

**TOWN OF PLAINFIELD,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2011**

*TOWN OF PLAINFIELD, NEW HAMPSHIRE*  
*ANNUAL FINANCIAL REPORT*  
*AS OF AND FOR THE FISCAL YEAR ENDED*  
*DECEMBER 31, 2011*

*TABLE OF CONTENTS*

		<u>PAGES</u>
<i>INDEPENDENT AUDITOR'S REPORT</i> .....		1
 <i>BASIC FINANCIAL STATEMENTS</i> 		
<b>Government-wide Financial Statements</b>		
A	Statement of Net Assets .....	2
B	Statement of Activities .....	3
<b>Fund Financial Statements</b>		
<i>Governmental Funds</i>		
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
<i>Budgetary Comparison Information</i>		
D	Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	8
<i>Fiduciary Funds</i>		
E-1	Statement of Fiduciary Net Assets .....	9
E-2	Statement of Changes in Fiduciary Net Assets .....	10
<i>NOTES TO THE BASIC FINANCIAL STATEMENTS</i> .....		11 - 24
 <i>COMBINING AND INDIVIDUAL FUND SCHEDULES</i> 		
<b>Governmental Funds</b>		
<i>Major General Fund</i>		
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) .....	25
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis).....	26 - 27
3	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis).....	28
<i>Nonmajor Governmental Funds</i>		
4	Combining Balance Sheet .....	29
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	30
<i>INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES</i> .....		31



## PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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

### *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, major fund, and the aggregate remaining fund information of the Town of Plainfield, New Hampshire as of and for the year ended December 31, 2011, 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 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, major fund, and the aggregate remaining fund information of the Town of Plainfield as of December 31, 2011 and the respective changes in financial position for the year then ended and the respective budgetary comparison for the general fund, in conformity with accounting principles generally accepted in the United States of America.

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 financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial schedules 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 basic financial statements as a whole.

April 13, 2012

*Plodzik & Sanderson  
Professional Association*

***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**December 31, 2011**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,307,016
Investments	741,250
Intergovernmental receivable	19,999
Other receivables, net of allowances for uncollectible	497,252
Capital assets, not being depreciated:	
Land	782,202
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	99,355
Equipment and vehicles	460,207
Infrastructure	304,893
Total assets	5,212,174
<b>LIABILITIES</b>	
Accounts payable	27,914
Accrued salaries and benefits	11,864
Intergovernmental payable	2,212,892
Accrued interest payable	2,977
Noncurrent obligations:	
Due within one year:	
Note	25,000
Due in more than one year:	
Note	137,500
Compensated absences	25,257
Total liabilities	2,443,404
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,484,157
Restricted for perpetual care	260,084
Unrestricted	1,024,529
Total net assets	\$ 2,768,770

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, 2011**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 318,989	\$ 17,820	\$ -	\$ (301,169)
Public safety	482,823	2,812	4,195	(475,816)
Highways and streets	1,187,870	3,248	417,637	(766,985)
Sanitation	191,891	87,482	-	(104,409)
Health	18,059	-	-	(18,059)
Welfare	7,551	400	-	(7,151)
Culture and recreation	139,061	4,201	-	(134,860)
Conservation	7,550	150	-	(7,400)
Interest on long-term debt	6,771	-	-	(6,771)
Total governmental activities	<u>\$ 2,360,565</u>	<u>\$ 116,113</u>	<u>\$ 421,832</u>	<u>\$ (1,822,620)</u>
General revenues:				
Taxes:				
Property				1,228,899
Other				44,186
Motor vehicle permit fees				389,148
Licenses and other fees				6,403
Grants and contributions not restricted to specific programs				114,828
Miscellaneous				35,273
Total general revenues				<u>1,818,737</u>
Change in net assets				(3,883)
Net assets, beginning				<u>2,772,653</u>
Net assets, ending				<u>\$ 2,768,770</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, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,232,446	\$ 2,955	\$ 2,235,401
Investments	3,470	328,773	332,243
Receivables, net of allowance for uncollectible:			
Taxes	487,791	-	487,791
Accounts receivable	9,461	-	9,461
Intergovernmental receivable	19,999	-	19,999
Interfund receivable	-	13,645	13,645
Cash and cash equivalents - restricted	71,615	-	71,615
Investments - restricted	409,007	-	409,007
Total assets	<u>\$ 3,233,789</u>	<u>\$ 345,373</u>	<u>\$ 3,579,162</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 27,914	\$ -	\$ 27,914
Accrued salaries and benefits	11,864	-	11,864
Intergovernmental payable	2,212,892	-	2,212,892
Interfund payable	13,645	-	13,645
Total liabilities	<u>2,266,315</u>	<u>-</u>	<u>2,266,315</u>
Fund balances:			
Nonspendable	-	226,047	226,047
Restricted	93,483	34,037	127,520
Committed	391,360	-	391,360
Assigned	-	85,289	85,289
Unassigned	482,631	-	482,631
Total fund balances	<u>967,474</u>	<u>345,373</u>	<u>1,312,847</u>
Total liabilities and fund balances	<u>\$ 3,233,789</u>	<u>\$ 345,373</u>	<u>\$ 3,579,162</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, 2011*

