

**TOWN OF WEARE, NEW HAMPSHIRE**

**Financial Statements**

**December 31, 2013**

**and**

**Independent Auditor's Report**

**TOWN OF WEARE, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2013**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Weare, 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 Weare, New Hampshire 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 Weare, 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 Weare, 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 budgetary comparison information on pages 21-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Weare, 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.

*Vachon Cloutay & Company PC*

Manchester, New Hampshire  
April 22, 2015

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

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 7,428,812
Investments	2,531,404
Taxes receivable, net	1,533,564
Accounts receivable, net	215,626
Due from other governments	28,929
Total Current Assets	<u>11,738,335</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	6,628,516
Depreciable capital assets, net	6,313,574
Total Noncurrent Assets	<u>12,942,090</u>
Total Assets	<u>24,680,425</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	352,208
Accrued expenses	224,936
Due to other governments	5,878,434
Current portion of bonds payable	120,000
Total Current Liabilities	<u>6,575,578</u>
Noncurrent Liabilities:	
Bonds payable	190,000
Compensated absences	12,575
Total Noncurrent Liabilities	<u>202,575</u>
Total Liabilities	<u>6,778,153</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Net investment in capital assets	12,732,090
Restricted	2,650,667
Unrestricted	2,519,515
Total Net Position	<u>\$ 17,902,272</u>

*See accompanying notes to the basic financial statements*

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 1,031,038	\$ 95,601	\$ 4,031	\$ (931,406)
Public safety	2,261,904	315,592	1,540	(1,944,772)
Highways and streets	1,905,564		339,414	(1,566,150)
Sanitation	423,963	151,338	5,000	(267,625)
Water distribution and treatment	7,914			(7,914)
Health and welfare	28,485	510		(27,975)
Culture and recreation	333,502	19,670	4,875	(308,957)
Interest and fiscal charges	17,778			(17,778)
Total governmental activities	<u>\$ 6,010,148</u>	<u>\$ 582,711</u>	<u>\$ 354,860</u>	<u>(5,072,577)</u>
General revenues:				
Property and other taxes				2,914,612
Licenses and permits				1,543,259
Grants and contributions:				
Rooms and meals tax distribution				392,963
Interest and investment earnings income				299,596
Miscellaneous				165,715
Total general revenues				<u>5,316,145</u>
Change in net position				243,568
Net position - beginning				<u>17,658,704</u>
Net position - ending				<u>\$ 17,902,272</u>

*See accompanying notes to the basic financial statements*

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

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,941,765		\$ 487,047	\$ 7,428,812
Investments	130,296	\$ 1,279,610	1,121,498	2,531,404
Taxes receivable, net	1,533,564			1,533,564
Accounts receivable, net	11,271		96,133	107,404
Due from other governments	27,944		985	28,929
Due from other funds	363,999		539,977	903,976
Total Assets	<u>9,008,839</u>	<u>1,279,610</u>	<u>2,245,640</u>	<u>12,534,089</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,008,839</u>	<u>\$ 1,279,610</u>	<u>\$ 2,245,640</u>	<u>\$ 12,534,089</u>
LIABILITIES				
Accounts payable	\$ 349,172		\$ 3,036	\$ 352,208
Accrued expenses	209,267		8,665	217,932
Due to other governments	5,878,434			5,878,434
Due to other funds	449,977	\$ 25,956	319,821	795,754
Total Liabilities	<u>6,886,850</u>	<u>25,956</u>	<u>331,522</u>	<u>7,244,328</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned property tax revenue	<u>1,172,757</u>			<u>1,172,757</u>
Total Deferred Inflows of Resources	<u>1,172,757</u>	<u>-</u>	<u>-</u>	<u>1,172,757</u>
FUND BALANCES				
Nonspendable		905,615		905,615
Restricted	154,031	348,039	1,342,982	1,845,052
Committed	163,413		571,136	734,549
Assigned	493,515			493,515
Unassigned	138,273			138,273
Total Fund Balances	<u>949,232</u>	<u>1,253,654</u>	<u>1,914,118</u>	<u>4,117,004</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,008,839</u>	<u>\$ 1,279,610</u>	<u>\$ 2,245,640</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 12,942,090

Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis 1,172,757

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 (310,000)  
Accrued interest on long-term obligations (7,004)  
Compensated absences payable (12,575)

Net position of governmental activities \$ 17,902,272

*See accompanying notes to the basic financial statements*

EXHIBIT D

TOWN OF WEARE, NEW HAMPSHIRE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2013

