

**TOWN OF NEWMARKET, NEW HAMPSHIRE**

Annual Financial Statements

For the Year Ended June 30, 2007



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MH&Co

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## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Newmarket, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newmarket, New Hampshire, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Newmarket's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newmarket, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management

*Additional Offices:*

*Andover, MA • Greenfield, MA • Ellsworth, ME • Manchester, NH*

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated May 9, 2008 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
May 9, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Newmarket, we offer readers this narrative overview and analysis of the financial activities of the Town of Newmarket for the fiscal year ended June 30, 2007.

### A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The statement of net assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities include water treatment, wastewater treatment, solid waste, and parking activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used 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 fiscal year. Such information may be useful in evaluating a government'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 governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water treatment, wastewater treatment, solid waste, parking, and recreation revolving operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water treatment, wastewater treatment, solid waste, and parking operations, all of which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board*.

**B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 66,324,364 (i.e., net assets), a change of \$ 1,964,827 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 9,676,358, a change of \$ 2,477,549 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 530,568, a change of \$ 436,147 in comparison with the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$ 4,330,600, a change of \$ (369,041) in comparison to the prior year.

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current fiscal year.

	Governmental Activities	Business-Type Activities
Current and other assets	\$ 17,414,994	\$ 2,011,763
Capital assets	<u>51,430,420</u>	<u>6,453,781</u>
Total assets	68,845,414	8,465,544
Long-term liabilities	3,360,073	1,540,763
Other liabilities	<u>8,085,162</u>	<u>(1,999,404)</u>
Total liabilities	11,445,235	(458,641)
Net assets:		
invested in capital assets, net of related debt	51,838,174	5,804,056
Restricted	3,467,074	-
Unrestricted	<u>2,094,931</u>	<u>3,120,129</u>
Total net assets	<u>\$ 57,400,179</u>	<u>\$ 8,924,185</u>

CHANGES IN NET ASSETS

	Governmental Activities	Business-Type Activities
Revenues:		
Program revenues:		
Charges for services	\$ 1,061,685	\$ 1,732,290
Operating grants and contributions	180,065	109,838
Capital grants and contributions	898,621	-
General revenues:		
Property taxes	13,112,498	-
Motor vehicle permits	1,205,164	-
Penalties and interest on taxes	3,477	-
Grants and contributions not restricted to specific programs	640,872	-
Investment income	608,632	46,058
Miscellaneous	90,214	5,015
Total revenues	<u>17,801,228</u>	<u>1,893,201</u>
Expenses:		
General government	2,722,807	-
Public safety	1,365,883	-
Highway and streets	1,493,812	-
Welfare	155,791	-
Culture and recreation	660,877	-
Conservation	11,562	-
Economic development	516	-
County assessments	688,886	-
School district assessments	7,923,896	-
Interest expense	128,798	-
Miscellaneous	792,981	-
Water services	-	547,483
Sewer services	-	930,819
Solid waste services	-	378,356
Total expenses	<u>15,945,809</u>	<u>1,856,658</u>
Change in net assets before transfers and permanent fund contributions	1,855,419	36,543
Interfund	(184,550)	184,550
Permanent fund contributions	72,865	-
Change in net assets	<u>1,743,734</u>	<u>221,093</u>
Net assets - beginning of year	<u>55,656,445</u>	<u>8,703,092</u>
Net assets - end of year	<u>\$ 57,400,179</u>	<u>\$ 8,924,185</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 66,324,364, a change of \$ 1,964,827 from the prior year.

The largest portion of net assets, \$ 57,642,230, reflects our investment in capital assets (e.g., land, buildings, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 3,467,074 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 5,215,060 may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in a change in net assets of \$ 1,743,734. Key elements of this change are as follows:

General fund operations, as discussed further in section D	\$ 865,973
Nonmajor fund revenues and transfers in excess of expenditures and transfers out - accrual basis	1,867,910
Excess of depreciation, which is not budgeted, over principal and maturities, a budgeted (i.e., funded) expense	(1,442,367)
Other GAAP accruals	<u>452,218</u>
Total	<u>\$ 1,743,734</u>

**Business-type activities.** Business-type activities for the year resulted in a change in net assets of \$ 221,093. Key elements of this change are as follows:

Water Treatment	\$ 253,283
Wastewater Treatment	(59,811)
Solid Waste	5,257
Parking	<u>22,364</u>
Total	<u>\$ 221,093</u>

#### D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 9,676,358, a change of \$ 2,477,549 in comparison with the prior year. Key elements of this change are as follows:

General fund operating results, as discussed further in section D	\$ 865,973
Transfer in the Public Works and Fire Department Complex	120,000
Downtown Business District revenue over expenditures and transfer out	454,664
Special Revenue Funds revenue over expenditures and transfer in and out	632,231
Nonmajor Capital Project Fund revenue over expenditures and transfer in	395,305
Permanent Trust Funds revenue over expenditures and transfer in	<u>9,376</u>
Total	\$ <u>2,477,549</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ 530,568, while total fund balance was \$ 3,001,530. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 3.9 percent of total general fund expenditures, while total fund balance represents 22 percent of that same amount.

The fund balance of the general fund changed by \$ 865,973 during the current fiscal year. Key factors in this change are as follows:

Budgeted revenues in excess of actual revenues	\$ 239,560
Expenditures less than budget	199,403
Use of fund balance as a funding source	(490,000)
Current year encumbrances to be expended in subsequent year	174,830
Prior levy year property tax collections	700,683
Other GAAP accruals	<u>41,497</u>
Total	<u>\$ 865,973</u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 3,120,129. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

**E. GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no changes between the original and final budget.

**F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year end amounted to \$ 57,884,201 (net of accumulated depreciation), a change of \$ (1,768,942) from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

\$ 17,002	Waterfront CDBG
\$ 129,147	Downtown TIF
\$ 1,770	Black Bear TIF

Additional information on capital assets can be found in the footnotes to the financial statements.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$ 4,330,600, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the footnotes to the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Newmarket's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Finance Director  
Town of Newmarket  
186 Main Street  
Newmarket, New Hampshire 03857

