

**TOWN OF PLAINFIELD,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

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

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, and the budgetary comparison information for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis - Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

*Town of Plainfield
Independent Auditor's Report*

Other Information - 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

July 3, 2014

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,827,878
Investments	366,117
Taxes receivables (net)	577,995
Account receivables	10,218
Intergovernmental receivable	58,995
Tax deeded property, subject to resale	2,550
Restricted assets:	
Cash and cash equivalents	70,582
Investments	449,571
Capital assets:	
Land and construction in progress	919,939
Other capital assets, net of depreciation	1,063,368
Total assets	6,347,213
LIABILITIES	
Accounts payable	29,011
Accrued salaries and benefits	8,804
Accrued interest payable	1,185
Intergovernmental payable	2,862,915
Long-term liabilities:	
Due within one year	38,607
Due in more than one year	138,270
Total liabilities	3,078,792
NET POSITION	
Net investment in capital assets	1,842,764
Restricted:	
Library	97,499
Perpetual care	297,629
Unrestricted	1,030,529
Total net position	\$ 3,268,421

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, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
General government	\$ 451,921	\$ 13,051	\$ -	\$ (438,870)
Public safety	481,210	3,650	-	(477,560)
Highways and streets	840,056	7,890	182,064	(650,102)
Sanitation	192,941	80,090	-	(112,851)
Health	17,665	-	-	(17,665)
Welfare	5,557	2,051	880	(2,626)
Culture and recreation	143,923	4,154	-	(139,769)
Conservation	65	-	-	(65)
Capital outlay	3,501	-	-	(3,501)
Total governmental activities	<u>\$ 2,136,839</u>	<u>\$ 110,886</u>	<u>\$ 182,944</u>	<u>(1,843,009)</u>
General revenues:				
Taxes:				
Property				1,316,221
Other				15,886
Motor vehicle permit fees				432,638
Licenses and other fees				6,190
Grants and contributions not restricted to specific programs				106,486
Unrestricted investment earnings				17,018
Miscellaneous				119,844
Total general revenues				<u>2,014,283</u>
Change in net position				171,274
Net position, beginning				3,097,147
Net position, ending				<u>\$ 3,268,421</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, 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,804,467	\$ 23,411	\$ 2,827,878
Investments	3,475	362,642	366,117
Accounts receivable	10,218	-	10,218
Taxes receivable	642,995	-	642,995
Due from other governments	58,995	-	58,995
Interfund receivable	-	9,410	9,410
Tax deeded property, subject to resale	2,550	-	2,550
Restricted assets:			
Cash and cash equivalents	70,582	-	70,582
Investments	449,571	-	449,571
Total assets	<u>\$ 4,042,853</u>	<u>\$ 395,463</u>	<u>\$ 4,438,316</u>
LIABILITIES			
Accounts payable	\$ 29,011	\$ -	\$ 29,011
Accrued salaries and benefits	8,804	-	8,804
Due to other governments	2,862,915	-	2,862,915
Interfund payable	9,410	-	9,410
Total liabilities	<u>2,910,140</u>	<u>-</u>	<u>2,910,140</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	540,074	-	540,074
FUND BALANCES			
Nonspendable	2,550	229,223	231,773
Restricted	97,499	68,406	165,905
Committed	422,654	97,834	520,488
Assigned	10,500	-	10,500
Unassigned	59,436	-	59,436
Total fund balances	<u>592,639</u>	<u>395,463</u>	<u>988,102</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,042,853</u>	<u>\$ 395,463</u>	<u>\$ 4,438,316</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 the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2013

Total fund balances of governmental funds (Exhibit C-1)		\$ 988,102
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 3,073,210	
Less accumulated depreciation	<u>(1,089,903)</u>	
		1,983,307
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (9,410)	
Payables	<u>9,410</u>	
		-
Property taxes not collected within 60 days of fiscal year-end are not available to pay for current period expenditures, and therefore are deferred in the funds.		
Deferred property taxes	\$ 540,074	
Allowance for uncollectible taxes	<u>(65,000)</u>	
		475,074
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(1,185)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Note	\$ 112,500	
Capital leases	28,043	
Compensated absences	<u>36,334</u>	
		<u>(176,877)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 3,268,421</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, 2013

