

**TOWN OF PLAINFIELD,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010**

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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 governmental activities, the major fund, and the aggregate remaining fund information of the Town of Plainfield, New Hampshire as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Plainfield as of December 31, 2010 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

May 18, 2011

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,646,681
Investments	654,956
Other receivables, net of allowances for uncollectible	532,211
Capital assets, not being depreciated:	
Land	765,302
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	100,579
Equipment and vehicles	534,873
Infrastructure	340,443
Total assets	5,575,045
LIABILITIES	
Accounts payable	26,254
Accrued salaries and benefits	13,700
Intergovernmental payable	2,554,654
Accrued interest payable	3,447
Unearned revenue	1,797
Noncurrent obligations:	
Due within one year:	
Note	25,000
Due in more than one year:	
Note	162,500
Compensated absences	15,040
Total liabilities	2,802,392
NET ASSETS	
Invested in capital assets, net of related debt	1,553,697
Restricted for perpetual care	264,878
Unrestricted	954,078
Total net assets	\$ 2,772,653

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, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 364,124	\$ 11,729	\$ -	\$ (352,395)
Public safety	433,876	12,875	-	(421,001)
Highways and streets	989,980	2,199	109,505	(878,276)
Sanitation	203,877	90,396	-	(113,481)
Health	18,418	-	-	(18,418)
Welfare	4,239	-	-	(4,239)
Culture and recreation	134,519	3,540	-	(130,979)
Conservation	9,862	50	23,753	13,941
Interest on long-term debt	7,175	-	-	(7,175)
Total governmental activities	<u>\$ 2,166,070</u>	<u>\$ 120,789</u>	<u>\$ 133,258</u>	<u>(1,912,023)</u>
General revenues:				
Taxes:				
Property				1,150,276
Other				82,866
Motor vehicle permit fees				404,713
Licenses and other fees				6,010
Grants and contributions not restricted to specific programs				108,236
Miscellaneous				73,685
Total general revenues				<u>1,825,786</u>
Change in net assets				(86,237)
Net assets, beginning				<u>2,858,890</u>
Net assets, ending				<u>\$ 2,772,653</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, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,572,829	\$ 73,852	\$ 2,646,681
Investments	3,468	651,488	654,956
Receivables, net of allowance for uncollectible:			
Taxes	522,770	-	522,770
Accounts	9,441	-	9,441
Interfund receivable	-	3,039	3,039
Total assets	<u>\$ 3,108,508</u>	<u>\$ 728,379</u>	<u>\$ 3,836,887</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 26,254	\$ -	\$ 26,254
Accrued salaries and benefits	13,700	-	13,700
Intergovernmental payable	2,554,654	-	2,554,654
Interfund payable	3,039	-	3,039
Deferred revenue	1,797	-	1,797
Total liabilities	<u>2,599,444</u>	<u>-</u>	<u>2,599,444</u>
Fund balances:			
Reserved for encumbrances	23,000	-	23,000
Reserved for endowments	-	226,047	226,047
Reserved for special purposes	1,005	337,728	338,733
Unreserved, undesignated, reported in:			
General fund	485,059	-	485,059
Special revenue funds	-	164,604	164,604
Total fund balances	<u>509,064</u>	<u>728,379</u>	<u>1,237,443</u>
Total liabilities and fund balances	<u>\$ 3,108,508</u>	<u>\$ 728,379</u>	<u>\$ 3,836,887</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, 2010

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,237,443
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Cost	\$ 2,679,778	
Less accumulated depreciation	<u>(938,581)</u>	1,741,197
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (3,039)	
Payables	<u>3,039</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(3,447)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Note payable	\$ 187,500	
Compensated absences payable	<u>15,040</u>	<u>(202,540)</u>
Total net assets of governmental activities (Exhibit A)		<u><u>\$ 2,772,653</u></u>

