

TOWN OF GILFORD, NEW HAMPSHIRE

Financial Statements

December 31, 2013

and

Independent Auditor's Report

TOWN OF GILFORD, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Gilford, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Gilford, New Hampshire (the Town), 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 from 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.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities of the Town of Gilford, New Hampshire, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Gilford, New Hampshire, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages i-vi and 22-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gilford, New Hampshire’s basic financial statements. The combining nonmajor governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 nonmajor governmental and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vaehon Clukay & Company PC

Manchester, New Hampshire
July 11, 2014

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2013**

Presented here is the Management Discussion & Analysis Report for the Town of Gilford, NH, for the year ending December 31, 2013. Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with the Board of Selectmen. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. We report this data in a manner designed to present fairly the Town's financial position and the results of operations of the various Town funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

The Board of Selectmen are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Town are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). The Board of Selectmen also strives to put these assets to good and effective use. We designed the Town's internal control structure to provide reasonable assurances that we attain these objectives.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Town of Gilford, New Hampshire using the integrated approach prescribed by GASB Statement 34.

It is our intention that this discussion and analysis serve as an introduction to the Town's financial statements. The financial statements are comprised of the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

The Statement of Net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the remaining difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. We take all of the current year's revenues and expenses into account regardless of when we receive cash in or pay cash out.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. One can divide all the funds of the Town into two categories: governmental funds and fiduciary funds.

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2013**

We use governmental funds to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The Town maintains numerous individual governmental funds. We present information separately in the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Town's only major fund. We combine data from all other governmental funds into a single, aggregate presentation.

The Town adopts an annual appropriation budget for its governmental funds. We provide a budgetary comparison for the General Fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties other than the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town of Gilford. The Town's fiduciary funds consist of agency funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, the Town's only major governmental fund, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental funds and fiduciary funds.

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2013**

Government-Wide Financial Analysis

Statement of Net position

Net position of the Town of Gilford as of December 31, 2013 and 2012, is as follows:

	<u>2013</u>	<u>2012</u>
Capital assets, net	\$ 24,520,943	\$ 24,675,762
Other assets	<u>15,553,327</u>	<u>14,258,077</u>
Total Assets	<u>40,074,270</u>	<u>38,933,839</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Long-term liabilities	1,209,750	1,305,697
Other liabilities	<u>7,024,190</u>	<u>6,554,990</u>
Total Liabilities	<u>8,233,940</u>	<u>7,860,687</u>
Unearned revenue	<u>-</u>	<u>8,314</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>8,314</u>
Net position:		
Net investment in capital assets	23,785,492	23,789,025
Restricted	569,938	543,321
Unrestricted	<u>7,484,900</u>	<u>6,732,492</u>
Total Net Position	<u>\$ 31,840,330</u>	<u>\$ 31,064,838</u>

Statement of Activities

Changes in net position for the years ending December 31, 2013 and 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,474,523	\$ 1,476,075
Operating grants and contributions	216,067	200,048
Capital grants and contributions		33,050
General revenues:		
Property and other taxes	7,958,162	7,419,513
Licenses and permits	1,686,050	1,552,674
Grants and contributions	317,884	319,203
Interest and investment earnings	68,708	59,075
Miscellaneous	<u>341,211</u>	<u>102,620</u>
Total revenues	<u>12,062,605</u>	<u>11,162,258</u>

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2013**

Expenses		
General government	2,126,482	2,112,461
Public safety	4,304,730	4,125,659
Highways and streets	2,560,952	2,395,013
Sanitation	1,234,554	1,272,764
Health and welfare	126,873	131,783
Culture and recreation	852,297	945,251
Conservation	23,357	77,693
Economic development	14,350	
Interest and fiscal charges	41,150	53,517
Intergovernmental	15,215	8,548
Total expenses	<u>11,299,960</u>	<u>11,122,689</u>
Increase in net position before contributions to permanent fund principal	762,645	39,569
Contributions to permanent fund principal	<u>12,847</u>	<u>3,038</u>
Increase in net position	775,492	42,607
Net position, beginning of year	<u>31,064,838</u>	<u>31,022,231</u>
Net position, end of year	<u>\$ 31,840,330</u>	<u>\$ 31,064,838</u>

Town of Gilford Activities

As shown in the above statement, there was an increase in the Town's total net position of \$775,492. This increase is primarily attributable to an increase in property tax revenue of almost \$511,000 and, to a lesser extent, increases in motor vehicle fees of \$133,648 and a health insurance premium refund of \$151,970.

The General Fund ended the year with an unassigned fund balance of \$3,315,599 or 31% of total general fund expenditures. This is an increase in unassigned fund balance of \$243,383 from last year. The increase is attributable to the unanticipated increase in motor vehicle revenue and the one-time refund of health insurance premiums, as discussed in the above.

The fund balances of the Nonmajor Governmental Funds increased by a total \$76,265 from the prior year. This increase is due primarily to an increase in the fund balance of the Sewer Fund which is the result of less than anticipated operating charges from the State of New Hampshire for the treatment facility.

General Fund Budgetary Highlights

During the year, the original budgets for appropriations and revenues increased by offsetting amounts for the employee portion of the unanticipated refund of insurance premiums. The Town under expended its total 2013 budget by \$231,694. This was mainly due to staff vacancies and turnover in the Police, Fire, and Finance Departments, as well as less than anticipated costs for sanitation disposal and assessing services. This resulted in savings in General Government of \$73,812, in Public Safety of \$58,366, and in Solid Waste of \$35,095.