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,220,665	\$ 9,410	\$ 1,230,075
Licenses and permits	438,828	-	438,828
Intergovernmental	288,550	-	288,550
Charges for services	110,886	-	110,886
Investment earnings	26,853	21,592	48,446
Miscellaneous	82,705	6,592	89,296
Total revenues	<u>2,168,487</u>	<u>37,594</u>	<u>2,206,081</u>
EXPENDITURES			
Current:			
General government	407,633	-	407,633
Public safety	482,983	-	482,983
Highways and streets	770,133	-	770,133
Sanitation	192,941	-	192,941
Health	17,665	-	17,665
Welfare	5,557	-	5,557
Culture and recreation	232,822	-	232,822
Conservation	65	-	65
Debt service:			
Principal	25,000	-	25,000
Interest	4,848	-	4,848
Total expenditures	<u>2,139,647</u>	<u>-</u>	<u>2,139,647</u>
Excess of revenues over expenditures	<u>28,840</u>	<u>37,594</u>	<u>66,434</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	14,965	-	14,965
Transfers out	-	(14,965)	(14,965)
Total other financing sources (uses)	<u>14,965</u>	<u>(14,965)</u>	<u>-</u>
Net change in fund balances	43,805	22,629	66,434
Fund balances, beginning, as restated (see Note 18)	548,834	372,834	921,668
Fund balances, ending	<u>\$ 592,639</u>	<u>\$ 395,463</u>	<u>\$ 988,102</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, 2013

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 66,434
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	\$ 89,516	
Depreciation expense	<u>(124,316)</u>	(34,800)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (14,965)	
Transfers out	<u>14,965</u>	-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue		102,032
The repayment of principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of note principal	\$ 25,000	
Repayment of capital leases	<u>12,825</u>	37,825
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	\$ 1,347	
Increase in compensated absences payable	<u>(1,564)</u>	(217)
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 171,274</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 Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 1,333,555	\$ 1,333,555	\$ 1,322,697	\$ (10,858)
Licenses and permits	423,000	423,000	438,828	15,828
Intergovernmental	204,375	263,369	288,550	25,181
Charges for services	111,425	111,425	110,886	(539)
Investment earnings	5,000	5,000	978	(4,022)
Miscellaneous	24,000	24,000	8,028	(15,972)
Total revenues	<u>2,101,355</u>	<u>2,160,349</u>	<u>2,169,967</u>	<u>9,618</u>
EXPENDITURES				
Current:				
General government	342,605	400,533	407,223	(6,690)
Public safety	494,548	494,548	485,883	8,665
Highways and streets	751,900	810,894	770,133	40,761
Sanitation	193,810	193,810	192,941	869
Health	20,695	20,695	17,665	3,030
Welfare	5,250	5,250	5,557	(307)
Culture and recreation	133,797	134,277	132,276	2,001
Conservation	500	500	65	435
Debt service:				
Principal	25,000	25,000	25,000	-
Interest	5,250	5,250	4,848	402
Total expenditures	<u>1,973,355</u>	<u>2,090,757</u>	<u>2,041,591</u>	<u>49,166</u>
Excess of revenues over expenditures	<u>128,000</u>	<u>69,592</u>	<u>128,376</u>	<u>58,784</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500	62,908	70,673	7,765
Transfers out	(163,925)	(163,925)	(163,925)	-
Total other financing sources (uses)	<u>(159,425)</u>	<u>(101,017)</u>	<u>(93,252)</u>	<u>7,765</u>
Net change in fund balance	<u>\$ (31,425)</u>	<u>\$ (31,425)</u>	35,124	<u>\$ 66,549</u>
Unassigned fund balance, beginning			499,386	
Unassigned fund balance, ending			<u>\$ 534,510</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 Position
December 31, 2013