TOWN OF NEWMARKET, NEW HAMPSHIRE

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 16,430,368	\$ 1,293,118	\$ 17,723,486
Investments	548,061	-	548,061
Cash held by others	31,087	-	31,087
Receivables, net of allowance for uncollectibles:			
Property taxes	34,837	-	34,837
User fees	175,878	407,464	583,342
Intergovernmental	-	43,257	43,257
Other assets	31,505	-	31,505
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	163,258	-	163,258
Intergovernmental	-	267,924	267,924
Capital assets:			
Land and construction in progress	12,624,904	417,176	13,042,080
Other assets, net of accumulated depreciation	<u>38,805,516</u>	<u>6,036,605</u>	<u>44,842,121</u>
<b>TOTAL ASSETS</b>	<b>68,845,414</b>	<b>8,465,544</b>	<b>77,310,958</b>
<b>LIABILITIES</b>			
Current:			
Vouchers payable	182,507	-	182,507
Accrued liabilities	377,545	44,068	421,613
Internal activity	2,043,472	(2,043,472)	-
Other current liabilities	28,056	-	28,056
Taxes collected in advance	5,453,582	-	5,453,582
Current portion of long-term liabilities:			
Bonds payable	175,000	194,040	369,040
Other liabilities	35,207	1,016	36,223
Noncurrent:			
Bonds payable, net of current portion	2,625,000	1,336,560	3,961,560
Other liabilities, net of current portion	<u>524,866</u>	<u>9,147</u>	<u>534,013</u>
<b>TOTAL LIABILITIES</b>	<b>11,445,235</b>	<b>(458,641)</b>	<b>10,986,594</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	51,838,174	5,804,056	57,642,230
Restricted for:			
Grants	2,848,112	-	2,848,112
Permanent funds:			
Nonexpendable	456,547	-	456,547
Expendable	162,415	-	162,415
Unrestricted	<u>2,094,931</u>	<u>3,120,129</u>	<u>5,215,060</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>57,400,179</u></b>	<b>\$ <u>8,924,185</u></b>	<b>\$ <u>66,324,364</u></b>

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 2,722,807	\$ 508,734	\$ 161,250	\$ 886,900	\$ (1,165,923)	\$ -	\$ (1,165,923)
Public safety	1,365,883	345,998	-	-	(1,019,885)	-	(1,019,885)
Highway and streets	1,493,812	-	-	11,721	(1,482,091)	-	(1,482,091)
Welfare	155,791	600	-	-	(155,191)	-	(155,191)
Library and recreation	660,877	206,245	18,815	-	(435,817)	-	(435,817)
Conservation	11,562	-	-	-	(11,562)	-	(11,562)
Economic development	516	108	-	-	(408)	-	(408)
County assessments	688,886	-	-	-	(688,886)	-	(688,886)
School district assessments	7,923,896	-	-	-	(7,923,896)	-	(7,923,896)
Interest expense	128,798	-	-	-	(128,798)	-	(128,798)
Miscellaneous	792,981	-	-	-	(792,981)	-	(792,981)
Total Governmental Activities	15,945,809	1,061,685	180,065	898,621	(13,805,438)	-	(13,805,438)
<b>Business-Type Activities:</b>							
Water services	547,483	782,507	-	-	-	235,024	235,024
Waste water services	930,819	741,724	109,838	-	-	(79,257)	(79,257)
Solid waste services	378,356	188,229	-	-	-	(190,127)	(190,127)
Parking services	-	19,830	-	-	-	19,830	19,830
Total Business-Type Activities	1,856,658	1,732,290	109,838	-	-	(14,530)	(14,530)
Total	\$ 17,802,467	\$ 2,793,975	\$ 289,903	\$ 898,621	(13,805,438)	(14,530)	(13,819,968)
<b>General Revenues:</b>							
Taxes					13,112,498	-	13,112,498
Motor vehicle permits					1,205,164	-	1,205,164
Penalties, interest, and other taxes					3,477	-	3,477
Grants and contributions not restricted to specific programs					640,872	-	640,872
Investment income					608,632	46,058	654,690
Miscellaneous					90,214	5,015	95,229
Interfund					(184,550)	184,550	-
Permanent fund contributions					72,865	-	72,865
Total general revenues, interfund transfers, and contributions					15,549,172	235,623	15,784,795
Change in Net Assets					1,743,734	221,093	1,964,827
<b>Net Assets:</b>							
Beginning of year, as restated					55,656,445	8,703,092	64,359,537
End of year					\$ 57,400,179	\$ 8,924,185	\$ 66,324,364

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE  
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2007

ASSETS

	General	Public Works and Fire Department Complex	Downtown Business District	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments	\$ 10,632,553	\$ -	\$ 2,029,773	\$ 3,767,001	\$ 16,429,327
Investments	-	-	-	548,061	548,061
Receivables:					
Property taxes	281,524	-	-	-	281,524
User fees	193,791	-	-	-	193,791
Other	1,049	-	-	-	1,049
Due from other funds	482,637	-	1,321,037	446,614	2,250,288
Advance to other funds	1,806,132	-	-	-	1,806,132
<b>TOTAL ASSETS</b>	<b>\$ 13,397,686</b>	<b>\$ -</b>	<b>\$ 3,350,810</b>	<b>\$ 4,761,676</b>	<b>\$ 21,510,172</b>