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,312,847
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	\$ 2,696,678	
Less accumulated depreciation	<u>(1,050,021)</u>	1,646,657
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (13,645)	
Payables	<u>13,645</u>	
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,977)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Note	\$ 162,500	
Compensated absences	<u>25,257</u>	<u>(187,757)</u>
Total net assets of governmental activities (Exhibit A)		<u><u>\$ 2,768,770</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, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 1,261,377	\$ 12,126	\$ 1,273,503
Licenses and permits	395,551	-	395,551
Intergovernmental	536,660	-	536,660
Charges for services	116,113	-	116,113
Miscellaneous	31,631	3,842	35,473
Total revenues	<u>2,341,332</u>	<u>15,968</u>	<u>2,357,300</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	334,828	250	335,078
Public safety	468,663	-	468,663
Highways and streets	1,080,409	-	1,080,409
Sanitation	191,891	-	191,891
Health	18,059	-	18,059
Welfare	7,551	-	7,551
Culture and recreation	138,813	-	138,813
Conservation	605	4,420	5,025
<b>Debt service:</b>			
Principal	25,000	-	25,000
Interest	7,241	-	7,241
Capital outlay	3,500	248	3,748
Total expenditures	<u>2,276,560</u>	<u>4,918</u>	<u>2,281,478</u>
Excess of revenues over expenditures	<u>64,772</u>	<u>11,050</u>	<u>75,822</u>
<b>Other financing sources (uses):</b>			
Transfers in	10,000	-	10,000
Transfers out	-	(10,000)	(10,000)
Total other financing sources and uses	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	74,772	1,050	75,822
Fund balances, beginning, as restated (see Note 14)	892,702	344,323	1,237,025
Fund balances, ending	<u>\$ 967,474</u>	<u>\$ 345,373</u>	<u>\$ 1,312,847</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, 2011*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 75,822
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	\$ 16,900	
Depreciation expense	<u>(111,440)</u>	(94,540)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (10,000)	
Transfers out	<u>10,000</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred revenue		(418)
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 bond principal		25,000
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	\$ 470	
Increase in compensated absences payable	<u>(10,217)</u>	(9,747)
Changes in net assets of governmental activities (Exhibit B)		<u><u>\$ (3,883)</u></u>