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 12,979	\$ -
Investments	159,562	640,791
Total assets	<u>172,541</u>	<u>640,791</u>
LIABILITIES		
Due to other governmental units	<u>-</u>	<u>640,791</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 172,541</u>	<u>\$ -</u>

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 Position
For the Fiscal Year Ended December 31, 2013

	Private Purpose Trust
ADDITIONS	
Interest	\$ 2,879
Change in fair market value	16,676
Total additions	19,555
DEDUCTIONS	
Trust income distributions	(496)
Change in net position	19,059
Net position, beginning	153,482
Net position, ending	\$ 172,541

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, 2013

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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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1-A Reporting Entity

The Town of 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 Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities, and net position. Net position is reported as one of three categories: net investment in capital assets; restricted; or unrestricted.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund is reported separately in the fund financial statements.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

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

expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

The Town reports the following major governmental fund:

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

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

Additionally, the Town reports the following fund types:

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

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

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 Position and a Statement of Changes in Fiduciary Net Position. These funds are as follows:

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

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

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

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

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

1-E Restricted Assets

Cash held in the expendable trust and library funds are classified as restricted assets on the balance sheet because their use is designated for a specific purpose and therefore not available for immediate and general use by the Town.

1-F 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 for the Town are reported at fair value generally based on quoted market prices.

1-G Receivables

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

1-H Interfund Balances

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

1-I Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The amount reported for infrastructure includes only assets added since 2002.

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

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

	Years
Capital Asset Classes:	
Buildings and building improvements	150
Equipment and vehicles	4 - 25
Infrastructure	15 - 30

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.

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1-J Deferred Inflows of Resources

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

1-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Billings for the year were on May 23 and November 4. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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

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

For the New Hampshire education tax	\$ 252,921,713
For all other taxes	\$ 259,904,713

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	<u>\$5.12</u>	<u>\$ 1,330,927</u>
School portion:		
State of New Hampshire	\$2.72	686,964
Local	\$16.45	4,275,951
County portion	\$3.21	834,544
Total		<u><u>\$ 7,128,386</u></u>

1-L 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 separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

1-M Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

1-N 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.

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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 .” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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

1-P Net Position/Fund Balance Reporting

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

- a) ***Net investment in capital assets*** – Consists of capital assets, 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.
- b) ***Restricted net position*** – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) ***Unrestricted net position*** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

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.

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

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.

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

When multiple net position/fund balance classifications are available for use, it is the Town’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In the general fund, the Town strives to maintain an unassigned budgetary basis fund balance of 5-10% of the total property tax commitment.

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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013, \$31,425 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

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

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

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 2,240,640
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	100,552
To eliminate transfers between blended funds	(55,708)
Change in deferred tax revenue relating to 60-day revenue recognition	<u>(102,032)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,183,452</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 2,205,516
Adjustment:	
Basis differences:	
Encumbrances, beginning	7,000
Encumbrances, ending	(10,500)
GASB Statement No. 54:	
To record expendable trust expenditures during the year	101,556
To eliminate transfers between general and expendable trust funds	<u>(163,925)</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,139,647</u>

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$2,911,392 and the bank balances totaled \$2,946,774. Petty cash totaled \$47.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2013, none of the government's bank balance was exposed to custodial credit risk.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 2,898,460
Cash per Statement of Fiduciary Net Position (Exhibit E-1)	12,979
Total cash and cash equivalents	<u>\$ 2,911,439</u>

Repurchase Agreement – Included in the Town's cash equivalents at December 31, 2013, 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, 2013, the Town held an investment in the following repurchase agreements:

Amount	Interest Rate %	Maturity Date	Collateral Pledged	
			Underlying Securities	Market Value
\$ 1,643,787	1.00%	March 27, 2018	FHLMC	\$ 1,609,718
\$ 1,220,709	1.75%	January 30, 2019	FNMA	\$ 1,198,503

Custodial Credit Risk – The Town's repurchase agreements are all with banking institutions; therefore, are subject to custodial credit risk. The custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be recovered.