LIABILITIES AND FUND BALANCES

Liabilities:					
Vouchers payable	\$ 150,573	\$ -	\$ -	\$ -	\$ 150,573
Accrued liabilities	86,784	-	-	17,766	104,550
Due to other funds	4,233,868	-	-	59,892	4,293,760
Advance from other funds	-	1,360,000	-	-	1,360,000
Deferred revenues	457,951	-	-	-	457,951
Taxes collected in advance	5,453,582	-	-	-	5,453,582
Other liabilities	13,398	-	-	-	13,398
<b>TOTAL LIABILITIES</b>	<b>10,396,156</b>	<b>1,360,000</b>	<b>-</b>	<b>77,658</b>	<b>11,833,814</b>
Fund Balances:					
Reserved for:					
Encumbrances and continuing appropriations	174,830	-	-	-	174,830
Expenditures	490,000	-	-	-	490,000
Perpetual (nonexpendable) permanent funds	-	-	-	456,547	456,547
Advance	1,806,132	-	-	-	1,806,132
Unreserved:					
Undesignated, reported in:					
General fund	530,568	-	-	-	530,568
Special revenue funds	-	-	-	2,848,112	2,848,112
Capital project funds	-	(1,360,000)	3,350,810	1,216,944	3,207,754
Permanent funds	-	-	-	162,415	162,415
<b>TOTAL FUND BALANCES</b>	<b>3,001,530</b>	<b>(1,360,000)</b>	<b>3,350,810</b>	<b>4,684,018</b>	<b>9,676,358</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,397,686</b>	<b>\$ -</b>	<b>\$ 3,350,810</b>	<b>\$ 4,761,676</b>	<b>\$ 21,510,172</b>

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2007

<b>Total governmental fund balances</b>	\$ 9,676,358
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	51,430,420
• Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Assets.	(625,594)
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	341,951
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(62,883)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(3,360,073)</u>
<b>Net assets of governmental activities</b>	<u>\$ 57,400,179</u>

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	General	Public Works and Fire Department Complex	Downtown Business District	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 12,869,246	\$ -	\$ -	\$ 25,000	\$ 12,894,246
Penalties, interest, and other taxes	3,477	-	-	-	3,477
Charges for services	294,374	-	-	206,245	500,619
Intergovernmental	640,872	-	749,784	328,902	1,719,558
Licenses and permits	1,418,518	-	-	430	1,418,948
Investment income	346,300	-	94,731	167,565	608,596
Contributions	-	-	-	72,865	72,865
Miscellaneous	84,715	-	-	5,499	90,214
Total Revenues	<u>15,657,502</u>	<u>-</u>	<u>844,515</u>	<u>806,506</u>	<u>17,308,523</u>
<b>Expenditures:</b>					
Current:					
General government	2,174,429	-	129,147	9,046	2,312,622
Public safety	1,183,614	-	-	-	1,183,614
Highway and streets	592,959	-	-	30,818	623,777
Welfare	155,734	-	-	-	155,734
Library and recreation	50,777	-	-	594,846	645,623
Conservation	3,411	-	-	8,151	11,562
Economic development	516	-	-	-	516
County assessments	688,886	-	-	-	688,886
School district assessments	7,923,896	-	-	-	7,923,896
Debt service	175,550	-	131,663	-	307,213
Capital outlay	677,130	-	-	115,851	792,981
Total Expenditures	<u>13,626,902</u>	<u>-</u>	<u>260,810</u>	<u>758,712</u>	<u>14,646,424</u>
Excess (deficiency) of revenues over expenditures	2,030,600	-	583,705	47,794	2,662,099
<b>Other Financing Sources (Uses):</b>					
Transfers in	55,881	120,000	-	1,044,324	1,220,205
Transfers out	(1,220,508)	-	(129,041)	(55,206)	(1,404,755)
Total Other Financing Sources (Uses)	<u>(1,164,627)</u>	<u>120,000</u>	<u>(129,041)</u>	<u>989,118</u>	<u>(184,550)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	865,973	120,000	454,664	1,036,912	2,477,549
Fund Equity, at Beginning of Year, as restated	2,135,557	(1,480,000)	2,896,146	3,647,106	7,198,809
Fund Equity, at End of Year	<u>\$ 3,001,530</u>	<u>\$ (1,360,000)</u>	<u>\$ 3,350,810</u>	<u>\$ 4,684,018</u>	<u>\$ 9,676,358</u>

See notes to financial statements.

TOWN OF NEWMARKET, 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 JUNE 30, 2007

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 2,477,549</b>						
<ul style="list-style-type: none"> <li>• 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 and reported as depreciation expense: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Capital outlay purchases, net of disposals</td> <td style="text-align: right;">256,334</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(1,617,367)</td> </tr> </table> </li> <li>• Internal service fund is used by management to account for health insurance. The net activity of the internal service fund is reported with Governmental Activities. <span style="float: right;">(108,095)</span></li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <span style="float: right;">248,659</span></li> <li>• The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Repayments of debt</td> <td style="text-align: right;">175,000</td> </tr> </table> </li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <span style="float: right;">3,415</span></li> <li>• 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. <span style="float: right;"><u>308,239</u></span></li> </ul>		Capital outlay purchases, net of disposals	256,334	Depreciation	(1,617,367)	Repayments of debt	175,000
Capital outlay purchases, net of disposals	256,334						
Depreciation	(1,617,367)						
Repayments of debt	175,000						
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,743,734</u></b>						

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Taxes	\$ 12,168,563	\$ 12,168,563	\$ 12,168,563	\$ -
Licenses, permits and fees	1,400,321	1,400,321	1,418,518	18,197
Intergovernmental	643,765	643,765	640,872	(2,893)
Charges for services	243,378	243,378	294,374	50,996
Investment income	200,000	200,000	346,300	146,300
Penalties, interest and other taxes	7,700	7,700	3,477	(4,223)
Miscellaneous	16,500	16,500	43,218	26,718
Transfers in	51,416	51,416	55,881	4,465
Use of fund balance	490,000	490,000	490,000	-
<b>Total Revenues and Other Sources</b>	<b>15,221,643</b>	<b>15,221,643</b>	<b>15,461,203</b>	<b>239,560</b>
<b>Expenditures and Other Uses:</b>				
General government	2,303,904	2,303,904	2,175,554	128,350
Public safety	1,268,801	1,268,801	1,223,524	45,277
Public works	819,047	819,047	721,159	97,888
Welfare	169,918	169,918	155,734	14,184
Library and recreation	60,095	60,095	56,372	3,723
Conservation	1,070	1,070	3,411	(2,341)
Economic Development	11,000	11,000	516	10,484
Debt service	175,550	175,550	175,550	-
County assessments	688,886	688,886	688,886	-
School district assessments	7,923,896	7,923,896	7,923,896	-
Capital outlay	580,341	580,341	677,130	(96,789)
Transfers out	1,219,135	1,219,135	1,220,508	(1,373)
<b>Total Expenditures and Other Uses</b>	<b>15,221,643</b>	<b>15,221,643</b>	<b>15,022,240</b>	<b>199,403</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 438,963</b>	<b>\$ 438,963</b>