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

EXHIBIT C-3
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,230,102	\$ 3,040	\$ 1,233,142
Licenses and permits	410,723	-	410,723
Intergovernmental	251,627	-	251,627
Charges for services	110,656	-	110,656
Miscellaneous	38,076	35,609	73,685
Total revenues	<u>2,041,184</u>	<u>38,649</u>	<u>2,079,833</u>
Expenditures:			
Current:			
General government	344,966	18,326	363,292
Public safety	449,215	-	449,215
Highways and streets	784,350	110,757	895,107
Sanitation	203,877	-	203,877
Health	18,418	-	18,418
Welfare	4,239	-	4,239
Culture and recreation	18,412	116,107	134,519
Conservation	312	79,825	80,137
Debt service:			
Principal	25,000	-	25,000
Interest	8,236	-	8,236
Capital outlay	158,769	-	158,769
Total expenditures	<u>2,015,794</u>	<u>325,015</u>	<u>2,340,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,390</u>	<u>(286,366)</u>	<u>(260,976)</u>
Other financing sources (uses):			
Transfers in	145,000	241,661	386,661
Transfers out	(237,361)	(149,300)	(386,661)
Total other financing sources and uses	<u>(92,361)</u>	<u>92,361</u>	<u>-</u>
Net change in fund balances	(66,971)	(194,005)	(260,976)
Fund balances, beginning	576,035	922,384	1,498,419
Fund balances, ending	<u>\$ 509,064</u>	<u>\$ 728,379</u>	<u>\$ 1,237,443</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, 2010

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (260,976)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 221,985	
Depreciation expense	<u>(110,180)</u>	111,805
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to increase net assets.		
		18,000
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (386,661)	
Transfers out	<u>386,661</u>	-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Repayment of note principal	\$ 25,000	
Payment of capital lease principal	<u>10,833</u>	35,833
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 1,061	
Decrease in compensated absences payable	<u>8,040</u>	9,101
Changes in net assets of governmental activities (Exhibit B)		<u>\$ (86,237)</u>

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

EXHIBIT D-1
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2010

	Private Purpose Trust	Agency
ASSETS		
Investments	\$ 140,710	\$ 492,528
LIABILITIES		
Due to other governments	-	492,528
NET ASSETS		
Held in trust for specific purposes	<u>\$ 140,710</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, 2010

	Private Purpose Trust
ADDITIONS	
Investment earnings:	
Interest	\$ 3,927
Net increase in fair market value of investments	3,922
Total additions	7,849
 DEDUCTIONS	
Trust income distributions	(667)
Change in net assets	7,182
Net assets, beginning	133,528
Net assets, ending	\$ 140,710

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, 2010

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TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-B 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 entity's 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. Vehicle maintenance; pension benefit; property and liability insurance; claims and judgments; and state assessments and charges have been allocated to major functions in order to present a more accurate and complete picture of the cost of Town services. Program revenues include (1) charges to customers or applicants for goods received, services rendered or privileges provided, and (2) grants and contributions that are restricted to meeting operational 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;
- (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; and
- (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
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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 fund:

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

Nonmajor funds – The Town also reports nine nonmajor governmental funds.

1-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.

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 60 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

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 60 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.

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 deeded to the Town.

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

TOWN OF PLAINFIELD, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2010

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:

	Years
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.

1-I Allowances 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.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
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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 statements – Equity is classified as net assets and displayed in three components:

- a) *Invested in capital assets, net of related debt* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested capital assets, net of related debt.
- 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.

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 “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 receivables and payables between funds are eliminated in the statement of net assets.

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 – CASH AND CASH EQUIVALENTS

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, 2010, \$42,619 of the Town’s bank balances of \$2,709,871 was exposed to custodial credit risk as uninsured and uncollateralized.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
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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, 2010, the Town had the following investments:

	Governmental Activities
Certificates of deposit	\$ 741,293
New Hampshire Deposit Investment Pool	232,778
Fixed income mutual funds	314,123
	<u>\$ 1,288,194</u>

Investment reconciliation:

Investments per statement of net assets (Exhibit A)	\$ 654,956
Investments per statement of fiduciary net assets (Exhibit D-1)	633,238
Total investments	<u>\$ 1,288,194</u>

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, 2010, upon which the 2010 property tax levy was based is:

For the New Hampshire education tax	\$ 271,476,244
For all other taxes	\$ 278,616,344

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 dates. 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, 2010 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	<u>\$4.22</u>	\$ 1,177,176
School portion:		
State of New Hampshire	\$2.32	629,231
Local	\$14.42	4,018,029
County portion	\$2.79	776,138
Total		<u>\$ 6,600,574</u>

During the current fiscal year, the tax collector executed a lien on May 4, 2010 for all uncollected 2009 property taxes.