Interest Rate Risk – The term repurchase agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the Town's investments.

NOTE 4 – INVESTMENTS

Note 1-F describes statutory requirements covering the investment of the Town funds. 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.

At December 31, 2013, the Town had the following investments:

	<u>Governmental</u>
	<u>Activities</u>
Certificates of deposit	\$ 1,110,658
New Hampshire Public Deposit Investment Pool	141,727
Fixed income mutual funds	363,656
	<u>\$ 1,616,041</u>

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 Position.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 815,688
Investments per Statement of Fiduciary Net Position (Exhibit E-1)	800,353
Total investments	<u>\$ 1,616,041</u>

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

Certain cash and investment accounts in the general fund belong to funds which have been blended with the general fund in accordance with the requirements of GASB Statement No. 54, as follows:

Cash and cash equivalents:	
Library	<u>\$ 70,582</u>
Investments:	
Expendable trust	422,654
Library	<u>26,917</u>
Total investments	<u>449,571</u>
Total restricted assets	<u>\$ 520,153</u>

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2013. The amount has been reduced by an allowance for an estimated uncollectible amount of \$65,000. Taxes receivable by year are as follows:

Property:	
Levy of 2013	\$ 366,600
Unredeemed (under tax lien):	
Levy of 2012	117,052
Levy of 2011	84,173
Levies of 2010 and prior	72,810
Land use change	2,360
Less: allowance for estimated uncollectible taxes	<u>(65,000) *</u>
Net taxes receivable	<u>\$ 577,995</u>

*The allowance for estimated uncollectible taxes is eliminated on Exhibit C-1 due to the deferral of taxes not collected within 60 days of fiscal year-end.

NOTE 7 – ACCOUNTS RECEIVABLE

Receivables of \$10,218 at December 31, 2013, consisted of \$8,706 for billings for refuse charges and \$1,512 for fuel usage by the Meriden Volunteer Fire Department. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

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NOTE 8 – CAPITAL ASSETS

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

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 782,202	\$ -	\$ 782,202
Construction in progress	48,221	89,516	137,737
Total capital assets not being depreciated	<u>830,423</u>	<u>89,516</u>	<u>919,939</u>
Being depreciated:			
Buildings and building improvements	190,692	-	190,692
Equipment and vehicles	1,180,619	-	1,180,619
Infrastructure	781,960	-	781,960
Total capital assets being depreciated	<u>2,153,271</u>	<u>-</u>	<u>2,153,271</u>
Total all capital assets	<u>2,983,694</u>	<u>89,516</u>	<u>3,073,210</u>
Less accumulated depreciation:			
Buildings and building improvements	(92,561)	(1,224)	(93,785)
Equipment and vehicles	(600,819)	(79,252)	(680,071)
Infrastructure	(272,207)	(43,840)	(316,047)
Total accumulated depreciation	<u>(965,587)</u>	<u>(124,316)</u>	<u>(1,089,903)</u>
Net book value, capital assets being depreciated	<u>1,187,684</u>	<u>(124,316)</u>	<u>1,063,368</u>
Net book value, all capital assets	<u>\$ 2,018,107</u>	<u>\$ (34,800)</u>	<u>\$ 1,983,307</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	\$ 44,008
Public safety	11,237
Highways and streets	68,454
Culture and recreation	617
Total depreciation expense	<u>\$ 124,316</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - Interfund balances as of December 31, 2013 consisted of \$4,705 owed from the general fund to both the nonmajor Conservation Commission operating and land use change funds, representing 50% of current year land use change tax revenue, respectively.

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

Interfund Transfers - Interfund transfers for the year ended December 31, 2013 consisted of \$14,965 from the nonmajor funds to the general fund.

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

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds of \$8,804 at December 31, 2013 consisted of accrued salaries and benefits.

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NOTE 11 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$2,862,915 at December 31, 2013 consisted of the balance of the 2013-2014 district assessment due to the Plainfield School District.