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

**EXHIBIT D**  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
*Statement of Revenues, Expenditures, and Change in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,272,488	\$ 1,272,488	\$ 1,260,820	\$ (11,668)
Licenses and permits	498,000	408,000	395,551	(12,449)
Intergovernmental	223,849	529,157	532,465	3,308
Charges for services	30,000	120,000	115,372	(4,628)
Miscellaneous	11,000	22,602	27,406	4,804
Total revenues	<u>2,035,337</u>	<u>2,352,247</u>	<u>2,331,614</u>	<u>(20,633)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	334,370	337,323	321,328	15,995
Public safety	446,336	460,326	464,468	(4,142)
Highways and streets	735,507	1,081,748	1,077,909	3,839
Sanitation	190,310	190,310	191,891	(1,581)
Health	20,695	20,695	18,059	2,636
Welfare	5,250	5,250	7,551	(2,301)
Culture and recreation	125,119	36,666	30,297	6,369
Conservation	500	500	605	(105)
<b>Debt service:</b>				
Principal	25,000	25,000	25,000	-
Interest	7,250	7,250	7,241	9
Capital outlay	3,500	3,500	500	3,000
Total expenditures	<u>1,893,837</u>	<u>2,168,568</u>	<u>2,144,849</u>	<u>23,719</u>
Excess of revenues over expenditures	<u>141,500</u>	<u>183,679</u>	<u>186,765</u>	<u>3,086</u>
<b>Other financing sources (uses):</b>				
Transfers in	11,000	74,300	67,750	(6,550)
Transfers out	(152,500)	(257,979)	(257,979)	-
Total other financing sources and uses	<u>(141,500)</u>	<u>(183,679)</u>	<u>(190,229)</u>	<u>(6,550)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(3,464)	<u>\$ (3,464)</u>
Decrease in committed fund balance			1,005	
Unassigned fund balance, beginning			485,090	
Unassigned fund balance, ending			<u>\$ 482,631</u>	

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

**EXHIBIT E-1**  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
*Fiduciary Funds*  
**Statement of Fiduciary Net Assets**  
**December 31, 2011**

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Investments	\$ 144,860	\$ 563,772
<b>LIABILITIES</b>		
Due to other governmental units	-	563,772
<b>NET ASSETS</b>		
Held in trust for special purposes	\$ 144,860	\$ -

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

**EXHIBIT E-2**  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended December 31, 2011**

	Private Purpose Trust
<b>ADDITIONS</b>	
Investment earnings:	
Interest and dividends	\$ 3,889
Net increase in fair market value of investments	846
Total additions	4,735
<b>DEDUCTIONS</b>	
Trust income distributions	(585)
Change in net assets	4,150
Net assets, beginning	140,710
Net assets, ending	\$ 144,860

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, 2011**

	<u>NOTE</u>
<b>Summary of Significant Accounting Policies .....</b>	<b>1</b>
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
Allowances for Uncollectible Accounts.....	1-I
Compensated Absences .....	1-J
Long-Term Obligations .....	1-K
Claims and Judgments .....	1-L
Equity/Fund Balance Classifications .....	1-M
Interfund Activities .....	1-N
Use of Estimates .....	1-O
 <b>Stewardship, Compliance, and Accountability .....</b>	 <b>2</b>
Budgetary Information .....	2-A
Budgetary Reconciliation to GAAP Basis .....	2-B

*DETAILED NOTES ON ALL FUNDS*

<b>Cash and Cash Equivalents .....</b>	<b>3</b>
<b>Investments .....</b>	<b>4</b>
<b>Taxes Receivable.....</b>	<b>5</b>
<b>Other Receivables.....</b>	<b>6</b>
<b>Capital Assets.....</b>	<b>7</b>
<b>Interfund Balances and Transfers .....</b>	<b>8</b>
<b>Intergovernmental Payables.....</b>	<b>9</b>
<b>Long-Term Liabilities .....</b>	<b>10</b>
<b>Governmental Activities Net Assets.....</b>	<b>11</b>
<b>Governmental Fund Balances .....</b>	<b>12</b>
<b>Prior Period Adjustments .....</b>	<b>13</b>
<b>Employee Retirement Plan .....</b>	<b>14</b>
<b>Risk Management.....</b>	<b>15</b>
<b>Contingent Liabilities.....</b>	<b>16</b>
<b>Implementation of New GASB Pronouncements .....</b>	<b>17</b>
<b>Subsequent Events.....</b>	<b>18</b>

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**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 the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities, and net 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, 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 statements, with an emphasis placed on the 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 fund 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.

**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.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**Special Revenue Funds** – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purpose other than capital projects.

**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.

**Nonmajor Funds** – The Town also reports six 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 (except property taxes mentioned below) 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.