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2007

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Solid Waste Fund	Parking Fund	Total	
<b>ASSETS</b>						
Current:						
Cash and short-term investments	\$ 441,728	\$ 574,750	\$ 224,235	\$ 52,405	\$ 1,293,118	\$ 1,041
Investments	-	-	-	-	-	31,087
Deposit held by others	-	-	-	-	-	-
Receivables, net of allowance for uncollectibles:						
User fees, net of allowance for uncollectibles	198,220	196,983	12,261	-	407,464	-
Due from other governments	21,744	15,513	-	-	43,257	-
Prepaid assets	-	-	-	-	-	30,456
Due from other funds	1,687,356	333,254	-	35,375	2,055,985	-
Total current assets	2,355,048	1,120,510	236,496	87,780	3,799,834	62,584
Noncurrent:						
Receivables, net of allowance for uncollectibles:						
Due from other governments	50,744	217,180	-	-	267,924	-
Capital assets, net of accumulated depreciation	2,943,021	3,510,760	-	-	6,453,781	-
Total noncurrent assets	2,993,765	3,727,940	-	-	6,721,705	-
<b>TOTAL ASSETS</b>	<b>5,348,813</b>	<b>4,848,450</b>	<b>236,496</b>	<b>87,780</b>	<b>10,521,539</b>	<b>62,584</b>
<b>LIABILITIES</b>						
Current:						
Accounts payable	-	-	-	-	-	31,934
Accrued liabilities	15,846	27,973	249	-	44,068	210,112
Due to other funds	-	-	12,523	-	12,523	-
Current portion of long-term liabilities:						
Bonds payable	115,000	79,040	-	-	194,040	-
Other liabilities	113	903	-	-	1,016	-
Total current liabilities	130,959	107,916	12,772	-	251,647	242,046
Noncurrent:						
Bonds payable, net of current portion	230,000	1,106,560	-	-	1,336,560	-
Advance from other funds	-	-	-	-	-	446,132
Other liabilities, net of current portion	1,018	8,129	-	-	9,147	-
Total noncurrent liabilities	231,018	1,114,689	-	-	1,345,707	446,132
<b>TOTAL LIABILITIES</b>	<b>361,977</b>	<b>1,222,605</b>	<b>12,772</b>	<b>-</b>	<b>1,597,354</b>	<b>688,178</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	3,050,935	2,753,121	-	-	5,804,056	-
Unrestricted	1,935,901	872,724	223,724	87,780	3,120,129	(625,594)
<b>TOTAL NET ASSETS</b>	<b>\$ 4,986,836</b>	<b>\$ 3,625,845</b>	<b>\$ 223,724</b>	<b>\$ 87,780</b>	<b>\$ 8,924,185</b>	<b>\$ (625,594)</b>

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE  
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities Enterprise Funds				Total	Governmental Activities Internal Service Fund
	Water Fund	Wastewater Fund	Solid Waste Fund	Parking Fund		
<b>Operating Revenues:</b>						
Charges for services	\$ 782,507	\$ 741,724	\$ 188,229	\$ 19,830	\$ 1,732,290	\$ -
Employee and employer contributions	-	-	-	-	-	874,289
Total Operating Revenues	782,507	741,724	188,229	19,830	1,732,290	874,289
<b>Operating Expenses:</b>						
Operating expenses	258,407	661,520	378,356	-	1,298,283	-
Depreciation	260,963	223,721	-	-	484,684	-
Employee benefits	-	-	-	-	-	982,420
Total Operating Expenses	519,370	885,241	378,356	-	1,782,967	982,420
Operating Income (Loss)	263,137	(143,517)	(190,127)	19,830	(50,677)	(108,131)
<b>Nonoperating Revenues (Expenses):</b>						
Intergovernmental	-	109,838	-	-	109,838	-
Other income	5,015	-	-	-	5,015	-
Investment income	13,244	19,446	10,834	2,534	46,058	36
Interest expense	(28,113)	(45,578)	-	-	(73,691)	-
Total Nonoperating Revenues (Expenses), Net	(9,854)	83,706	10,834	2,534	87,220	36
Income (Loss) Before Transfers	253,283	(59,811)	(179,293)	22,364	36,543	(108,095)
<b>Other financing sources and uses:</b>						
Transfers in	-	-	184,550	-	184,550	-
Change in Net Assets	253,283	(59,811)	5,257	22,364	221,093	(108,095)
Net Assets at Beginning of Year, as restated	4,733,553	3,685,656	218,467	65,416	8,703,092	(517,499)
Net Assets at End of Year	\$ 4,986,836	\$ 3,625,845	\$ 223,724	\$ 87,780	\$ 8,924,185	\$ (625,594)