NOTE 12 – DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources of \$540,074 in the general fund at December 31, 2013 consists of tax receivables not collected within 60 days of year-end.

NOTE 13 – CAPITAL LEASE OBLIGATIONS

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

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2013
Capital lease obligations:		
Police cruisers	6.10%	\$ 28,043

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

	Governmental Activities
Equipment:	
Police cruisers	\$ 56,186
Less: accumulated depreciation	22,474
Total capital lease equipment	\$ 33,712

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

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

Fiscal Year Ending December 31,	Governmental Activities
2014	\$ 15,317
2015	15,317
Total requirements	30,634
Less: interest	2,591
Present value of remaining payments	\$ 28,043

NOTE 14 – LONG-TERM LIABILITIES

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

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Note payable	\$ 137,500	\$ -	\$ (25,000)	\$ 112,500	\$ 25,000
Capital leases	40,868	-	(12,825)	28,043	13,607
Compensated absences	34,770	1,564	-	36,334	-
Total long-term liabilities	\$ 213,138	\$ 1,564	\$ (37,825)	\$ 176,877	\$ 38,607

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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, 2013</u>	<u>Current Portion</u>
General obligation note payable:						
Library expansion refinancing	\$ 125,000	2013	2018	2.28%	\$ 112,500	\$ 25,000
Capital leases payable:						
Police cruisers	\$ 56,186	2012	2015	6.10%	28,043	13,607
Compensated absences payable:						
Accrued vacation leave					36,334	-
Total					<u>\$ 176,877</u>	<u>\$ 38,607</u>

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

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 25,000	\$ 2,418	\$ 27,418
2015	25,000	1,850	26,850
2016	25,000	1,284	26,284
2017	25,000	712	25,712
2018	12,500	143	12,643
Totals	<u>\$ 112,500</u>	<u>\$ 6,407</u>	<u>\$ 118,907</u>

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

NOTE 15 – ENCUMBRANCES

Encumbrances outstanding at December 31, 2013 are as follows:

General fund:	
General government	\$ 600
Public safety	7,900
Highways and streets	2,000
Total encumbrances	<u>\$ 10,500</u>

NOTE 16 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 1,983,307
Less:	
Capital leases payable	(28,043)
Note payable	(112,500)
Total net investment in capital assets	<u>1,842,764</u>
Restricted net position	395,128
Unrestricted	1,030,529
Total net position	<u>\$ 3,268,421</u>

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NOTE 17 – GOVERNMENTAL FUND BALANCES

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

Nonspendable:		
Major fund:		
General:		
Tax deeded property, subject to resale	\$	2,550
Nonmajor fund:		
Permanent - principal balance		<u>229,223</u>
Total nonspendable fund balance		\$ 231,773
Restricted:		
Major fund:		
General:		
Library	\$	97,499
Nonmajor fund:		
Permanent - income balance		<u>68,406</u>
Total restricted fund balance		165,905
Committed:		
Major fund:		
General:		
Expendable trust	\$	422,654
Nonmajor funds:		
Land use change		4,705
Plainfield History		1,024
Conservation Commission operating		73,328
Conservation Commission forestry		<u>18,777</u>
		<u>97,834</u>
Total committed fund balance		520,488
Assigned:		
Major fund:		
General:		
Encumbrances		10,500
Unassigned:		
Major fund:		
General		
		<u>59,436</u>
Total governmental fund balances		<u><u>\$ 988,102</u></u>

NOTE 18 – PRIOR PERIOD ADJUSTMENT

Fund balance at January 1, 2013 was restated to defer property taxes not collected within 60 days of fiscal year-end, as follows:

	General
	Fund
Adjustment	<u>\$ (373,042)</u>
Fund balance, as previously reported	921,876
Fund balance, as restated	<u><u>\$ 548,834</u></u>

NOTE 19 – 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

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providing service, disability, death and vested retirement benefits to members and their beneficiaries. Provision for benefits and contributions are established and can be amended by the New Hampshire Legislature. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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

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

The contribution requirements for the Town of Plainfield for the fiscal years 2011, 2012, and 2013 were \$62,613, \$62,269, and \$75,428, respectively, which were paid in full in each year.