**Revenues – Nonexchange Transactions** – Nonexchange transactions in which the Town receives value without directly giving equal value in return include property taxes, certain fees, 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



**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

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 before it can be recognized (Interpretation No. 1, as modified, 60-day rule), with the exception of property taxes which are committed and recognized as revenue in order to offset the liability due the school district to be paid in monthly installments over the next six months. This practice is consistent with the previous years.

***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 New Hampshire 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 and governmental fund 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, accounts, and intergovernmental receivables.

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 service 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.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

***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.

***1-I Allowance for Uncollectible Accounts***

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

***1-J 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.

All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide fund financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

***1-K Long-Term Obligations***

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

***1-L 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-M Equity/Fund Balance 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.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

- 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.”

**Governmental Fund Balances Classification** – The Town of Plainfield has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for this fiscal year ending December 31, 2011. GASB Statement No. 54 establishes fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact. The Town has classified the principal portion of permanent funds as being nonspendable, as this is not expected to be converted to cash or are not expected to be converted to cash within the next year. This was previously reported as reserved for endowments.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified its library and the income portion of permanent funds as being restricted. These items were previously reported as reserved for special purposes or unreserved, designated for special purposes.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body (Town Meeting) removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Expendable trust funds are included in this classification. These items were previously reported as reserved for special purposes.

**Assigned** – This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. This amount was previously reported as unreserved, undesignated.

**Unassigned** – This classification includes the residual fund balance for the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. This amount was previously reported as unreserved, undesignated.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 4). As discussed in Note 1, restricted funds are used first as appropriate, followed by committed resources, and then assigned resources, as appropriate opportunities arise. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

***I-N 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.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**1-O 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. Significant estimates include depreciation expense.

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

**2-A Budgetary Information**

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2011, none of the beginning general fund unassigned fund balance was applied for this purpose.

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,399,364
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
Income earned on eliminated expendable trust and library funds	2,528
To eliminate transfers between general and expendable trust funds	(54,755)
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>4,195</u>
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 2,351,332</u></u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,402,828
Adjustment:	
Basis differences:	
Encumbrances, beginning	23,000
GASB Statement No. 54:	
To eliminate transfers between general and expendable trust funds	(48,947)
To recognize expenditures of the expendable trust and library funds	(104,516)
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	<u>4,195</u>
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 2,276,560</u></u>

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**DETAILED NOTES ON ALL FUNDS**

**NOTE 3 – 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, 2011, \$42,638 of the Town's bank balances of \$2,331,246 was exposed to custodial credit risk as uninsured and uncollateralized.

**Repurchase Agreement** - Included in the Town's cash equivalents at December 31, 2011, is a short-term investment in a repurchase agreement issued by a local banking institution. Under this agreement, the Town will be repaid principal plus interest on a specified date which is subsequent to year-end. The agreement is guaranteed/collateralized with securities held by the banking institution which equal the amount of the agreement. To the extent that the banking institution may default on its commitment to this obligation, the Town is at risk of economic loss. Management considers this exposure to be minimal. At December 31, 2011, the Town held funds in the following repurchase agreement:

Amount	Interest Rate %	Maturity Date	Collateral Pledged	
			Underlying Securities	Market Value
\$ 2,088,662	0.2500	January 2, 2012	GNMA Pool	\$ 2,151,322

**NOTE 4 – 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, 2011, the Town had the following investments:

	Governmental Activities
Certificate of deposit	\$ 820,878
New Hampshire Public Deposit Investment Pool	305,403
Common stocks	17,647
Fixed income mutual funds	305,954
	\$ 1,449,882

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that change could materially affect the amounts reported in the statement of net assets.

Investment reconciliation:

Investment per Statement of Net Assets (Exhibit A)	\$ 741,250
Investment per Statement of Fiduciary Net Assets (Exhibit E-1)	708,632
Total investments	\$ 1,449,882

**NOTE 5 – 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, 2011, upon which the 2011 property tax levy was based is:

For the New Hampshire education tax	\$ 274,860,782
For all other taxes	\$ 281,990,682

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Taxes were levied on June 1 and November 1, with payments due on July 1 and December 7. Interest accrues 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.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

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, 2011 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	<u>\$4.39</u>	<u>\$ 1,236,942</u>
School portion:		
State of New Hampshire	\$2.35	646,511
Local	\$14.18	3,997,699
County portion	\$2.93	<u>827,571</u>
Total		<u><u>\$ 6,708,723</u></u>

During the current fiscal year, the tax collector executed a lien on May 10, 2011 for all uncollected 2010 property taxes.