TOWN OF PLAINFIELD, NEW HAMPSHIRE
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Taxes receivable at December 31, 2010, are as follows:

Property:	
Levy of 2010	\$ 359,291
Unredeemed (under tax lien):	
Levy of 2009	102,541
Levy of 2008	70,869
Levies of 2007 and prior	17,252
Land use change	1,150
Timber	1,667
Less: allowance for estimated uncollectible taxes	<u>(30,000)</u>
Net taxes receivable	<u>\$ 522,770</u>

NOTE 5 – OTHER RECEIVABLES

Receivables at December 31, 2010, consisted of billings for refuse charges in the general fund totaling \$9,441.

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.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Land	\$ 692,302	\$ 73,000	\$ -	\$ 765,302
Being depreciated:				
Buildings and building improvements	190,692	-	-	190,692
Equipment and vehicles	1,040,339	168,185	(18,000)	1,190,524
Infrastructure	533,260	-	-	533,260
Total capital assets being depreciated	<u>1,764,291</u>	<u>168,185</u>	<u>(18,000)</u>	<u>1,914,476</u>
Total all capital assets	<u>2,456,593</u>	<u>241,185</u>	<u>(18,000)</u>	<u>2,679,778</u>
Less accumulated depreciation:				
Buildings and building improvements	(88,842)	(1,271)	-	(90,113)
Equipment and vehicles	(599,092)	(73,359)	16,800	(655,651)
Infrastructure	(157,267)	(35,550)	-	(192,817)
Total accumulated depreciation	<u>(845,201)</u>	<u>(110,180)</u>	<u>16,800</u>	<u>(938,581)</u>
Net book value, capital assets being depreciated	919,090	58,005	(1,200)	975,895
Net book value, all governmental activities capital assets	<u>\$ 1,611,392</u>	<u>\$ 131,005</u>	<u>\$ (1,200)</u>	<u>\$ 1,741,197</u>

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	11,534
Highways and streets	95,089
Conservation	2,725
Total depreciation expense	<u>\$ 110,180</u>

TOWN OF PLAINFIELD, NEW HAMPSHIRE
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NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at December 31, 2010, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor	General	<u>\$ 3,039</u>

Interfund transfers during the year ended December 31, 2010 are as follows:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers out:			
General fund	\$ -	\$ 237,361	\$ 237,361
Nonmajor funds	145,000	4,300	149,300
Total	<u>\$ 145,000</u>	<u>\$ 241,661</u>	<u>\$ 386,661</u>

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.

NOTE 8 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments at December 31, 2010 consist of the following:

General fund:		
Balance of 2010-2011 district assessment due to the Plainfield School District	\$ 2,547,260	
Dog license fees due to the State of New Hampshire	350	
City of Lebanon for refuse disposal fees	3,164	
Meridan Village District for water/wastewater fees	3,770	
Miscellaneous state and county fees	110	
Total intergovernmental payables due	<u>\$ 2,554,654</u>	

NOTE 9 – LONG-TERM LIABILITIES

Changes in the Town's long-term obligations consisted of the following for the year ended December 31, 2010:

	<u>General Obligation Note Payable</u>	<u>Capital Lease Payable</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Balance, beginning	\$ 212,500	\$ 10,833	\$ 23,080	\$ 246,413
Reductions	(25,000)	(10,833)	(8,040)	(43,873)
Balance, ending	<u>\$ 187,500</u>	<u>\$ -</u>	<u>\$ 15,040</u>	<u>\$ 202,540</u>

Long-term liabilities payable are comprised of the following:

	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding at December 31, 2010</u>	<u>Current Portion</u>
General obligation note payable:						
Library expansion	\$ 375,000	2003	2018	4.00	\$ 187,500	\$ 25,000
Compensated absences payable:						
Accrued vacation leave					15,040	-
Total					<u>\$ 202,540</u>	<u>\$ 25,000</u>