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2013**

Actual revenues were greater than budgeted by \$311,663. This was primarily a result of the increases in motor vehicle fees of \$133,648 and the refund of health insurance premiums from prior years of \$151,970. The unassigned budgetary fund balance of the General Fund at year end was \$4,572,087, an increase of \$98,703 from the prior year balance.

Capital Assets

The Town of Gilford considers a capital asset to be an asset whose cost exceeds \$5,000 and which has a useful life of greater than one (1) year. The Town depreciates its assets using the straight-line method over the course of their estimated useful life beginning in the year of acquisition.

The total investment in capital assets for governmental activities at year end amounted to \$24,520,943 (net of accumulated depreciation), a reduction of \$154,819 from the previous year due primarily to the equipment depreciation and the trade-in of a police cruiser. This investment in capital assets includes land, intangible assets, buildings and improvements, vehicles and equipment, and infrastructure.

Significant capital asset events during the current fiscal year included the purchase of a conservation easement for \$110,000, two cruisers for \$60,998, a defibrillator for \$31,929, and a network server for \$12,519.

Additional information on capital assets can be found in Note 6 of the Basic Financial Statements.

Long-Term Obligations

At the end of the current fiscal year, total general obligation debt outstanding was \$843,958 and capital leases payable was \$33,693. During the year ended 2013, the Town made scheduled principal payments on outstanding general obligation debt of (\$226,688) and issued a note payable in the amount of \$158,000. The Town made scheduled principal payments on outstanding capital leases during the year totaling (\$18,453). The Town's other long-term obligations consist of compensated absences payable which had a net decrease in activity of (\$8,806) for the year ended December 31, 2013.

See the Note 9 of the Basic Financial Statements for a summary of all outstanding long-term obligations.

Economic Factors, Rates and 2014 Budget

The NH Department of Revenue Administration (DRA) sets the Annual Tax Rate for the Town of Gilford. They do so based on the Annual Budget approved at Town Meeting adjusted for actual revenues and expenditures throughout the year. The Town collects property taxes to fund its own operations and that of School Administrative Unit #73. The property tax also pays the levy placed on the Town by Belknap County and the State of New Hampshire in the Statewide Property Tax for Education. The Town bills for property taxes semi-annually. Tax billing occurs according to the laws of the State of New Hampshire, under the supervision of the DRA. The first billing is an estimate based on the previous year's tax rate applied to the current year's assessments. The second billing utilizes the correct tax rate for the year as established by the New Hampshire DRA applied to the current year's assessment. Following is a comparison of the 2014 (*estimated) to the 2013 tax rates:

**TOWN OF GILFORD, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2013**

	<u>2014</u>	<u>2013</u>
Town rate	\$4.49	\$5.25
Local school rate	9.90	8.85
State school rate	2.59	2.59
County rate	<u>1.47</u>	<u>1.47</u>
Total rate	<u>\$18.45</u>	<u>\$18.16</u>
Assessed value (in thousands)	\$1,535,175,840*	\$1, 535,175,840

The Town of Gilford works to a 6-year Capital Improvement Plan. The plan contains current capital needs projections through the year 2017. The Capital Improvements Plan Committee annually reviews, adjusts and updates this plan. The resulting plan receives final review and approval through the presentation and discussion of proposed projects at public meetings and is presented to the Board of Selectmen and Budget Committee as a budget development tool.

Contacting the Town of Gilford's Board of Selectmen or Staff

This financial report provides our citizens and creditors with a general overview of the Town of Gilford's finances. It demonstrates accountability for the funds the Town receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department or the Board of Selectmen, at 47 Cherry Valley Road, Gilford, NH 03249 and telephone number (603) 527-4700.