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,957,477		\$ 43,762	\$ 3,001,239
Licenses and permits	1,543,259			1,543,259
Intergovernmental	747,823			747,823
Charges for services	275,675		307,036	582,711
Interest and investment income	22,731	\$ 128,810	148,055	299,596
Miscellaneous	67,433		98,282	165,715
Total Revenues	<u>5,614,398</u>	<u>128,810</u>	<u>597,135</u>	<u>6,340,343</u>
Expenditures:				
Current operations:				
General government	958,587	7,401	17,420	983,408
Public safety	1,868,912		185,245	2,054,157
Highways and streets	1,266,869			1,266,869
Sanitation	330,813		57,491	388,304
Water distribution and treatment	2,352			2,352
Health and welfare	28,485			28,485
Culture and recreation	240,686	1,500	72,585	314,771
Capital outlay	546,307		82,996	629,303
Debt service:				
Principal retirement	180,000			180,000
Interest and fiscal charges	21,545			21,545
Total Expenditures	<u>5,444,556</u>	<u>8,901</u>	<u>415,737</u>	<u>5,869,194</u>
Excess revenues over expenditures	<u>169,842</u>	<u>119,909</u>	<u>181,398</u>	<u>471,149</u>
Other financing sources (uses):				
Transfers in	81,006		90,000	171,006
Transfers out		(5,289)	(165,717)	(171,006)
Total other financing sources (uses)	<u>81,006</u>	<u>(5,289)</u>	<u>(75,717)</u>	<u>-</u>
Net change in fund balances	250,848	114,620	105,681	471,149
Fund balances at beginning of year, as restated	<u>698,384</u>	<u>1,139,034</u>	<u>1,808,437</u>	<u>3,645,855</u>
Fund balances at end of year	<u>\$ 949,232</u>	<u>\$ 1,253,654</u>	<u>\$ 1,914,118</u>	<u>\$ 4,117,004</u>

TOWN OF WEARE, 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	\$ 471,149
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 outlays in the current period.	(359,094)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(86,627)
Repayment of principal on bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	180,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	3,767
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 governmental funds.	34,373
Change in Net Position of Governmental Activities	<u>\$ 243,568</u>

See accompanying notes to the basic financial statements

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

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 1,045,423
Investments	\$ 625,628	<u>61,677</u>
Total Assets	<u>625,628</u>	<u>\$ 1,107,100</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 625,628</u>	
LIABILITIES		
Due to other governments		\$ 846,047
Deposits		152,831
Due to other funds		<u>108,222</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 1,107,100</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>625,628</u>	
Total net position	<u>\$ 625,628</u>	

*See accompanying notes to the basic financial statements*

EXHIBIT F  
**TOWN OF WEARE, NEW HAMPSHIRE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended December 31, 2013

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Contributions:	
Private donations	\$ 154,566
Total Contributions	<u>154,566</u>
Investment earnings:	
Interest	10,696
Realized gains on investments	32,443
Net increase in the fair value of investments	<u>46,305</u>
Total Investment Earnings	<u>89,444</u>
Total Additions	<u>244,010</u>
DEDUCTIONS:	
Benefits	7,888
Investment Fees	<u>3,710</u>
Total Deductions	<u>11,598</u>
Change in net position	232,412
Net position - beginning of year	<u>393,216</u>
Net position - end of year	<u><u>\$ 625,628</u></u>

*See accompanying notes to the basic financial statements*

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

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Weare, 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 Weare, New Hampshire (the Town) was incorporated in 1764. 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 the 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

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

separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

***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, and liabilities and deferred inflows of resources is reported as fund balance. The following are the Town's major governmental funds:

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.

The *Permanent Funds* account for the financial transactions related to resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the Town's programs.

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds. The private-purpose trust funds are used to account for assets held by the Town under a trust agreement for the benefit of individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains numerous private purpose trust funds, which account for monies designated to benefit individuals within the Town. 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 Weare School District and John Stark Regional School District, which are held by the Town as required by State law. Other agency funds consist of developer's performance bonds.

***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.

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

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

The private purpose trust fund is reported using the economic resources measurement focus.

***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.

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

**2. Unearned Revenue:**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are recorded as advances from grantors. 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.

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 applied \$200,000 of its unappropriated fund balance to reduce taxes.

***Investments***

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

***Accounts Receivable***

Accounts receivable are recorded net of reserves for estimated uncollectibles in the Nonmajor Governmental Funds of \$62,832

***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 \$100,000.

***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.

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

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 consists of roads, bridges, and similar items. 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.

All reported capital assets except for land, easements with an indefinite life and construction in process 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>
	Infrastructure	40
	Land improvements	15-20
	Buildings and improvements	5-50
	Vehicles and equipment	3-20

***Compensated Absences***

Employees earn vacation and sick leave as they provide services. Provision is made in the annual budget for vacation and sick leave. Pursuant to Town personnel policy, full time employees may accumulate sick leave days to a maximum of 90 days. Upon retirement, an employee that has worked for the Town for a minimum number of years will be reimbursed for a percentage of any unused accumulated sick days as follows: 50% of accumulated sick leave will be paid to employees that have worked a minimum of 20 years; 75% will be paid for those with 25 years of service; and 100% will be paid for those with 30 years of service.