Taxes receivable at December 31, 2011, are as follows:

Property:	
Levy of 2011	\$ 299,552
Unredeemed (under tax lien):	
Levy of 2010	108,463
Levy of 2009	69,991
Levies of 2008 and prior	39,615
Yield	170
Less: allowance for estimated uncollectible taxes	<u>(30,000)</u>
Net taxes receivable	<u><u>\$ 487,791</u></u>

**NOTE 6 – OTHER RECEIVABLES**

Receivables at December 31, 2011, consisted of billings for refuse charges in the general fund totaling \$9,461. 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, 2011**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011 consisted of the following:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
At cost:			
Not being depreciated:			
Land	\$ 765,302	\$ 16,900	\$ 782,202
Being depreciated:			
Buildings and building improvements	190,692	-	190,692
Equipment and vehicles	1,190,524	-	1,190,524
Infrastructure	533,260	-	533,260
Total capital assets being depreciated	<u>1,914,476</u>	<u>-</u>	<u>1,914,476</u>
Total all capital assets	<u>2,679,778</u>	<u>16,900</u>	<u>2,696,678</u>
Less accumulated depreciation:			
Buildings and building improvements	(90,113)	(1,224)	(91,337)
Equipment and vehicles	(655,651)	(74,666)	(730,317)
Infrastructure	(192,817)	(35,550)	(228,367)
Total accumulated depreciation	<u>(938,581)</u>	<u>(111,440)</u>	<u>(1,050,021)</u>
Net book value, capital assets being depreciated	<u>975,895</u>	<u>(111,440)</u>	<u>864,455</u>
Net book value, all governmental activities capital assets	<u>\$ 1,741,197</u>	<u>\$ (94,540)</u>	<u>\$ 1,646,657</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	\$ 785
Public safety	7,733
Highways and streets	100,197
Conservation commission	2,725
Total depreciation expense	<u>\$ 111,440</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at December 31, 2011, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor	General	<u>\$ 13,645</u>

Interfund transfers during the year ended December 31, 2011 are as follows:

	<u>Transfers In:</u>
	General
	<u>Fund</u>
Transfers out:	
Nonmajor funds	<u>\$ 10,000</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.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due from the general fund of \$2,212,892 to other governments at December 31, 2011, consist of the following:

Balance of 2011-2012 district assessment due to the Plainfield School District	\$ 2,194,210
New Hampshire Retirement System	11,952
City of Lebanon for refuse disposal fees	2,661
Meridan Village District for water/wastewater	170
Miscellaneous federal, state, and county fees	3,899
Total intergovernmental payables due	\$ 2,212,892

**NOTE 10 – LONG-TERM LIABILITIES**

Changes in the Town’s long-term obligations consisted of the following for the year ended December 31, 2011:

	General Obligation Note Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 187,500	\$ 15,040	\$ 202,540
Additions	-	10,217	10,217
Reductions	(25,000)	-	(25,000)
Balance, ending	\$ 162,500	\$ 25,257	\$ 187,757

Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2011	Current Portion
General obligation note payable:						
Library expansion	\$ 375,000	2003	2018	4.00	\$ 162,500	\$ 25,000
Compensated absences payable:						
Accrued vacation leave					25,257	-
Total					\$ 187,757	\$ 25,000

The annual requirements to amortize all general obligation notes outstanding as of December 31, 2011, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	25,000	2,250	27,250
2016-2018	37,500	1,501	39,001
Totals	\$ 162,500	\$ 22,723	\$ 185,223



**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**NOTE 11 – GOVERNMENTAL ACTIVITIES NET ASSETS**

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2011 include the following:

Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 1,646,657
Less:	
Note payable	(162,500)
Total invested in capital assets, net of related debt	<u>1,484,157</u>
Restricted for perpetual care	260,084
Unrestricted	<u>1,024,529</u>
Total net assets	<u><u>\$ 2,768,770</u></u>