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

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 12,107,764
Investments	962,517
Taxes receivable, net	1,994,655
Accounts receivable, net	454,369
Due from other governments	5,134
Unearned assessments	14,023
Prepaid expenses	8,241
Total Current Assets	<u>15,546,703</u>
Noncurrent Assets:	
Due from other governments	6,624
Capital assets:	
Non-depreciable capital assets	13,506,988
Depreciable capital assets, net	<u>11,013,955</u>
Total Noncurrent Assets	<u>24,527,567</u>
Total Assets	<u>40,074,270</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	373,208
Accrued expenses	167,358
Due to other governments	6,483,624
Current portion of bonds payable	67,427
Current portion of note payable	31,600
Current portion of capital leases payable	19,332
Current portion of compensated absences payable	16,605
Total Current Liabilities	<u>7,159,154</u>
Noncurrent Liabilities:	
Bonds payable	634,331
Note payable	110,600
Capital leases payable	14,361
Compensated absences payable	315,494
Total Noncurrent Liabilities	<u>1,074,786</u>
Total Liabilities	<u>8,233,940</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Net investment in capital assets	23,785,492
Restricted	569,938
Unrestricted	7,484,900
Total Net Position	<u>\$ 31,840,330</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF GILFORD, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 2,126,482	\$ 59,430		\$ (2,067,052)
Public safety	4,304,730	418,553	\$ 8,713	(3,877,464)
Highways and streets	2,560,952	1,682	207,354	(2,351,916)
Sanitation	1,234,554	943,091		(291,463)
Health and welfare	126,873			(126,873)
Culture and recreation	852,297	51,767		(800,530)
Conservation	23,357			(23,357)
Economic development	14,350			(14,350)
Interest and fiscal charges	41,150			(41,150)
Intergovernmental	15,215			(15,215)
Total governmental activities	<u>\$ 11,299,960</u>	<u>\$ 1,474,523</u>	<u>\$ 216,067</u>	<u>(9,609,370)</u>
General revenues:				
Property and other taxes				7,958,162
Licenses and permits				1,686,050
Grants and contributions:				
Rooms and meals tax distribution				317,210
State and federal forest land				674
Interest and investment earnings				68,708
Miscellaneous				341,211
Contributions to permanent fund principal				<u>12,847</u>
Total general revenues and contributions to permanent fund principal				<u>10,384,862</u>
Change in net position				775,492
Net Position - beginning				<u>31,064,838</u>
Net Position - ending				<u>\$ 31,840,330</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF GILFORD, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,739,193	\$ 368,571	\$ 12,107,764
Investments	755,116	207,401	962,517
Taxes receivable, net	1,994,655		1,994,655
Accounts receivable, net	43,155	373,867	417,022
Due from other governments	2,755		2,755
Unearned assessments		14,023	14,023
Due from other funds	49,223	464,608	513,831
Prepaid expenses	4,791	3,450	8,241
Total Assets	<u>14,588,888</u>	<u>1,431,920</u>	<u>16,020,808</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 14,588,888</u>	<u>\$ 1,431,920</u>	<u>\$ 16,020,808</u>
LIABILITIES			
Accounts payable	\$ 226,508	\$ 146,700	\$ 373,208
Accrued expenses	167,358		167,358
Due to other governments	6,483,624		6,483,624
Due to other funds	464,608	11,876	476,484
Total Liabilities	<u>7,342,098</u>	<u>158,576</u>	<u>7,500,674</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property taxes	1,256,488		1,256,488
Unearned revenue		14,023	14,023
Total Deferred Inflows of Resources	<u>1,256,488</u>	<u>14,023</u>	<u>1,270,511</u>
FUND BALANCES			
Nonspendable	4,791	254,005	258,796
Restricted	275,312	44,071	319,383
Committed	1,510,205	906,044	2,416,249
Assigned	884,395	55,201	939,596
Unassigned	3,315,599		3,315,599
Total Fund Balances	<u>5,990,302</u>	<u>1,259,321</u>	<u>7,249,623</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,588,888</u>	<u>\$ 1,431,920</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			24,520,943
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis			1,256,488
Other long-term assets are not available to pay current period expenditures, and therefore, are not reported in governmental funds			9,003
Special assessments are not available to pay for current period expenditures, and therefore, are unearned in the governmental funds			14,023
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:			
Bonds payable			(701,758)
Note payable			(142,200)
Capital leases payable			(33,693)
Compensated absences payable			(332,099)
Net position of governmental activities			<u>\$ 31,840,330</u>

See accompanying notes to the basic financial statements

EXHIBIT D

TOWN OF GILFORD, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 8,102,842		\$ 8,102,842
Licenses and permits	1,686,050		1,686,050
Intergovernmental	528,351	\$ 8,065	536,416
Charges for services	330,518	1,123,268	1,453,786
Interest and investment income	39,787	28,921	68,708
Miscellaneous	260,520	115,705	376,225
Total Revenues	<u>10,948,068</u>	<u>1,275,959</u>	<u>12,224,027</u>
Expenditures:			
Current operations:			
General government	2,065,770	11,696	2,077,466
Public safety	3,965,596	182,695	4,148,291
Highways and streets	2,472,909	5,950	2,478,859
Sanitation	513,180	659,326	1,172,506
Health and welfare	126,873		126,873
Culture and recreation	691,406	104,269	795,675
Conservation	23,157	200	23,357
Economic development	14,350		14,350
Capital outlay	136,730	136,538	273,268
Debt service:			
Principal retirement	456,253		456,253
Interest and fiscal charges	49,866		49,866
Intergovernmental	15,215		15,215
	<u>10,531,305</u>	<u>1,100,674</u>	<u>11,631,979</u>
Excess revenues over (under) expenditures	<u>416,763</u>	<u>175,285</u>	<u>592,048</u>
Other financing sources (uses):			
Proceeds from note payable issuance	158,000		158,000
Transfers in	99,020		99,020
Transfers out		(99,020)	(99,020)
Total other financing sources (uses)	<u>257,020</u>	<u>(99,020)</u>	<u>158,000</u>
Net change in fund balances	673,783	76,265	750,048
Fund balances at beginning of year	<u>5,316,519</u>	<u>1,183,056</u>	<u>6,499,575</u>
Fund balances at end of year	<u>\$ 5,990,302</u>	<u>\$ 1,259,321</u>	<u>\$ 7,249,623</u>

See accompanying notes to the basic financial statements

TOWN OF GILFORD, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended December 31, 2013

Net Change in Fund Balances--Total Governmental Funds	\$ 750,048
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, 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 capital outlay in the current period.	(143,662)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss of disposed capital assets reduced by the actual proceeds received from the disposal.	(16,547)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(148,575)
Repayment of bond and note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	456,253
Repayment of principal on capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	18,453
Proceeds from debt issuance are reported as other financing sources in the governmental funds, but debt issuance increases long-term liabilities in the statement of net position.	(158,000)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	8,716
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	8,806
Change in Net Position of Governmental Activities	<u>\$ 775,492</u>

EXHIBIT E
TOWN OF GILFORD, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 616,084
Total Assets	<u>\$ 616,084</u>
LIABILITIES	
Due to other governments	\$ 492,329
Deposits	86,408
Due to other funds	<u>37,347</u>
Total Liabilities	<u>\$ 616,084</u>

See accompanying notes to the basic financial statements

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Gilford, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Gilford, New Hampshire (the Town) was incorporated in 1812. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013**

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance. The following is the Town's sole major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is comprised solely of agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds consist of capital reserve funds of the Gilford School District and the Gunstock Acres Village Water District, which are held by the Town as required by State law. Other agency funds consist of developer's performance deposits.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-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 a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

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 taxes are levied (see Note 3). 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 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets, but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2013, the Town did not apply any of its unappropriated fund balance to reduce taxes.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2013 are recorded as receivables net of reserves for estimated uncollectibles of \$50,000.