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities Enterprise Funds				Total	Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Solid Waste Fund	Parking Fund		
<b>Cash Flows From Operating Activities:</b>						
Receipts from customers and users	\$ 790,218	\$ 752,485	\$ 188,288	\$ 19,830	\$ 1,750,821	\$ -
Payments to vendors and employees	(506,071)	(679,550)	(361,576)	-	(1,567,197)	-
Receipts from employees and employer	-	-	-	-	-	874,289
Payments of employee benefits and expenses	-	-	-	-	-	(945,813)
Net Cash Provided By (Used For) Operating Activities	284,147	72,935	(193,288)	19,830	183,624	(71,524)
<b>Cash Flows From Noncapital Financing Activities:</b>						
Interfund borrowing	(1,006,643)	(376,969)	8,738	-	(1,374,874)	82,767
Operating transfers in (out)	-	-	184,550	-	184,550	-
Net Cash (Used For) Noncapital Financing Activities	(1,006,643)	(376,969)	193,288	-	(1,190,324)	82,767
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Acquisition and construction of capital assets	(67,349)	(9,427)	-	-	(76,776)	-
Payments from State	34,300	125,351	-	-	159,651	-
Principal payments on bonds and notes	(115,000)	(79,041)	-	(19,830)	(213,871)	-
Interest expense	(28,113)	(45,578)	-	-	(73,691)	-
Net Cash (Used For) Capital and Related Financing Activities	(176,162)	(8,695)	-	(19,830)	(204,687)	-
<b>Cash Flows From Investing Activities:</b>						
Investment income	13,214	19,446	10,834	2,534	46,058	35
Increase in deposits held by others	-	-	-	-	-	(11,243)
Investment (purchases) sales	260,657	10,897	213,201	49,871	534,626	-
Net Cash (Used For) Investing Activities	273,901	30,343	224,035	52,405	580,684	(11,208)
Net Change in Cash and Short-Term Investments	(624,757)	(282,386)	224,035	52,405	(630,703)	35
Cash and Short-Term Investments, Beginning of Year	1,066,485	857,136	200	-	1,923,821	1,006
Cash and Short-Term Investments, End of Year	\$ 441,728	\$ 574,750	\$ 224,235	\$ 52,405	\$ 1,293,118	\$ 1,041
<b>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</b>						
Operating income (loss)	\$ 263,137	\$ (143,517)	\$ (190,127)	\$ 19,830	\$ (50,677)	\$ (108,131)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	260,963	223,721	-	-	484,684	-
Changes in assets and liabilities:						
User fees	7,711	10,761	59	-	18,531	-
Prepaid assets	-	-	-	-	-	(30,455)
Accounts payable	(72,615)	(23,199)	(3,469)	-	(99,283)	(23,500)
Accrued liabilities	366	(3,863)	249	-	(3,248)	90,562
Other liabilities	(175,415)	9,032	-	-	(166,383)	-
Net Cash Provided By (Used For) Operating Activities	\$ 284,147	\$ 72,935	\$ (193,288)	\$ 19,830	\$ 183,624	\$ (71,524)

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2007

	Private Purpose Trust Funds	Agency Funds
<b><u>ASSETS</u></b>		
Cash and short term investments	\$ -	\$ 1,273,094
Investments	<u>468,246</u>	<u>-</u>
Total Assets	468,246	1,273,094
 <b><u>LIABILITIES</u></b>		
Escrow deposits	<u>-</u>	<u>1,273,094</u>
Total Liabilities	<u>-</u>	<u>1,273,094</u>
 <b><u>NET ASSETS</u></b>		
Total net assets held in trust	\$ <u><u>468,246</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

TOWN OF NEWMARKET, NEW HAMPSHIRE  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Private Purpose Trust Funds</u>
<b>Additions:</b>	
Contributions	\$ 68,000
Investment income (loss)	<u>116,380</u>
Total additions	184,380
<b>Deductions:</b>	
Other	<u>16,241</u>
Total deductions	<u>16,241</u>
Net increase (decrease)	168,139
<b>Net assets:</b>	
Beginning of year	<u>300,107</u>
End of year	<u>\$ 468,246</u>

See notes to financial statements.

Town of Newmarket, New Hampshire

Notes to Financial Statements

1. **Summary of Significant Accounting Policies**

The accounting policies of the Town of Newmarket, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The government is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2007, it was determined that no entities met the required GASB-39 criteria of component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded

from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- *Public Works and Fire Department Complex* accounts for the construction costs of the new public works and fire department complex.
- *Downtown Business District* accounts for construction costs associated with the revitalization of the downtown area and Main Street.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major proprietary funds:

- Water Treatment
- Wastewater Treatment
- Solid Waste
- Parking

The self-insured employee health program is reported as an internal service fund in the accompanying financial statements.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in

the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type is included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*E. Investments*

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

*F. Interfund Receivables and Payables*

Transactions between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

*G. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide

financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	20 - 60
Vehicles	5
Office equipment	5
Computer equipment	5
Other equipment & furnishings	10

#### *H. Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### *I. Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

L. Material Changes in Classifications

The accompanying financial statements reflect various changes in classification from the prior year (see note 22).

2. **Stewardship, Compliance and Accountability**

A. Budgetary Information

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

*B. Budgetary Basis*

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

*C. Budget/GAAP Reconciliation*

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 15,657,502	\$ 13,626,902
Other financing sources/uses (GAAP basis)	<u>55,881</u>	<u>1,220,508</u>
Subtotal (GAAP Basis)	15,713,383	14,847,410
Adjust tax revenue to accrual basis	(700,683)	-
Add end of year appropriation carryforwards to expenditures	-	174,830
To recognize timing differences	(41,497)	-
Recognize use of fund balance as funding source	<u>490,000</u>	<u>-</u>
Budgetary basis	<u>\$ 15,461,203</u>	<u>\$ 15,022,240</u>

*D. Excess of Expenditures Over Appropriations*

Expenditures exceeding appropriations during the current fiscal year were as follows:

Conservation	\$ (2,341)
Capital outlay	\$ (96,789)
Transfers out	\$ (1,373)

E. Deficit Fund Equity

The following funds had deficits as of June 30, 2007:

Internal service fund	\$ (625,594)
Public Works and Fire Department Complex	\$ (1,360,000)

The Town anticipates the deficits in these funds will be eliminated through future departmental revenues, and transfers from other funds.

3. **Cash and Short-Term Investments**

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. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a city with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank." The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2007, \$ 9,184,478 of the Town's bank balance of \$ 18,860,941 was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank's trust department not in the Town's name. Of the Town's \$ 7,566,238 deposit in repurchase agreements, none of underlying securities are held by the investment's counterparty, not in the name of the Town.