TOWN OF PLAINFIELD, NEW HAMPSHIRE
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The annual requirements to amortize the general obligation note outstanding as of December 31, 2010, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	25,000	3,251	28,251
2016-2018	62,500	3,751	66,251
Totals	<u>\$ 187,500</u>	<u>\$ 29,973</u>	<u>\$ 217,473</u>

NOTE 10 – GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2010 include the following:

Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 1,741,197
Less:	
Note payable	<u>(187,500)</u>
Total invested in capital assets, net of related debt	1,553,697
Restricted for perpetual care	264,878
Unrestricted	<u>954,078</u>
Total net assets	<u>\$ 2,772,653</u>

NOTE 11 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2010 include the following:

Reserved:	
Major fund:	
General	\$ 24,005
Nonmajor funds:	
Special revenue	298,897
Permanent trust	<u>264,878</u>
Total reserved fund balance	<u>587,780</u>
Unreserved, undesignated:	
Major fund:	
General	<u>485,059</u>
Nonmajor funds:	
Special revenue:	
Phillip Read Memorial Library	3,316
Meridan Library	81,843
Plainfield History	2,068
Phillip Read Memorial Librarybuilding	248
Conservation commission operating	56,873
Conservation commission forestry	18,736
Land use change	<u>1,520</u>
Total nonmajor funds	<u>164,604</u>
Total unreserved, undesignated fund balance	<u>649,663</u>
Total governmental fund balances	<u>\$ 1,237,443</u>

TOWN OF PLAINFIELD, NEW HAMPSHIRE
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NOTE 12 – 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 and firefighters are required to contribute 5% of earnable compensation. Police officers and firefighters are required to contribute 9.3% of gross earnings. The Town contributed 11.84% for police, 15.92% for fire and 8.74% for other employees. As of July 1, those rates increased to 13.66% for police, 17.28% for fire and 9.16% for others. The contribution requirements for the Town of Plainfield for the fiscal years 2008, 2009, and 2010 were \$51,468, \$48,703, and \$56,556, respectively, which were paid in full in each year.

For the first six months of 2010, the State of New Hampshire funded 35% of the total employer normal contribution rate for police officers and firefighters employed by the Town. As of July 1, the funding rate decreased to 30% of the total employer normal contribution rate. This amount, \$10,133, 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.

NOTE 13 – 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 2010, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers’ Compensation Program. This entity is considered a public entity risk pool, currently operating as common risk management and insurance programs for member towns and cities.

The New Hampshire Public Risk Management Exchange (Primex³) Workers’ Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2010 to December 31, 2010 by Primex³, which retained \$1,000,000 of each workers’ compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Plainfield billed and paid for the year ended December 31, 2010 was \$15,832 for workers’ compensation and \$17,758 for property/liability. The workers’ compensation section of the self-insurance membership agreement permits Primex³ 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. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

NOTE 14 – 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.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through May 18, 2011, the date the December 31, 2010 financial statements were issued, and no events occurred requiring recognition or disclosure.

***TOWN OF PLAINFIELD, NEW HAMPSHIRE
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NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

In March 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of Statement No. 54 are not mandatory for the Town until fiscal year ended December 31, 2011.

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, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 1,206,070	\$ 1,206,070	\$ 1,230,102	\$ 24,032
Licenses and permits	442,000	442,000	410,723	(31,277)
Intergovernmental	216,474	241,227	241,494	267
Charges for services	120,000	120,000	110,656	(9,344)
Miscellaneous	28,000	28,000	38,076	10,076
Total revenues	<u>2,012,544</u>	<u>2,037,297</u>	<u>2,031,051</u>	<u>(6,246)</u>
Expenditures:				
Current:				
General government	341,735	341,735	344,966	(3,231)
Public safety	426,389	426,389	439,082	(12,693)
Highways and streets	733,739	733,739	718,691	15,048
Sanitation	202,110	202,110	203,877	(1,767)
Health	21,285	21,285	18,418	2,867
Welfare	6,250	6,250	4,239	2,011
Culture and recreation	20,425	20,425	22,412	(1,987)
Economic development	500	500	312	188
Debt service:				
Principal	25,000	25,000	25,000	-
Interest	9,250	9,250	8,236	1,014
Capital outlay	134,500	162,253	161,769	484
Total expenditures	<u>1,921,183</u>	<u>1,948,936</u>	<u>1,947,002</u>	<u>1,934</u>
Excess of revenues over expenditures	<u>91,361</u>	<u>88,361</u>	<u>84,049</u>	<u>(4,312)</u>
Other financing sources (uses):				
Transfers in	145,000	148,000	145,000	(3,000)
Transfers out	(236,361)	(236,361)	(237,361)	(1,000)
Total other financing sources and uses	<u>(91,361)</u>	<u>(88,361)</u>	<u>(92,361)</u>	<u>(4,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(8,312)	<u>\$ (8,312)</u>
Increase in fund balance, reserved for special purposes			(1,005)	
Unreserved fund balance, beginning			494,376	
Unreserved fund balance, ending			<u>\$ 485,059</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, 2010