Accounts Receivable

Charges for services billed during the current fiscal year and prior and uncollected at December 31, 2013 are recorded as receivables net of reserves for estimated uncollectibles of \$255,790 and \$43,876 in the General Fund and the Nonmajor Governmental Funds, respectively.

Unearned Assessments

Assessment fees charged for sewer hook-ups during the current and prior years that will be collected in future periods are recorded as unearned assessments receivable and unearned revenue in the governmental fund financial statements. The revenue is recognized when earned in the government-wide financial statements.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

consists of sewer collection and treatment systems and similar items. Intangible assets of the Town consist solely of land easements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The Town is not required to retroactively report its general infrastructure (e.g. roads, bridges, and sidewalks). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Intangible assets	100
	Buildings and improvements	10-150
	Vehicles and equipment	5-50
	Infrastructure	50

Compensated Absences

Employees earn vacation and sick leave as they provide services. Dependent upon the department and years of service, employees earn vacation and sick pay at a rate of ten to twenty-five days per year. Upon voluntary separation of employment from the Town, employees shall be compensated for unused sick and vacation leave at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or through enabling legislation.
- *Committed Fund Balance*: Includes amounts that can be used only for the specific purposes imposed by a formal action of the Town's highest level of decision making authority (the Town Meeting). Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: Amounts the Town intends to use for specific purposes. Intent can be expressed by the Board of Selectmen or by an official to which the Board of Selectmen delegates the authority. For all governmental funds other than the General Fund, any remaining positive fund balance is to be classified as "Assigned".
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated for a specified use and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Minimum Level of Unassigned Fund Balance

The Town's fund balance policy mandates the Town maintain a level of fund balance between 5% and 17% of the sum of the Town's annual budget plus the school and county appropriations, in accordance with the recommendations of the NH Department of Revenue Administration and the general accepted accounting practices recommended by the Government Finance Officers Association.

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

To avoid the need to issue Tax Anticipation Notes, the Town shall retain a sufficient amount of unassigned fund balance in order to provide an appropriate level of cash reserves for Town operations and its obligations to the school district and county. This amount shall also include funds necessary to manage unanticipated emergencies as defined by RSA-32:11.

A nominal amount of the unassigned fund balance shall be used to stabilize the municipal portion of the tax rate. This amount shall reflect a minimal sum anticipated annually, resulting from unexpended appropriations and unanticipated revenues. This nominal amount, in excess of the cash reserves noted in the previous paragraph, is established at \$200,000.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense and the allowances for uncollectible taxes and accounts receivable.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town has not implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB Statement 45 were required to be implemented by the Town during the year ended December 31, 2009.

NOTE 3—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$1,535,175,840 as of April 1, 2013) and are due in two installments on July 11, 2013 and December 27, 2013. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

In accordance with State law, the Town collects taxes for the Gilford School District, Belknap County, and Gunstock Acres Village Water District, all independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$17,530,906, \$2,260,831, and \$42,421, for the Gilford School District, Belknap County, and Gunstock Acres Village Water District, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 4—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2013, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2013.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 5—DEPOSITS AND INVESTMENTS

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Deposits and investments as of December 31, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 12,107,764
Investments	962,517
Statement of Fiduciary Net Position:	
Cash and cash equivalents	616,084
	<u>\$ 13,686,365</u>

Deposits and investments at December 31, 2013 consist of the following:

Cash on hand	\$ 256,422
Deposits with financial institutions	1,335,429
Investments	12,094,514
	<u>\$ 13,686,365</u>

The Town's investment policy for governmental funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The Town limits its investments for governmental funds to the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law and federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the State to the following investment types: money market accounts, certificates of deposit, repurchase agreements collateralized by U.S. Government Securities, all other types of interest bearing accounts, or U.S. Government notes and obligations fully guaranteed as to principal and interest by the United States government.

Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the library funds are at the discretion of the Library Trustees.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investment policy regarding credit risk is to minimize credit risk by limiting its investments to the safest types of securities, and diversifying the portfolio.

The following are the actual ratings as of December 31, 2013, for each investment type:

<u>Investment Type</u>	<u>Not Rated</u>
State investment pool	\$ 71,374
Equity mutual funds	234,022
Bond mutual funds	168,664
Money market mutual funds	1,912,952
	<u>\$ 2,387,012</u>

**TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. For assurance against custodial credit risk, the Town's investment policy requires that all investment and depository instruments be collateralized with pledged securities that shall be perfected through third party custodial safekeeping and be equal to or in excess of the amount of the investment and depository instruments.