4. **Investments**

A. 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. State law employs the prudent person rule whereby investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Presented below is the actual rating as of year end for each investment of the Town:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>			
				<u>Aaa</u>	<u>Aa</u>	<u>Baa</u>	<u>Not Rated</u>
Federal securities	\$ 426,309	N/A	\$ -	\$ 382,086	\$ 44,223	\$ -	\$ -
Corporate bonds	120,186	N/A	-	-	96,392	20,009	3,785
Corporate equities	322,279	N/A	322,279	-	-	-	-
Mutual funds	147,533	N/A	147,533	-	-	-	-
Total investments	\$ 1,016,307		\$ 469,812	\$ 382,086	\$ 140,615	\$ 20,009	\$ 3,785

**B. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) 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. The Town and System does not have policies for custodial credit risk.

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Corporate and federal bonds	\$ 546,495	\$ 45,173	\$ 350,026	\$ 151,296	\$ -
Total	\$ 546,495	\$ 45,173	\$ 350,026	\$ 151,296	\$ -

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

5. Taxes Receivable

The Town bills property taxes on a semi-annual basis, which are due in July and December. Property tax revenues are recognized in the fiscal year for which taxes have been levied (budgeted) to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year-end.

Property taxes collected before the due date and in advance of the year for which they are levied, are recorded as a prepaid tax liability, as they are intended to finance the subsequent year's operations.

Delinquent taxes are typically liened at the Registrar of Deeds on February 28 of the next year. If the property taxes (redemptions) are not paid within two years of the tax lien date, the property is conveyed to the Town by deed and could subsequently be sold at public sale.

The Town annually budgets an amount (overlay for abatements) for resident and property tax abatements and refunds. All abatements and refunds are charged to overlay and are classified as a contra-tax revenue in the General Fund.

Taxes receivable at June 30, 2007 consist of the following:

Real Estate Tax Liens		
2006	\$ 123,758	
2005	<u>76,320</u>	
		200,078
Elderly Lien		22,615
Land Use Tax		24,000
Excavation Yield Tax		31
Resident taxes		<u>34,800</u>
Total	\$	<u><u>281,524</u></u>

**6. Allowance for Doubtful Accounts**

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts:

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 83,429	\$ -
Ambulance	17,913	-
Water	-	22,027
Waste Water	-	20,959

**7. Intergovernmental Receivables**

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2007.

**8. Interfund Fund Receivables/Payables**

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2007 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ 482,637	\$ 4,233,868	\$ 1,806,132	\$ -
Special Revenue Funds	60,843	34,942	-	-
Capital Project Funds	1,706,808	3,160	-	1,360,000
Permanent Trust Funds	-	21,790	-	-
Internal Service Fund	-	-	-	446,132
Water Enterprise Fund	1,687,356	-	-	-
Sewer Enterprise Fund	333,264	-	-	-
Solid Waste Enterprise Fund	-	12,523	-	-
Parking Enterprise Fund	35,375	-	-	-
Total	<u>\$ 4,306,283</u>	<u>\$ 4,306,283</u>	<u>\$ 1,806,132</u>	<u>\$ 1,806,132</u>

**9. Capital Assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,666,746	\$ -	\$ -	\$ 3,666,746
Machinery, equipment, and furnishings	3,053,282	-	-	3,053,282
Infrastructure	<u>50,303,021</u>	<u>-</u>	<u>-</u>	<u>50,303,021</u>
Total capital assets, being depreciated	57,023,049	-	-	57,023,049
Less accumulated depreciation for:				
Buildings and improvements	(572,856)	(91,669)	-	(664,525)
Machinery, equipment, and furnishings	(1,649,785)	(268,123)	-	(1,917,908)
Infrastructure	<u>(14,377,525)</u>	<u>(1,257,576)</u>	<u>-</u>	<u>(15,635,101)</u>
Total accumulated depreciation	<u>(16,600,166)</u>	<u>(1,617,368)</u>	<u>-</u>	<u>(18,217,534)</u>
Total capital assets, being depreciated, net	40,422,883	(1,617,368)	-	38,805,515
Capital assets, not being depreciated:				
Construction in progress	7,362,071	256,334	-	7,618,405
Land	<u>5,006,499</u>	<u>-</u>	<u>-</u>	<u>5,006,499</u>
Total capital assets, being depreciated, net	<u>12,368,570</u>	<u>256,334</u>	<u>-</u>	<u>12,624,904</u>
Governmental activities capital assets, net	<u>\$ 52,791,453</u>	<u>\$ (1,361,034)</u>	<u>\$ -</u>	<u>\$ 51,430,419</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,050,000	\$ -	\$ -	\$ 6,050,000
Machinery, equipment, and furnishings	81,500	-	-	81,500
Infrastructure	<u>7,971,268</u>	<u>-</u>	<u>-</u>	<u>7,971,268</u>
Total capital assets, being depreciated	14,102,768	-	-	14,102,768
Less accumulated depreciation for:				
Buildings and improvements	(3,904,167)	(300,000)	-	(4,204,167)
Machinery, equipment, and furnishings	(57,500)	(3,600)	-	(61,100)
Infrastructure	<u>(3,619,812)</u>	<u>(181,084)</u>	<u>-</u>	<u>(3,800,896)</u>
Total accumulated depreciation	<u>(7,581,479)</u>	<u>(484,684)</u>	<u>-</u>	<u>(8,066,163)</u>
Total capital assets, being depreciated, net	6,521,289	(484,684)	-	6,036,605
Capital assets, not being depreciated:				
Construction in progress	-	76,776	-	76,776
Land	<u>340,400</u>	<u>-</u>	<u>-</u>	<u>340,400</u>
Total capital assets, being depreciated, net	<u>340,400</u>	<u>76,776</u>	<u>-</u>	<u>417,176</u>
Business-type activities capital assets, net	<u>\$ 6,861,689</u>	<u>\$ (407,908)</u>	<u>\$ -</u>	<u>\$ 6,453,781</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 118,425
Public safety	181,367
Highway and streets	1,302,475
Culture and recreation	<u>15,100</u>
Total depreciation expense - governmental activities	<u>\$ 1,617,367</u>
Business-Type Activities:	
Water fund	\$ 260,963
Wastewater fund	<u>223,721</u>
Total depreciation expense - business-type activities	<u>\$ 484,684</u>

**10. Accounts Payable**

Accounts payable represent additional 2007 expenditures paid after June 30, 2007.