NOTE 20 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2013, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance programs for member towns, cities, and other qualified political subdivisions of New Hampshire.

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, 2013 to December 31, 2013 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 billed and paid for the year ended December 31, 2013 was \$17,532 for workers' compensation and \$20,512 for property/liability.

NOTE 21 – CONTINGENCIES

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

NOTE 22 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. This Statement is intended to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. This Statement is intended to resolve conflicting accounting and financial report and guidance that emerged from two recent standards, Statement No. 54 and Statement No. 62. These standards conflicted with existing guidance in Statements No. 10, 13, and 48.

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

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

GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued in June 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2014. **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions***, issued in June 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2015. The guidance contained in these two Statements will change how governments calculate and report the costs and obligations associated with pensions in important ways. They replace the requirements of Statements No. 27 and 50.

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

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

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

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

NOTE 23 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through July 3, 2014, the date the December 31, 2013 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

COMBINING AND INDIVIDUAL FUND SCHEDULES

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

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,254,090	\$ 1,276,739	\$ 22,649
Land use change	8,465	-	(8,465)
Yield	15,000	6,476	(8,524)
Payment in lieu of taxes	1,000	-	(1,000)
Interest and penalties on taxes	55,000	39,482	(15,518)
Total from taxes	<u>1,333,555</u>	<u>1,322,697</u>	<u>(10,858)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	415,000	432,638	17,638
Other	8,000	6,190	(1,810)
Total from licenses, permits, and fees	<u>423,000</u>	<u>438,828</u>	<u>15,828</u>
Intergovernmental:			
State:			
Meals and rooms distribution	204,296	204,037	(259)
State and federal forest land reimbursement	79	255	176
Other	-	747	747
Federal:			
FEMA	58,994	83,511	24,517
Total from intergovernmental	<u>263,369</u>	<u>288,550</u>	<u>25,181</u>
Charges for services:			
Income from departments	<u>111,425</u>	<u>110,886</u>	<u>(539)</u>
Miscellaneous:			
Interest on investments	5,000	978	(4,022)
Rent of property	-	790	790
Other	24,000	7,238	(16,762)
Total from miscellaneous	<u>29,000</u>	<u>9,006</u>	<u>(19,994)</u>
Other financing sources:			
Transfers in	<u>62,908</u>	<u>70,673</u>	<u>7,765</u>
Total revenues and other financing sources	2,223,257	<u>\$ 2,240,640</u>	<u>\$ 17,383</u>
Unassigned fund balance used to reduce tax rate	<u>31,425</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 2,254,682</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, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 180,350	\$ 183,442	\$ -	\$ (3,092)
Election and registration	-	3,630	8,123	-	(4,493)
Financial administration	-	66,300	65,257	-	1,043
Revaluation of property	-	63,516	67,530	-	(4,014)
Legal	-	3,100	6,372	-	(3,272)
Personnel administration	-	4,700	5,338	-	(638)
Planning and zoning	-	1,200	1,095	-	105
General government buildings	-	12,437	16,109	600	(4,272)
Cemeteries	-	24,500	26,885	-	(2,385)
Insurance, not otherwise allocated	-	35,700	21,384	-	14,316
Advertising and regional associations	-	5,100	5,088	-	12
Total general government	-	400,533	406,623	600	(6,690)
Public safety:					
Police	5,000	349,298	331,332	7,900	15,066
Ambulance	-	28,500	26,990	-	1,510
Fire	-	85,000	85,000	-	-
Building inspection	-	7,400	8,009	-	(609)
Emergency management	-	4,350	9,909	-	(5,559)
Dispatching	-	20,000	21,743	-	(1,743)
Total public safety	5,000	494,548	482,983	7,900	8,665
Highways and streets:					
Public works garage	-	22,800	22,222	-	578
Highways and streets	2,000	780,094	739,203	2,000	40,891
Street lighting	-	8,000	8,708	-	(708)
Total highways and streets	2,000	810,894	770,133	2,000	40,761
Sanitation:					
Solid waste collection	-	147,000	145,765	-	1,235
Solid waste disposal	-	46,810	47,176	-	(366)
Total sanitation	-	193,810	192,941	-	869
Health:					
Administration	-	20,195	17,265	-	2,930
Pest control	-	500	400	-	100
Total health	-	20,695	17,665	-	3,030
Welfare:					
Administration	-	1,250	1,054	-	196
Direct assistance	-	4,000	4,503	-	(503)
Total welfare	-	5,250	5,557	-	(307)
Culture and recreation:					
Parks and recreation	-	21,729	19,961	-	1,768
Library	-	111,548	111,636	-	(88)
Patriotic purposes	-	1,000	679	-	321
Total culture and recreation	-	134,277	132,276	-	2,001
Conservation	-	500	65	-	435