Of the Town's deposits with financial institutions at year end, \$173,755 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2013, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
Equity mutual funds	\$ 234,022
Bond mutual funds	168,664
Money market mutual funds	1,912,952
Repurchase agreement (fully collateralized)	9,707,502
	<u>\$ 12,023,140</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

NOTE 6—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance</u> <u>01/01/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2013</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 13,303,257			\$ 13,303,257
Construction in progress	213,100	\$ 1,508	\$ (10,877)	203,731
Total capital assets not being depreciated	<u>13,516,357</u>	<u>1,508</u>	<u>(10,877)</u>	<u>13,506,988</u>

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Other capital assets:			
Intangible assets	1,353,238	110,000	1,463,238
Buildings and improvements	6,382,231		6,382,231
Vehicles and equipment	4,081,946	105,445	(24,820)
Infrastructure	2,765,856		2,765,856
Total other capital assets at historical cost	<u>14,583,271</u>	<u>215,445</u>	<u>(24,820)</u>
Less accumulated depreciation for:			
Intangible assets	(63,811)	(13,565)	(77,376)
Buildings and improvements	(1,066,728)	(63,840)	(1,130,568)
Vehicles and equipment	(1,795,474)	(211,626)	8,273
Infrastructure	(497,853)	(55,317)	(553,170)
Total accumulated depreciation	<u>(3,423,866)</u>	<u>(344,348)</u>	<u>8,273</u>
Total other capital assets, net	<u>11,159,405</u>	<u>(128,903)</u>	<u>(16,547)</u>
Total capital assets, net	<u>\$ 24,675,762</u>	<u>\$ (127,395)</u>	<u>\$ (27,424)</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 48,905
Public safety	118,016
Highways and streets	79,674
Sanitation	56,399
Culture and recreation	41,354
Total governmental activities depreciation expense	<u>\$ 344,348</u>

The balance of assets acquired through capital lease issuances as of December 31, 2013 is as follows:

Vehicles and equipment	\$ 80,773
Less: Accumulated depreciation	<u>(18,637)</u>
	<u>\$ 62,136</u>

NOTE 7—DUE TO OTHER GOVERNMENTS

In accordance with State law, the Town collects taxes for the Gilford School District, Belknap County, Gunstock Acres Village Water District, and the State of New Hampshire, all independent governmental units, which are remitted to them as required by law. At December 31, 2013, the balance of the property tax appropriation due to the Gilford School District is \$6,480,906 and the balance due to the State of New Hampshire for motor vehicle fees collected is \$2,718.

NOTE 8—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rates for the covered payroll of police officers, fire employees, and general employees were 19.95%, 22.89% and 8.8%, respectively, through June 30, 2013, and 25.30%, 27.74% and 10.77%, respectively, thereafter. The Town contributed 100% of the employer cost for public safety and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2013, 2012, and 2011 were \$644,907, \$557,683, and \$554,584, respectively, equal to the required contributions for each year.

NOTE 9—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2013 are as follows:

	<u>Balance</u> <u>01/01/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 912,646		\$ (210,888)	\$ 701,758	\$ 67,427
Note payable	-	\$ 158,000	(15,800)	142,200	31,600
Capital leases payable	52,146		(18,453)	33,693	19,332
Compensated absences payable	340,905	37,747	(46,553)	332,099	16,605
	<u>\$ 1,305,697</u>	<u>\$ 195,747</u>	<u>\$ (291,694)</u>	<u>\$ 1,209,750</u>	<u>\$ 134,964</u>

Payments on the bonds payable, note payable and capital leases payable are paid out of the General Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

As included on the Statement of Activities (Exhibit B) as 'Interest and fiscal charges', interest expense on general obligation debt of the governmental activities for the year ended December 31, 2013 was \$41,911.

General Obligation Bonds

Bonds payable at December 31, 2013 are comprised of the following individual issues:

\$135,767 Sewer Extension Bonds payable in annual principal installments of \$6,788 through December 2017; interest at 4.216%	\$ 27,153
\$980,000 Bean Property Bonds payable in monthly installments of \$7,803 through December 2022; including interest at 5.03%	674,605
	<u>\$ 701,758</u>

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Debt service requirements to retire general obligation bonds outstanding at December 31, 2013 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 67,427	\$ 34,142	\$ 101,569
2015	70,593	30,689	101,282
2016	73,845	27,151	100,996
2017	77,424	23,285	100,709
2018	74,324	19,311	93,635
2019-2022	<u>338,145</u>	<u>36,402</u>	<u>374,547</u>
	<u>\$ 701,758</u>	<u>\$ 170,980</u>	<u>\$ 872,738</u>

The State of New Hampshire annually reimburses the Town for its share of sewer related debt service payments. For the year ended December 31, 2013, the sewer related debt reimbursement was \$2,465.