**NOTE 12 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Nonspendable:	
Nonmajor fund:	
Permanent fund (principal balance)	\$ <u>226,047</u>
Restricted:	
Major fund:	
General:	
Meriden Library	87,962
Philip Read Memorial Library	5,521
Nonmajor fund:	
Permanent fund (interest income)	34,037
Total restricted fund balance	<u>127,520</u>
Committed:	
Major fund:	
General:	
Expendable trust funds	<u>391,360</u>
Assigned:	
Nonmajor funds:	
Special revenue:	
Plainfield History	400
Conservation commission operating	60,076
Conservation commission forestry	18,750
Land use change	6,063
Total assigned fund balance	<u>85,289</u>
Unassigned:	
Major fund:	
General	<u>482,631</u>
Total governmental fund balances	<u><u>\$ 1,312,847</u></u>

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

**NOTE 13 – PRIOR PERIOD ADJUSTMENTS**

Fund equity at January 1, 2011 was restated to record funds previously recorded as special revenue funds, that under GASB Statement No. 54 are now considered part of the general fund, as follows:

	General Fund	Other Governmental Funds
Adjustments:		
Expendable trust funds	\$ 298,897	\$ (298,897)
Public libraries	85,267	(85,267)
Fund balance, as previously reported	508,538	728,487
Fund balance, as restated	\$ 892,702	\$ 344,323

**NOTE 14 – 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. Through June 30, 2011, all employees except police officers were required to contribute 5% of earnable compensation. Police officers were required to contribute 9.3% of gross earnings. Effective July 1, 2011, the contribution rates changed to 7% for employees other than police officers and 11.55% for police officers. The Town’s contribution rates for 2011 were as follows:

	Police	Other Employees
January 1 through June 30	14.63%	9.16%
July 1 through July 31	16.62%	11.08%
August 1 through December 31	19.95%	8.80%

The contribution requirements for the Town of Plainfield for the fiscal years 2009, 2010, and 2011 were \$48,703, \$56,556, and \$62,613, respectively, which were paid in full in each year.

For the first six months of 2011, the State of New Hampshire funded 25% of the total employer normal contribution rate for police officers and firefighters employed by the Town. As of July 1, the funding rate increased to 35% of the total employer normal contribution rate. House Bill 2 (Chapter 0224, *Laws of 2011*) amended RSA 100-A:16 by eliminating the State’s cost sharing, thereby requiring employers to fund 100% of the total employer contributions, effective August 1, 2011. HB 2 further authorized the State to pay \$3.5 million in the State’s FY 2012 towards political subdivision employer contributions for their Group I Teacher and Group II Police and Fire members. The amount funded for the Town of Plainfield for police from this authorization at December 31, 2011 is \$4,195. The total amount contributed by the State for 2011, \$4,195 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 Statement of Activities.

**NOTE 15 – 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 2011, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers’ Compensation and Property/Liability Programs. These entities are public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2011**

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2011 to December 31, 2011 by Primex<sup>3</sup>, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Plainfield billed and paid for the year ended December 31, 2011 was \$14,764 for workers' compensation and \$20,630 for property/liability. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> 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, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

**NOTE 16 – 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 17 – 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 mandatory for the Town for fiscal year ended December 31, 2011 and accordingly have been implemented. GASB Statements No. 60 through No. 64, issued during 2010 and 2011, are not effective for financial statements until the subsequent years.

**NOTE 18 – 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 April 13, 2012, the date the December 31, 2011 financial statements were issued, and no events occurred that require recognition or disclosure.