(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, 2013

	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	-	5,250	4,848	-	402
Total debt service	-	30,250	29,848	-	402
Other financing uses:					
Transfers out	-	163,925	163,925	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 7,000</u>	<u>\$ 2,254,682</u>	<u>\$ 2,202,016</u>	<u>\$ 10,500</u>	<u>\$ 49,166</u>

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, 2013

Unassigned fund balance, beginning		\$ 499,386
Changes:		
Unassigned fund balance used to reduce 2013 tax rate		(31,425)
2013 Budget summary:		
Revenue surplus (Schedule 1)	\$ 17,383	
Unexpended balance of appropriations (Schedule 2)	49,166	
2013 Budget surplus	<u>66,549</u>	
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		<u>534,510</u>
<i>Reconciliation of Non-GAAP Basis to GAAP Basis</i>		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		(540,074)
Elimination of the allowance for uncollectible taxes		<u>65,000</u>
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u><u>\$ 59,436</u></u>

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

	Special Revenue Funds					Total
	Plainfield History	Conservation Operating	Commission Forestry	Land Use Change	Permanent Fund	
ASSETS						
Cash and cash equivalents	\$ 1,024	\$ -	\$ -	\$ -	\$ 22,387	\$ 23,411
Investments	-	68,623	18,777	-	275,242	362,642
Interfund receivable	-	4,705	-	4,705	-	9,410
Total assets	<u>\$ 1,024</u>	<u>\$ 73,328</u>	<u>\$ 18,777</u>	<u>\$ 4,705</u>	<u>\$ 297,629</u>	<u>\$ 395,463</u>
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 229,223	\$ 229,223
Restricted	-	-	-	-	68,406	68,406
Committed	1,024	73,328	18,777	4,705	-	97,834
Total fund balances	<u>\$ 1,024</u>	<u>\$ 73,328</u>	<u>\$ 18,777</u>	<u>\$ 4,705</u>	<u>\$ 297,629</u>	<u>\$ 395,463</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, 2013

	Special Revenue Funds					Total
	Plainfield History	Conservation Commission Operating	Commission Forestry	Land Use Change	Permanent Fund	
Revenues:						
Taxes	\$ -	\$ 4,705	\$ -	\$ 4,705	\$ -	\$ 9,410
Investment earnings	-	21	7	-	21,564	21,592
Miscellaneous	179	-	-	-	6,413	6,592
Total revenues	179	4,726	7	4,705	27,977	37,594
Other financing uses:						
Transfers out	-	-	-	(8,465)	(6,500)	(14,965)
Net change in fund balances	179	4,726	7	(3,760)	21,477	22,629
Fund balances, beginning	845	68,602	18,770	8,465	276,152	372,834
Fund balances, ending	<u>\$ 1,024</u>	<u>\$ 73,328</u>	<u>\$ 18,777</u>	<u>\$ 4,705</u>	<u>\$ 297,629</u>	<u>\$ 395,463</u>