General Obligation Note

Note payable at December 31, 2013 is comprised of the following individual issue:

\$158,000 Communications Equipment Note payable in quarterly principal installments of \$7,900 through July 2018; interest at 2.09%	<u>\$ 142,200</u>
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Debt service requirements to retire the general obligation note outstanding at December 31, 2013 are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 31,600	\$ 2,723	\$ 34,323
2015	31,600	2,062	33,662
2016	31,600	1,406	33,006
2017	31,600	741	32,341
2018	<u>15,800</u>	<u>123</u>	<u>15,923</u>
	<u>\$ 142,200</u>	<u>\$ 7,055</u>	<u>\$ 149,255</u>

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable functions. The following are the individual capital lease obligations outstanding at December 31, 2013:

Police vehicle, due in annual installments of \$3,900, including interest at 2.638%, through April 2016	\$ 11,109
Office equipment, due in monthly installments of \$333, including interest at 2.710%, through August 2015	6,504

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

Office equipment, due in annual installments of \$1,504, including interest at 9.817%, through April 2014	1,370
Public works vehicle, due in annual installments of \$4,463, including interest at 5.70%, through August 2015	8,216
Fire vehicle, due in annual installments of \$6,857, including interest at 5.60%, through July 2014	<u>6,494</u>
	<u>\$ 33,693</u>

Debt service requirements to retire capital lease obligations outstanding at December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2014	\$ 19,332	\$ 1,388	\$ 20,720
2015	10,561	466	11,027
2016	<u>3,800</u>	<u>100</u>	<u>3,900</u>
	<u>\$ 33,693</u>	<u>\$ 1,954</u>	<u>\$ 35,647</u>

NOTE 10—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2013 are as follows:

	Due from			Totals
	General Fund	Nonmajor Governmental Funds	Fiduciary Funds	
Due to: General Fund		\$ 11,876	\$ 37,347	\$ 49,223
Nonmajor Governmental Funds	\$ 464,608			464,608
	<u>\$ 464,608</u>	<u>\$ 11,876</u>	<u>\$ 37,347</u>	<u>\$ 513,831</u>

During the year, the Sewer Fund, Capital Cost Recovery Fund and Lakes Business Park Capital Projects Fund, all Nonmajor Governmental Funds, transferred \$10,000, \$43,612 and \$45,408, respectively, to the General Fund. The various transfers were all made in accordance with budgetary authorizations.

NOTE 11—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2013 as follows:

Permanent Funds - Endowments	\$ 250,555
Permanent Funds - Income	33,284
Conservation Trusts	275,312
Drug Forfeiture	1,850
Donations	<u>8,937</u>
	<u>\$ 569,938</u>

**TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013**

NOTE 12—COMPONENTS OF FUND BALANCE

The components of the Town’s fund balance for its governmental funds at December 31, 2013 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid expenses	\$ 4,791	\$ 3,450	\$ 8,241
Permanent funds - Endowments		250,555	250,555
Restricted for:			
Conservation trusts	275,312		275,312
Permanent funds - Income		33,284	33,284
Drug forfeiture		1,850	1,850
Donations		8,937	8,937
Committed for:			
Expendable trusts	1,196,480		1,196,480
Encumbrances	313,725		313,725
Conservation commission		231,277	231,277
Sewer		406,208	406,208
Sewer capital cost recovery		6,684	6,684
Recreation		58,592	58,592
Police special details		33,964	33,964
Ambulance		155,261	155,261
Cemetery		14,058	14,058
Assigned for:			
Designated to offset subsequent year tax rate	200,000		200,000
Designated to offset subsequent year appropriations	615,500		615,500
Encumbrances	68,895		68,895
Library		48,980	48,980
Rowe House		1,199	1,199
Old Home Day		5,022	5,022
Unassigned:			
Unassigned - General operations	3,315,599		3,315,599
	<u>\$ 5,990,302</u>	<u>\$ 1,259,321</u>	<u>\$ 7,249,623</u>

NOTE 13—CONTINGENCIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town’s activities. In the opinion of legal counsel and Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013

NOTE 14—SUBSEQUENT EVENTS

During the March 2014 Annual Meeting, the Town authorized the issuance of not more than \$1,213,000 of bonds or notes for the purpose of improvements to the Police Station. The Town has not yet issued or drawn any funds on this debt authorization.

SCHEDULE 1
TOWN OF GILFORD, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 7,900,598	\$ 7,900,598	\$ 7,958,162	\$ 57,564
Licenses and permits	1,546,500	1,546,500	1,686,050	139,550
Intergovernmental	576,569	576,569	528,351	(48,218)
Charges for services	311,400	311,400	330,518	19,118
Interest income	15,000	15,000	12,669	(2,331)
Miscellaneous	59,500	82,649	228,629	145,980
Total Revenues	<u>10,409,567</u>	<u>10,432,716</u>	<u>10,744,379</u>	<u>311,663</u>
Expenditures:				
Current operations:				
General government	2,008,075	2,136,724	2,062,912	73,812
Public safety	4,025,648	3,990,648	3,932,282	58,366
Highways and streets	2,226,915	2,204,415	2,187,715	16,700
Sanitation	591,150	553,150	518,055	35,095
Health and welfare	138,564	126,564	126,873	(309)
Culture and recreation	694,282	689,282	673,588	15,694
Conservation	21,901	21,901	20,126	1,775
Capital outlay	387,670	387,670	375,137	12,533
Debt service:				
Principal retirement	445,451	470,451	456,253	14,198
Interest and fiscal charges	78,411	53,411	49,866	3,545
Intergovernmental	8,500	15,500	15,215	285
Total Expenditures	<u>10,626,567</u>	<u>10,649,716</u>	<u>10,418,022</u>	<u>231,694</u>
Excess revenues over (under) expenditures	<u>(217,000)</u>	<u>(217,000)</u>	<u>326,357</u>	<u>543,357</u>
Other financing sources (uses):				
Proceeds from note payable issuance	158,000	158,000	158,000	-
Transfers in	202,000	202,000	139,020	(62,980)
Transfers out	(493,000)	(493,000)	(493,000)	-
Total other financing sources (uses)	<u>(133,000)</u>	<u>(133,000)</u>	<u>(195,980)</u>	<u>(62,980)</u>
Net change in fund balance	(350,000)	(350,000)	130,377	480,377
Fund balance at beginning of year				
- Budgetary Basis	<u>5,262,001</u>	<u>5,262,001</u>	<u>5,262,001</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 4,912,001</u>	<u>\$ 4,912,001</u>	<u>\$ 5,392,378</u>	<u>\$ 480,377</u>