**11. Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund deferred revenues account is equal to the total of all June 30, 2007 receivable balances, except property taxes that are accrued for subsequent 60 day collections.

**12. Taxes Collected In Advance**

This balance consists of tax collections represents tax collections for the 2008 levy year.

**13. Long-Term Debt**

*A. General Obligation Bonds*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of June 30, 2007</u>
Open Space Land Acquisition	01/15/23	4.250 - 4.90%	\$ 1,600,000
Downtown TIF Improvements	01/15/23	4.250 - 4.90%	<u>1,200,000</u>
Total Governmental Activities:			\$ <u>2,800,000</u>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of June 30, 2007</u>
Water Facility Reconstruction	07/15/09	6.680 - 6.875%	\$ 345,000
Creighton Street Pump/Outfall	08/15/21	3.700%	<u>1,185,600</u>
Total Business-Type Activities:			\$ <u>1,530,600</u>

*B. Future Debt Service*

The annual principal payments to retire all general obligation long-term debt outstanding as of June 30, 2007 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 175,000	\$ 124,775	\$ 299,775
2009	175,000	117,338	292,338
2010	175,000	109,900	284,900
2011	175,000	102,463	277,463
2012	175,000	95,025	270,025
2013-2017	875,000	363,127	1,238,127
2018-2022	875,000	167,565	1,042,565
2023-2026	<u>175,000</u>	<u>8,575</u>	<u>183,575</u>
Total	\$ <u>2,800,000</u>	\$ <u>1,088,768</u>	\$ <u>3,888,768</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 194,040	\$ 67,634	\$ 261,674
2009	194,040	56,800	250,840
2010	194,040	45,965	240,005
2011	79,040	35,132	114,172
2012	79,040	32,204	111,244
2013-2017	395,200	117,106	512,306
2023-2026	395,200	43,915	439,115
<b>Total</b>	<b>\$ 1,530,600</b>	<b>\$ 398,756</b>	<b>\$ 1,929,356</b>

**C. Changes in General Long-Term Liabilities**

During the year ended June 30, 2007, the following changes occurred in long-term liabilities:

	Total Balance <u>7/1/06</u>	Additions	Reductions	Total Balance <u>6/30/07</u>	Current Portion	Equals Long-Term Portion <u>6/30/07</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 2,975,000	\$ -	\$ (175,000)	\$ 2,800,000	\$ (175,000)	\$ 2,625,000
Other:						
Landfill postclosure care cost	779,000	-	(311,000)	468,000	(26,000)	442,000
Compensated absences	89,312	2,761	-	92,073	(9,207)	82,866
<b>Totals</b>	<b>\$ 3,843,312</b>	<b>\$ 2,761</b>	<b>\$ (486,000)</b>	<b>\$ 3,360,073</b>	<b>\$ (210,207)</b>	<b>\$ 3,149,866</b>

	Total Balance <u>7/1/06</u>	Additions	Reductions	Total Balance <u>6/30/07</u>	Current Portion	Equals Long-Term Portion <u>6/30/07</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 1,724,641	\$ -	\$ (194,041)	\$ 1,530,600	\$ (194,040)	\$ 1,336,560
Other:						
Compensated absences	9,858	-	305	10,163	(1,016)	9,147
<b>Totals</b>	<b>\$ 1,734,499</b>	<b>\$ -</b>	<b>\$ (193,736)</b>	<b>\$ 1,540,763</b>	<b>\$ (195,056)</b>	<b>\$ 1,345,707</b>

**14. Landfill Closure and Postclosure Care Costs**

This liability reported is based on what it would cost to perform postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**15. Restricted Net Assets**

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

**16. Reserves and Designations of Fund Equity**

"Reserves" of fund equity are established to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use

The following types of reserves are reported at June 30, 2007:

Reserved for Encumbrances - An account used to segregate that portion of fund balance committed for expenditure of financial resources upon vendor performance.

Reserved for Expenditures - Represents the amount of fund balance appropriated to be used for expenditures in the subsequent year budget.

Reserved for Perpetual Funds - Represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

Reserved for Advances - An account used to segregate a portion of fund balance to indicate that advances to other funds, although a component of assets, do not represent available spendable resources.

**17. General Fund Undesignated Fund Balance**

The undesignated general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how undesignated fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund undesignated fund balance:

GAAP basis balance	\$ 530,568
Deferred revenue	457,951
Allowance for doubtful accounts	(155,007)
Advance to internal service funds	446,132
Advance to PW and Fire Complex fund	<u>1,360,000</u>
Tax Rate Setting Balance	<u>\$ 2,639,644</u>

**18. Commitments and Contingencies**

Outstanding Lawsuits - There are several pending lawsuits in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**19. Pension Plan**

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds.

A. Plan Description

The Town contributes to the New Hampshire Retirement System (the "System"), a cost-sharing multiple-employer, defined benefit pension plan administered by a county retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A:41 of New Hampshire Law assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report that can be obtained through the New Hampshire Retirement System at 4 Chenell Drive, Concord, New Hampshire 03301-8509.

B. Funding Policy

Plan members are required to contribute 6.81% of their gross earnings to the pension plan. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and is 9.68% for police and 14.36% for fire. The Town's

contributions to the System for the years ended June 30, 2007, 2006, and 2005 were 147,986, \$ 167,798 and \$ 146,316, respectively, which were equal to its annual required contributions for each of these years.

**20. Self Insurance**

The Town self insures against claims for workers compensation, unemployment and most employee health coverage. Annual estimated requirements for claims are provided in the Town's annual operating budget.

Health Insurance

The Town contracts with an insurance carrier for excess liability coverage and an insurance consultant for claims processing. Under the terms of its insurance coverage, the Town is liable for claims up to \$ 30,000 per individual, except where the Town is liable for one individual up to \$ 100,000. The claims liability represents an estimate of claims incurred but unpaid at year end, based on past historical costs and claims paid subsequent to year end.