***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, 2011*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 1,201,318	\$ 1,228,760	\$ 27,442
Land use change	2,125	-	(2,125)
Timber	13,000	5,493	(7,507)
Excavation	45	-	(45)
Payment in lieu of taxes	1,000	-	(1,000)
Interest and penalties on taxes	55,000	26,567	(28,433)
Total from taxes	<u>1,272,488</u>	<u>1,260,820</u>	<u>(11,668)</u>
<b>Licenses, permits, and fees:</b>			
Motor vehicle permit fees	400,000	389,148	(10,852)
Other	8,000	6,403	(1,597)
Total from licenses, permits, and fees	<u>408,000</u>	<u>395,551</u>	<u>(12,449)</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	105,582	105,838	256
Highway block grant	118,123	121,319	3,196
State and federal forest land reimbursement	144	-	(144)
Other	8,990	8,990	-
Federal:			
FEMA	296,318	296,318	-
Total from intergovernmental	<u>529,157</u>	<u>532,465</u>	<u>3,308</u>
<b>Charges for services:</b>			
Income from departments	<u>120,000</u>	<u>115,372</u>	<u>(4,628)</u>
<b>Miscellaneous:</b>			
Sale of municipal property	1,000	3,999	2,999
Interest on investments	7,500	7,025	(475)
Rent of property	-	440	440
Contributions and donations	11,602	11,602	-
Other	2,500	4,340	1,840
Total from miscellaneous	<u>22,602</u>	<u>27,406</u>	<u>4,804</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds:			
Permanent	11,000	4,450	(6,550)
Expendable trust	63,300	63,300	-
Total other financing sources	<u>74,300</u>	<u>67,750</u>	<u>(6,550)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 2,426,547</u>	<u>\$ 2,399,364</u>	<u>\$ (27,183)</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, 2011*

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
<b>Current:</b>				
<b>General government:</b>				
Executive	\$ -	\$ 167,240	\$ 166,471	\$ 769
Election and registration	-	4,580	1,527	3,053
Financial administration	-	63,300	67,587	(4,287)
Revaluation of property	-	10,000	9,303	697
Legal	13,500	8,600	7,586	14,514
Personnel administration	-	7,000	8,004	(1,004)
Planning and zoning	-	2,200	593	1,607
General government buildings	-	8,303	9,827	(1,524)
Cemeteries	-	26,000	24,096	1,904
Insurance, not otherwise allocated	-	35,000	34,783	217
Advertising and regional associations	-	5,100	5,051	49
Total general government	<u>13,500</u>	<u>337,323</u>	<u>334,828</u>	<u>15,995</u>
<b>Public safety:</b>				
Police	-	317,156	325,406	(8,250)
Ambulance	-	29,120	27,887	1,233
Fire	-	81,000	81,000	-
Building inspection	-	8,700	7,212	1,488
Emergency management	-	250	-	250
Dispatching	-	24,100	19,363	4,737
Other	-	-	3,600	(3,600)
Total public safety	<u>-</u>	<u>460,326</u>	<u>464,468</u>	<u>(4,142)</u>
<b>Highways and streets:</b>				
Administration	-	23,800	21,622	2,178
Highways and streets	2,500	938,063	938,010	2,553
Bridges	-	111,385	112,885	(1,500)
Street lighting	-	8,500	7,892	608
Total highways and streets	<u>2,500</u>	<u>1,081,748</u>	<u>1,080,409</u>	<u>3,839</u>
<b>Sanitation:</b>				
Solid waste collection	-	140,000	140,770	(770)
Solid waste disposal	-	50,310	51,121	(811)
Total sanitation	<u>-</u>	<u>190,310</u>	<u>191,891</u>	<u>(1,581)</u>
<b>Health:</b>				
Administration	-	20,195	17,664	2,531
Other	-	500	395	105
Total health	<u>-</u>	<u>20,695</u>	<u>18,059</u>	<u>2,636</u>
<b>Welfare:</b>				
Administration	-	5,250	7,551	(2,301)
<b>Culture and recreation:</b>				
Parks and recreation	-	18,140	18,910	(770)
Library	-	5,424	5,424	-
Patriotic purposes	4,000	1,500	1,260	4,240
Other	-	11,602	8,703	2,899
Total culture and recreation	<u>4,000</u>	<u>36,666</u>	<u>34,297</u>	<u>6,369</u>
Conservation	-	500	605	(105)