See accompanying notes to the required supplementary information

TOWN OF GILFORD, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary revenues and expenditures, budgetary transfers in and out, and encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 11,205,088	\$ 10,531,305
Difference in property taxes meeting susceptible to accrual criteria	(144,680)	
Non-budgetary revenues and expenditures	(59,009)	(291,190)
Budgetary transfers in and out	40,000	493,000
Encumbrances - December 31, 2012		(204,713)
Encumbrances - December 31, 2013		<u>382,620</u>
Per Schedule 1	<u>\$ 11,041,399</u>	<u>\$ 10,911,022</u>

NOTE 2— BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2013 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 4,791
<i>Assigned for:</i>	
Designated to offset subsequent year appropriations	615,500
Minimum offset to subsequent year tax rate	200,000
<i>Unassigned:</i>	
Unassigned - General operations	4,572,087
	<u>\$ 5,392,378</u>

SCHEDULE A
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2013

	Special Revenue Funds	Permanent Funds	Combining Totals
ASSETS			
Cash and cash equivalents	\$ 288,565	\$ 80,006	\$ 368,571
Investments	3,568	203,833	207,401
Accounts receivable, net	373,867		373,867
Unearned assessments	14,023		14,023
Due from other funds	464,608		464,608
Prepaid expenses	3,450		3,450
Total Assets	<u>1,148,081</u>	<u>283,839</u>	<u>1,431,920</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,148,081</u>	<u>\$ 283,839</u>	<u>\$ 1,431,920</u>
LIABILITIES			
Accounts payable	\$ 146,700		\$ 146,700
Due to other funds	11,876		11,876
Total Liabilities	<u>158,576</u>	<u>\$ -</u>	<u>158,576</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	14,023		14,023
Total Deferred Inflows of Resources	<u>14,023</u>	<u>-</u>	<u>14,023</u>
FUND BALANCES			
Nonspendable	3,450	250,555	254,005
Restricted	10,787	33,284	44,071
Committed	906,044		906,044
Assigned	55,201		55,201
Total Fund Balances	<u>975,482</u>	<u>283,839</u>	<u>1,259,321</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,148,081</u>	<u>\$ 283,839</u>	<u>\$ 1,431,920</u>

SCHEDULE A-1
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2013

	Library Fund	Sewer Fund	Conservation Commission Fund	Capital Cost Recovery Fund	Drug Forfeiture Fund	Rowe House Fund	Old Home Day Fund	Recreation Fund	Donations Fund	Police Special Detail Revolving Fund	Ambulance Revolving Fund	Cemetery Fund	Total Nonmajor Special Revenue Funds
ASSETS													
Cash and cash equivalents	\$ 45,412		\$ 243,153										\$ 288,565
Investments	3,568												3,568
Accounts receivable, net		\$ 360,650		\$ 862						\$ 2,030	\$ 10,325		373,867
Unearned assessments				14,023									14,023
Due from other funds		184,673		5,822	\$ 1,850	\$ 1,199	\$ 5,022	\$ 58,692	\$ 8,937	31,934	152,421	\$ 14,058	464,608
Prepaid expenses								3,450					3,450
Total Assets	<u>48,980</u>	<u>545,323</u>	<u>243,153</u>	<u>20,707</u>	<u>1,850</u>	<u>1,199</u>	<u>5,022</u>	<u>62,142</u>	<u>8,937</u>	<u>33,964</u>	<u>162,746</u>	<u>14,058</u>	<u>1,148,081</u>
DEFERRED OUTFLOWS OF RESOURCES													
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 48,980</u>	<u>\$ 545,323</u>	<u>\$ 243,153</u>	<u>\$ 20,707</u>	<u>\$ 1,850</u>	<u>\$ 1,199</u>	<u>\$ 5,022</u>	<u>\$ 62,142</u>	<u>\$ 8,937</u>	<u>\$ 33,964</u>	<u>\$ 162,746</u>	<u>\$ 14,058</u>	<u>\$ 1,148,081</u>
LIABILITIES													
Accounts payable		\$ 139,115											\$ 146,700
Due to other funds			\$ 11,876										11,876
Total Liabilities	<u>\$ -</u>	<u>139,115</u>	<u>11,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,485</u>	<u>\$ -</u>	<u>158,576</u>
DEFERRED INFLOWS OF RESOURCES													
Unearned revenue				14,023									14,023
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,023</u>
FUND BALANCES													
Nonspendable								3,450					3,450
Restricted					1,850				8,937				10,787
Committed		406,208	231,277	6,684				58,592		33,964	155,261	14,058	906,044
Assigned	48,980					1,199	5,022						55,201
Total Fund Balances	<u>48,980</u>	<u>406,208</u>	<u>231,277</u>	<u>6,684</u>	<u>1,850</u>	<u>1,199</u>	<u>5,022</u>	<u>62,042</u>	<u>8,937</u>	<u>33,964</u>	<u>155,261</u>	<u>14,058</u>	<u>975,482</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,980</u>	<u>\$ 545,323</u>	<u>\$ 243,153</u>	<u>\$ 20,707</u>	<u>\$ 1,850</u>	<u>\$ 1,199</u>	<u>\$ 5,022</u>	<u>\$ 62,142</u>	<u>\$ 8,937</u>	<u>\$ 33,964</u>	<u>\$ 162,746</u>	<u>\$ 14,058</u>	<u>\$ 1,148,081</u>

