-	-	-	(15,790)	(9,900)	69,521		
Net change in fund balances	942	6,073	498	(397)	5,524	62	(10,965)	27,070	28,807		
Fund balances, beginning	3,579	75,877	1,160	645	124,572	18,635	15,790	222,483	462,741		
Fund balances, ending	\$ 4,521	\$ 81,950	\$ 1,658	\$ 248	\$ 130,096	\$ 18,697	\$ 4,825	\$ 249,553	\$ 491,548		



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

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 fiscal year ended December 31, 2009, 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 opinions 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 of Plainfield's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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 certain deficiencies in internal control that we consider to be significant deficiencies and another deficiency that we consider to be a material weakness.

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'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. We consider the following deficiencies to be significant deficiencies in internal control.

Financial Statement Preparation

The purpose of an audit is to provide an opinion on the financial statements of the Town. Because of the Town's limited expertise in financial statement preparation, the financial statements have been prepared by us for review and acceptance by the Town Administrator. This does not violate professional independence standards as the Town Administrator takes responsibility for the statements.

Since there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by this review of the financial statements, we consider this to be a significant deficiency in internal control.

We recommend that the Board of Selectmen evaluate whether it would be more cost effective to hire a person or firm with the qualifications to prepare the financial statements and disclosures.

Town Policies

The Town's control policies should ensure that management and employees establish and maintain an environment throughout the Town that sets a positive and supportive attitude toward internal control and conscientious management. The control environment established by the Board of Selectmen sets the tone for how the Town employees and elected officials conduct its business.

As the Board of Selectmen and department heads strive to achieve the goals of the Town and provide accountability for their operations, they need to continually examine internal controls to determine how well they are performing, how they may be improved and the degree to which they help identify and address major risks for fraud, waste, abuse and mismanagement.

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

We noted that the Town has not yet formally adopted any policies for code of ethics, anti-fraud, computer use, internet, capital assets, accounting procedures and disaster recovery, which are essential tools necessary to manage the Town's operations efficiently and effectively.

We strongly recommend that the Board of Selectmen develop and formally adopt the above noted policies in order to clearly communicate the Town's position on these issues. Adopting the various policies is critical in preventing interruptions due to personnel vacancies, facilitating supervision and evaluation, and will also help to minimize the risk of losses.

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

Investment Policy

We noted that while the trustees of trust funds do have a formally adopted investment policy, it does not contain GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which requires certain disclosures for the various types of risk that may affect a government's investments, nor were there any evidence that the policy had been formally reviewed and approved in 2009.

New Hampshire RSA 31:25; *Trust Funds*, states in part, "The trustees shall formally adopt an investment policy for all investments made by them or by their agents for any trust funds in their custody. Such investment policy shall be reviewed and confirmed at least annually."

We recommend that the trustees of trust funds formally adopt investment policies and review them on an annual basis, and that such investment policies address credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

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

September 30, 2010

*Plodzik & Sanderson
Professional Association*