*(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, 2011*

	Encumbered from Prior Year	Appropriations	Expenditures	Variance Positive (Negative)
Debt service:				
Principal of long-term debt	-	25,000	25,000	-
Interest on long-term debt	-	7,250	7,241	9
Total debt service	-	32,250	32,241	9
Capital outlay	3,000	3,500	3,500	3,000
Other financing uses:				
Transfers out:				
Nonmajor funds:				
Special revenue:				
Plainfield Library	-	63,557	63,557	-
Meridan Library	-	41,922	41,922	-
Expendable trust	-	152,500	152,500	-
Total other financing uses	-	257,979	257,979	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 23,000	\$ 2,426,547	\$ 2,425,828	\$ 23,719

**SCHEDULE 3**  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
**Major General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended December 31, 2011**

---

Unassigned fund balance, beginning		\$ 485,090
Changes:		
2011 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (27,183)	
Unexpended balance of appropriations (Schedule 2)	<u>23,719</u>	
2011 Budget deficit		(3,464)
Decrease in restricted fund balance		<u>1,005</u>
Unassigned fund balance, ending		<u>\$ 482,631</u>



**SCHEDULE 4**  
**TOWN OF PLAINFIELD, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2011**

	Special Revenue Funds						Total
	Plainfield History	Phillip Read Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Permanent Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 2,555	\$ 2,955
Investments	-	-	52,494	18,750	-	257,529	328,773
Interfund receivable	-	-	7,582	-	6,063	-	13,645
Total assets	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 60,076</u>	<u>\$ 18,750</u>	<u>\$ 6,063</u>	<u>\$ 260,084</u>	<u>\$ 345,373</u>
<b>FUND BALANCES</b>							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,047	\$ 226,047
Restricted	-	-	-	-	-	34,037	34,037
Assigned	400	-	60,076	18,750	6,063	-	85,289
Total fund balances	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 60,076</u>	<u>\$ 18,750</u>	<u>\$ 6,063</u>	<u>\$ 260,084</u>	<u>\$ 345,373</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, 2011**

	Special Revenue Funds						Total
	Plainfield History	Phillip Read Memorial Library Building	Conservation Commission Operating	Conservation Commission Forestry	Land Use Change	Permanent Fund	
Revenues:							
Taxes	\$ -	\$ -	\$ 6,063	\$ -	\$ 6,063	\$ -	\$ 12,126
Miscellaneous	232	-	40	14	-	3,556	3,842
Total revenues	<u>232</u>	<u>-</u>	<u>6,103</u>	<u>14</u>	<u>6,063</u>	<u>3,556</u>	<u>15,968</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	250	250
Conservation	-	-	2,900	-	1,520	-	4,420
Capital outlay	-	248	-	-	-	-	248
Total expenditures	<u>-</u>	<u>248</u>	<u>2,900</u>	<u>-</u>	<u>1,520</u>	<u>250</u>	<u>4,918</u>
Excess (deficiency) of revenues over (under) expenditures	232	(248)	3,203	14	4,543	3,306	11,050
Other financing uses:							
Transfers out	(1,900)	-	-	-	-	(8,100)	(10,000)
Net change in fund balances	(1,668)	(248)	3,203	14	4,543	(4,794)	1,050
Fund balances, beginning	2,068	248	56,873	18,736	1,520	264,878	344,323
Fund balances, ending	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 60,076</u>	<u>\$ 18,750</u>	<u>\$ 6,063</u>	<u>\$ 260,084</u>	<u>\$ 345,373</u>



## PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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

### **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, major fund, and the aggregate remaining fund information of the Town of Plainfield as of and for the year ended December 31, 2011, 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 of Plainfield'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. 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 deficiency in the Town of Plainfield's internal control to be a significant deficiency:

#### ***Treasurer's Stamp***

Upon review of the internal controls over payroll processing, it was again 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. It was also noted that the board of selectmen is not always reviewing and approving the payroll manifests prior to the checks being released to the employees. From an internal control standpoint, it is recommended that the person processing the payroll should not also be using the treasurer's stamp to endorse the checks. In addition, the Town is not in compliance with RSA 41:29-a which states that the treasurer not disburse funds until she has received approval by the majority of the board of selectmen.

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 majority of the board of selectmen have approved the payroll manifest.

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.

April 13, 2012

*Plodzik & Sanderson  
Professional Association*