SCHEDULE B
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2013

	Special Revenue <u>Funds</u>	Lakes Business Park Capital <u>Project Fund</u>	Permanent <u>Funds</u>	Combining <u>Totals</u>
Revenues:				
Intergovernmental	\$ 8,065			\$ 8,065
Charges for services	1,123,268			1,123,268
Interest and investment income	1,540		\$ 27,381	28,921
Miscellaneous	<u>102,858</u>		<u>12,847</u>	<u>115,705</u>
Total Revenues	<u>1,235,731</u>	<u>\$ -</u>	<u>40,228</u>	<u>1,275,959</u>
Expenditures:				
Current operations:				
General government	8,453		3,243	11,696
Public safety	182,695			182,695
Highways and streets	5,950			5,950
Sanitation	659,326			659,326
Culture and recreation	104,269			104,269
Conservation	200			200
Capital outlay	<u>136,538</u>			<u>136,538</u>
Total Expenditures	<u>1,097,431</u>	<u>-</u>	<u>3,243</u>	<u>1,100,674</u>
Excess revenues over expenditures	<u>138,300</u>	<u>-</u>	<u>36,985</u>	<u>175,285</u>
Other financing sources (uses):				
Transfers out	<u>(53,612)</u>	<u>(45,408)</u>		<u>(99,020)</u>
Total other financing sources (uses)	<u>(53,612)</u>	<u>(45,408)</u>	<u>-</u>	<u>(99,020)</u>
Net change in fund balances	84,688	(45,408)	36,985	76,265
Fund balances at beginning of year	<u>890,794</u>	<u>45,408</u>	<u>246,854</u>	<u>1,183,056</u>
Fund balances at end of year	<u>\$ 975,482</u>	<u>\$ -</u>	<u>\$ 283,839</u>	<u>\$ 1,259,321</u>

SCHEDULE B-1

TOWN OF GILFORD, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended December 31, 2013

	Library Fund	Sewer Fund	Conservation Commission Fund	Capital Cost Recovery Fund	Drug Forfeiture Fund	Rowe House Fund	Old Home Day Fund	Recreation Fund	Donations Fund	Police Special Detail Revolving Fund	Ambulance Revolving Fund	Cemetery Fund	Total Nonmajor Special Revenue Funds
Revenues:													
Intergovernmental										\$ 8,065			\$ 8,065
Charges for services		\$ 827,082		\$ 6,684				\$ 44,802		143,851	\$ 100,849		1,123,268
Interest and investment income	\$ 55		\$ 1,105		\$ 5	\$ 3	\$ 9	100		41	207	\$ 15	1,540
Miscellaneous	42,796		200		6,000		21,196		\$ 18,067		856	13,743	102,858
Total Revenues	42,851	827,082	1,305	6,684	6,005	3	21,205	44,902	18,067	151,957	101,912	13,758	1,235,731
Expenditures:													
Current operations:													
General government									1,553			6,900	8,453
Public safety					6,300				5,571	139,598	31,226		182,695
Highways and streets									5,950				5,950
Sanitation		659,326											659,326
Culture and recreation	43,218						20,147	33,999	6,905				104,269
Conservation			200										200
Capital outlay			110,000								26,538		136,538
Total Expenditures	43,218	659,326	110,200	-	6,300	-	20,147	33,999	19,979	139,598	57,764	6,900	1,097,431
Excess revenues over (under) expenditures	(367)	167,756	(108,895)	6,684	(295)	3	1,058	10,903	(1,912)	12,359	44,148	6,858	138,300
Other financing sources (uses):													
Transfers out		(10,000)		(43,612)									(53,612)
Total other financing sources (uses)	-	(10,000)	-	(43,612)	-	-	-	-	-	-	-	-	(53,612)
Net change in fund balances	(367)	157,756	(108,895)	(36,928)	(295)	3	1,058	10,903	(1,912)	12,359	44,148	6,858	84,688
Fund balances at beginning of year	49,347	248,452	340,172	43,612	2,145	1,196	3,964	51,139	10,849	21,605	111,113	7,200	890,794
Fund balances at end of year	\$ 48,980	\$ 406,208	\$ 231,277	\$ 6,684	\$ 1,850	\$ 1,199	\$ 5,022	\$ 62,042	\$ 8,937	\$ 33,964	\$ 155,261	\$ 14,058	\$ 975,482

SCHEDULE C
TOWN OF GILFORD, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Agency Funds
December 31, 2013

	School Agency <u>Funds</u>	District Agency <u>Funds</u>	Escrow Agency <u>Fund</u>	Combining <u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 201,572	\$ 290,757	\$ 123,755	\$ 616,084
Total Assets	<u>\$ 201,572</u>	<u>\$ 290,757</u>	<u>\$ 123,755</u>	<u>\$ 616,084</u>
LIABILITIES				
Due to other governments	\$ 201,572	\$ 290,757		\$ 492,329
Deposits			\$ 86,408	86,408
Due to other funds			37,347	37,347
Total Liabilities	<u>\$ 201,572</u>	<u>\$ 290,757</u>	<u>\$ 123,755</u>	<u>\$ 616,084</u>