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, 2010

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 Meridan 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 2010, 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)	\$ 2,176,051
Adjustment:	
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	10,133
Per Exhibit C-3 (GAAP basis)	\$ 2,186,184
Expenditures and other financing uses:	
Per Exhibit E (budgetary basis)	\$ 2,184,363
Adjustment:	
Basis differences:	
Encumbrances, beginning	81,659
Encumbrances, ending	(23,000)
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	10,133
Per Exhibit C-3 (GAAP basis)	\$ 2,253,155

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, 2010

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,137,170	\$ 1,150,276	\$ 13,106
Land use change	4,825	4,825	-
Yield	13,000	13,652	652
Excavation	75	45	(30)
Payment in lieu of taxes	1,000	-	(1,000)
Interest and penalties on taxes	50,000	61,304	11,304
Total from taxes	<u>1,206,070</u>	<u>1,230,102</u>	<u>24,032</u>
Licenses, permits and fees:			
Motor vehicle permit fees	432,000	404,713	(27,287)
Other	10,000	6,010	(3,990)
Total from licenses, permits and fees	<u>442,000</u>	<u>410,723</u>	<u>(31,277)</u>
Intergovernmental:			
State:			
Meals and rooms distribution	107,819	107,819	-
Highway block grant	109,505	109,505	-
Other	23,903	24,170	267
Total from intergovernmental	<u>241,227</u>	<u>241,494</u>	<u>267</u>
Charges for services:			
Income from departments	<u>120,000</u>	<u>110,656</u>	<u>(9,344)</u>
Miscellaneous:			
Sale of municipal property	19,000	19,450	450
Interest on investments	6,500	7,385	885
Rent of property	-	550	550
Insurance dividends and reimbursements	-	1,655	1,655
Other	2,500	9,036	6,536
Total from miscellaneous	<u>28,000</u>	<u>38,076</u>	<u>10,076</u>
Other financing sources:			
Transfers in	<u>148,000</u>	<u>145,000</u>	<u>(3,000)</u>
Total revenues and other financing sources	<u>\$ 2,185,297</u>	<u>\$ 2,176,051</u>	<u>\$ (9,246)</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, 2010