Changes in the aggregate liability for claims for the year ended June 30, 2007 are as follows:

	<u>Health Coverage</u>
Claims liability, beginning of year	\$ 119,531
Claims incurred/recognized on fiscal year 2007	982,420
Claims paid in fiscal year 2007	<u>891,839</u>
Claims liability, end of year	<u>\$ 210,112</u>

**21. Risk Management**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**22. Beginning Fund Balance And Net Asset Reclassification and Restatement**

The Town's major governmental funds for fiscal year 2007, as defined by GASB Statement 34, have changed from the previous fiscal year.

Additionally, the beginning (July 1, 2006) fund balances of the Town have been restated.

Entity-wide reclassifications and restatements can be found below, while fund basis changes can be found on page 42.

Government-Wide Financial Statements:

	<u>Entity-Wide Financial Statements</u>	
	<u>Governmental Activities</u>	<u>Business- type Activities</u>
As previously reported	\$ 63,622,462	\$ 8,343,898
Restatement of capital assets	(8,086,978)	(546,380)
To record non-current compensated absences	371,690	(9,858)
To record accrued payroll	(46,860)	-
To reclass recreation revolving from business-type to governmental type activities	(3,157)	3,157
To reclass community cultural from private purpose trust funds to permanent trust funds	89,938	-
To reclass Downtown Infrastructure from private purpose trust funds to permanent trust funds	1	-
To reclass library from private purpose trust funds to permanent trust funds	35,780	-
To reclass capital project funds related to water and waste water enterprise funds to business-type activities	(707,651)	707,651
To reclass cemetery trust from private purpose trust funds to permanent trust funds	592,643	-
To record prior year health insurance claims liability incurred but not reported (IBNR)	(119,550)	-
To record prior year accounts payable for health claims	(55,434)	-
To record prior year health claims working deposit	19,845	-
To record prior year accrued interest on bonds payable	(66,298)	(37,458)
To record a prior year library passbook	10,014	-
To record prior year accounts receivable on unbilled water and waste water usage	-	260,474
To record prior year allowance for doubtful accounts	-	(18,392)
As restated	<u>\$ 55,656,445</u>	<u>\$ 8,703,092</u>

Fund Basis Financial Statements:

	Governmental Funds					Enterprise Funds					Fiduciary Funds		
	General Fund	Special Revenue Funds	Capital Project Funds	Capital & Noncapital Reserves	Public Works and Fire Complex Major Fund	Downtown Business District Major Fund	Nonmajor Funds	Water	Waste Water	Solid Waste	Recreation Revolving	Internal Service Fund	Private Purpose Trust
As previously reported	\$ 1,814,707	\$ 364,833	\$ 2,845,436	\$ 1,373,055	\$ -	\$ -	\$ 5,423,317	\$ 2,638,486	\$ 219,836	\$ (3,157)	\$ -	\$ 1,076,316	
To remove allowance for doubtful accounts	138,221	-	-	-	-	-	-	-	-	-	-	-	-
To record deferred revenue, net of 60-day accrual	(231,513)	-	-	-	-	-	-	-	-	-	-	-	-
To remove non-current compensated absences	461,002	-	-	-	-	-	-	-	-	-	-	-	-
To record accrued payroll	(46,860)	-	-	-	-	-	-	-	-	-	-	-	-
To reclass recreation revolving from enterprise funds to special revenue funds	-	(3,157)	-	-	-	-	-	-	-	3,157	-	-	-
To reclass community cultural from private purpose to special revenue funds	-	89,938	-	-	-	-	-	-	-	-	-	-	(89,938)
To reclass library from private purpose trust funds to special revenue funds	-	35,780	-	-	-	-	-	-	-	-	-	-	(35,780)
To record library passbook	-	10,015	-	-	-	-	-	-	-	-	-	-	-
To reclass water and waste water capital projects to the water and sewer enterprise funds	-	-	(707,651)	-	-	-	520,263	187,388	-	-	-	-	-
To record accrued interest on bonds payable	-	-	-	-	-	-	(14,383)	(23,075)	-	-	-	-	-
To record accounts receivable on unbilled water and waste water usage	-	-	-	-	-	-	129,514	130,960	-	-	-	-	-
To record allowance for doubtful accounts	-	-	-	-	-	-	(8,491)	(9,532)	(1,369)	-	-	-	-
To restate capital assets	-	-	-	-	-	-	-	1,800,000	-	-	-	-	-
To restate accumulated depreciation	-	-	-	-	-	-	(1,315,570)	(1,030,810)	-	-	-	-	-
To record non-current compensated absences	-	-	-	-	-	-	(1,097)	(8,761)	-	-	-	-	-
To reclass health insurance from private purpose to internal service fund	-	-	-	363,365	-	-	-	-	-	-	-	(363,365)	-
To record incurred but not reported liability	-	-	-	-	-	-	-	-	-	-	-	(119,500)	-
To record health claims accounts payable	-	-	-	-	-	-	-	-	-	-	-	(55,434)	-
To record health claims working deposit	-	-	-	-	-	-	-	-	-	-	-	19,845	-
To reclass health claims capital reserve	-	-	-	(1,005)	-	-	-	-	-	-	-	1,005	-
To reclass cemetery trust funds from private purpose to permanent trust funds	-	-	-	-	-	592,643	-	-	-	-	-	-	(592,643)
To reclass veteran's memorial trust funds from private purpose to permanent trust funds	-	-	-	(5,969)	-	-	-	-	-	-	-	-	-
To reclass Riverside cemetery memorial trust funds from private purpose to permanent trust funds	-	-	-	(10,974)	-	10,974	-	-	-	-	-	-	(57,848)
To restate investments at fair market value	-	-	(1,416,146)	-	(1,480,000)	2,896,146	-	-	-	-	-	-	-
To reclass major funds	-	(497,409)	(821,638)	(1,718,472)	-	3,037,520	-	-	-	-	-	-	-
To reclass nonmajor funds	-	-	-	-	-	2,896,146	-	-	-	-	-	-	-
As restated	\$ 2,138,557	\$ -	\$ -	\$ -	\$ (1,480,000)	\$ 2,896,146	\$ 4,733,553	\$ 3,685,656	\$ 218,467	\$ -	\$ (517,449)	\$ 300,107	