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 163,325	\$ 167,237	\$ -	\$ (3,912)
Election and registration	-	8,080	3,872	-	4,208
Financial administration	-	62,100	65,220	-	(3,120)
Revaluation of property	-	10,000	11,840	-	(1,840)
Legal	13,500	10,100	8,529	13,500	1,571
Personnel administration	-	10,950	12,815	-	(1,865)
Planning and zoning	-	2,200	2,314	-	(114)
General government buildings	-	5,850	7,793	-	(1,943)
Cemeteries	-	28,000	24,928	-	3,072
Insurance, not otherwise allocated	-	36,030	35,187	-	843
Advertising and regional associations	-	5,100	5,231	-	(131)
Total general government	<u>13,500</u>	<u>341,735</u>	<u>344,966</u>	<u>13,500</u>	<u>(3,231)</u>
Public safety:					
Police	-	283,439	297,207	-	(13,768)
Ambulance	-	30,000	30,185	-	(185)
Fire	-	81,000	81,000	-	-
Building inspection	-	6,800	10,061	-	(3,261)
Emergency management	-	250	-	-	250
Dispatching	-	24,900	18,209	-	6,691
Hydrant rental	-	-	2,420	-	(2,420)
Total public safety	<u>-</u>	<u>426,389</u>	<u>439,082</u>	<u>-</u>	<u>(12,693)</u>
Highways and streets:					
Administration	-	23,800	22,269	-	1,531
Highways and streets	14,800	591,400	586,521	2,500	17,179
Road projects	53,359	109,539	166,356	-	(3,458)
Street lighting	-	9,000	9,204	-	(204)
Total highways and streets	<u>68,159</u>	<u>733,739</u>	<u>784,350</u>	<u>2,500</u>	<u>15,048</u>
Sanitation:					
Solid waste collection	-	150,000	152,484	-	(2,484)
Solid waste disposal	-	52,110	51,393	-	717
Total sanitation	<u>-</u>	<u>202,110</u>	<u>203,877</u>	<u>-</u>	<u>(1,767)</u>
Health:					
Pest control	-	500	230	-	270
Health agencies	-	20,785	18,188	-	2,597
Total health	<u>-</u>	<u>21,285</u>	<u>18,418</u>	<u>-</u>	<u>2,867</u>
Welfare:					
Direct assistance	-	6,250	4,239	-	2,011
Culture and recreation:					
Parks and recreation	-	18,925	16,100	-	2,825
Patriotic purposes	-	1,500	2,312	4,000	(4,812)
Total culture and recreation	<u>-</u>	<u>20,425</u>	<u>18,412</u>	<u>4,000</u>	<u>(1,987)</u>
Conservation	-	500	312	-	188

(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, 2010

	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	8,236	-	1,014
Total debt service	-	<u>34,250</u>	<u>33,236</u>	-	<u>1,014</u>
Capital outlay:					
Highway equipment purchase	-	131,000	131,000	-	-
Trail groomer project	-	27,753	27,753	-	-
Other	-	3,500	16	3,000	484
Total capital outlay	-	<u>162,253</u>	<u>158,769</u>	<u>3,000</u>	<u>484</u>
Other financing uses:					
Transfers out:					
Nonmajor funds:					
Special revenue:					
Public libraries	-	98,861	99,861	-	(1,000)
Expendable trust	-	137,500	137,500	-	-
Total other financing uses	-	<u>236,361</u>	<u>237,361</u>	-	<u>(1,000)</u>
Total appropriations, expenditures, other financing uses and encumbrances	<u>\$ 81,659</u>	<u>\$ 2,185,297</u>	<u>\$ 2,243,022</u>	<u>\$ 23,000</u>	<u>\$ 934</u>

SCHEDULE 3
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

Unreserved, undesignated fund balance, beginning		\$ 494,376
Changes:		
2008 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (9,246)	
Unexpended balance of appropriations (Schedule 2)	934	
2009 Budget deficit		(8,312)
Increase in fund balance reserved for special purposes		(1,005)
Unreserved, undesignated fund balance, ending		\$ 485,059

SCHEDULE 4
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2010

	Special Revenue Funds										Total
	Phillip Read Memorial Library	Meridan Library	Plainfield History	Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Expendable Trust	Permanent Fund		
ASSETS											
Cash and cash equivalents	\$ 3,316	\$ 64,661	\$ 2,068	\$ 248	\$ -	\$ -	\$ -	\$ -	\$ 3,559	\$ 73,852	
Investments	-	17,182	-	-	55,354	18,736	-	298,897	261,319	651,488	
Interfund receivable	-	-	-	-	1,519	-	1,520	-	-	3,039	
Total assets	<u>\$ 3,316</u>	<u>\$ 81,843</u>	<u>\$ 2,068</u>	<u>\$ 248</u>	<u>\$ 56,873</u>	<u>\$ 18,736</u>	<u>\$ 1,520</u>	<u>\$ 298,897</u>	<u>\$ 264,878</u>	<u>\$ 728,379</u>	
FUND BALANCES											
Reserved for endowments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,047	\$ 226,047	
Reserved for special purposes	-	-	-	-	-	-	-	298,897	38,831	337,728	
Unreserved, undesignated	3,316	81,843	2,068	248	56,873	18,736	1,520	-	-	164,604	
Total fund balances	<u>\$ 3,316</u>	<u>\$ 81,843</u>	<u>\$ 2,068</u>	<u>\$ 248</u>	<u>\$ 56,873</u>	<u>\$ 18,736</u>	<u>\$ 1,520</u>	<u>\$ 298,897</u>	<u>\$ 264,878</u>	<u>\$ 728,379</u>	

SCHEDULE 5
TOWN OF PLAINFIELD, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2010

	Special Revenue Funds											Total
	Philip Read Memorial Library	Meridan Library	Plainfield History	Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Expendable Trust	Permanent Fund			
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,520	\$ -	\$ 1,520	\$ -	\$ -	\$ -	\$ -	\$ 3,040
Miscellaneous	2,922	3,512	410	-	257	39	-	3,794	24,675	-	-	35,609
Total revenues	2,922	3,512	410	-	1,777	39	1,520	3,794	24,675	-	-	38,649
Expenditures:												
Current:												
General government	-	-	-	-	-	-	-	18,276	50	-	-	18,326
Highways and streets	-	-	-	-	-	-	-	110,757	-	-	-	110,757
Culture and recreation	66,935	44,972	-	-	-	-	-	4,200	-	-	-	116,107
Conservation	-	-	-	-	75,000	-	4,825	-	-	-	-	79,825
Total expenditures	66,935	44,972	-	-	75,000	-	4,825	133,233	50	-	-	325,015
Excess (deficiency) of revenues over (under) expenditures	(64,013)	(41,460)	410	-	(73,223)	39	(3,305)	(129,439)	24,625	-	-	(286,366)
Other financing sources (uses):												
Transfers in	62,808	41,353	-	-	-	-	-	137,500	-	-	-	241,661
Transfers out	-	-	-	-	-	-	-	(140,000)	(9,300)	-	-	(149,300)
Total other financing sources and uses	62,808	41,353	-	-	-	-	-	(2,500)	(9,300)	-	-	92,361
Net change in fund balances	(1,205)	(107)	410	-	(73,223)	39	(3,305)	(131,939)	15,325	-	-	(194,005)
Fund balances, beginning	4,521	81,950	1,658	248	130,096	18,697	4,825	430,836	249,553	-	-	922,384
Fund balances, ending	\$ 3,316	\$ 81,843	\$ 2,068	\$ 248	\$ 56,873	\$ 18,736	\$ 1,520	\$ 298,897	\$ 264,878	-	-	\$ 728,379



PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Plainfield as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Town'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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Town of Plainfield's internal control to be significant deficiencies:

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 of Plainfield
Independent Auditor's Communication of Significant Deficiencies***

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.

We noted that the Town has not yet formally adopted any polices for code of ethics, anti-fraud, computer use, internet, 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.

Treasurer's Stamp

Upon review of the internal controls over payroll processing, it was noted that there is a lack of a segregation of duties over issuing and approving payroll checks. The treasurer has a signature stamp which is not in her custody. Instead, it is used in the accounting department to stamp the payroll checks if the treasurer is unavailable to come in and sign the checks. While the board of selectmen is reviewing and approving the payroll manifests prior to the checks being released to the employees, the treasurer has not reviewed them. From an internal controls standpoint, it is recommended that the person processing the payroll should not also be using the treasurer's stamp to endorse the checks.

We recommend that the treasurer retain custody of her signature stamp and that she endorse the checks herself, or in her absence her deputy, after the Board of Selectmen have approved the payroll manifest.

Reconciliation of Cash

When performing the audit of the treasurer's cash accounts it was noted that the current format of the bank reconciliation makes reconciliation of the general ledger balance and the bank balance difficult. We recommend that the bank reconciliation format and process be changed to make reconciliation of these items easier. This would ensure that the bank statement is agreed to the general ledger on a monthly basis and enable a visible monthly summary of activity.

In addition, we have noted other matters involving internal control and its operation that we have reported to the management of the Town of Plainfield in a separate letter dated May 18, 2011.

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

May 18, 2011

*Plodzik & Sanderson
Professional Association*