During the year ended December 31, 2008, the Town amended the sick time policy for employees who had unused sick time as of August 2003, when the current policy took effect. Regardless of tenure, if the employee leaves town employment at retirement age and was hired before August 2003, the employee has effectively been grandfathered under the previous policy and is able to receive 100% of their vested sick time balance. For these employees, the Town recognizes a liability of 100% of August 2003 or December 31, 2012 balance, whichever is less.

Pursuant to the police union contract, full time employees may accumulate sick leave to a maximum of 900 hours. Upon termination or retirement, a bargaining unit member that has worked for the Town for a minimum number of years will be reimbursed for a percentage of any unused accumulated sick days as follows: 75% of accumulated sick leave will be paid to employees that have worked a minimum of 15 years and 100% will be paid for those with 20 years of service.

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.

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

*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. 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 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 by their providers through constitutional provisions or by enabling legislation.
- Committed Fund Balance: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned Fund Balance: Amounts that are available for any purpose; these amounts are reported only in the General Fund. Any deficit fund balance of another fund is also classified as unassigned.

As of December 31, 2013, the Town has not adopted a fund balance policy. 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

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

for purposes for which amounts in any of the unrestricted fund balance classification can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

***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 the allowance for uncollectible receivables and depreciation expense.

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

***Other Post-Employment Benefits***

The Town did not implement 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 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 (\$812,715,344 as of April 1, 2013) and are due in two installments on July 1, 2013 and December 13, 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.

In accordance with State law, the Town collects taxes for the Weare School District, John Stark Regional School District and Hillsborough County, 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 districts. Total taxes appropriated during the year were \$8,148,451, \$5,829,983, and \$936,524 for the Weare School District, John Stark Regional School District and Hillsborough County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes. At December 31, 2013, the balance of the property tax

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

appropriations due to the Weare School District and John Stark Regional School District are \$2,229,983 and \$3,648,451, respectively.

**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**

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

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

Statement of Net Position:	
Cash and cash equivalents	\$ 7,428,812
Investments	2,531,404
Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,045,423
Investments	687,305
	<u>\$ 11,692,944</u>

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

Cash on hand	\$ 3,212
Deposits with financial institutions	8,536,576
Investments	3,153,156
	<u>\$ 11,692,944</u>

The Town's investment policy for governmental fund types requires that deposits be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to demand deposits, money market accounts, certificates of deposit and overnight repurchase agreements or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool in accordance with New Hampshire State law (RSA 41:29). Investments of the library funds are at the discretion of the Library Trustees. Responsibility for the investments of the expendable trust funds, permanent funds, private purpose trust funds and school district agency funds is with the Board of Trustees, who have employed professional banking assistance in accordance with New Hampshire state law (RSA 31:38a).

***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. None of the investments held by the Town as of December 31, 2013 are rated.

The Town's investment policy states the Town may utilize any entity with an investment grade rating issued by Moody's and S&P at a minimum of Aa2 and AA, respectively. Both the Trustees of Trust Funds' and the Library Trustees investment policies addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The following is the actual rating at year end for each investment type:

	<u>Investment Type</u>	<u>Not rated</u>
Money market funds		\$ 66,799
Mutual funds		1,956,363
		<u>\$ 2,023,162</u>

***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 to it. The custodial credit risk for investments is the risk that, in the event of the failure of

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

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.

The Town's investment policy ensures that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall have such funds, at the time of deposit or investments, secured by collateral having a market value at least equal to 102% of the amount deposited or invested. The investment policy of the Trustees of Trust Funds for principal and income specifies an asset allocation as follows: cash and cash equivalents (remainder); fixed income (approximately 25-45% and 50-75%); and equities (approximately 50-75% and 25-45%), respectively. The entire balance of the capital reserve funds is to be invested in cash and cash equivalents (i.e. money market mutual funds). The investment policy of the Library Trustees specifies an asset allocation as follows: cash and cash equivalents (remainder); equities (approximately 40%); and fixed income (approximately 60%).

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>Reported Amount</u>
Equity securities		\$ 1,129,994
Mutual funds		<u>1,956,363</u>
		<u>\$ 3,086,357</u>

Of the Town's deposits with financial institutions at year end, \$7,504,880 was collateralized by securities held by the bank in the bank's name.

**NOTE 6--CAPITAL ASSETS**

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

	<u>Balance 1/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2013</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 6,132,469			\$ 6,132,469
Easements	285,045	\$ 39,040		324,085
Construction in process	171,962			171,962
Total capital assets not being depreciated	<u>6,589,476</u>	<u>39,040</u>	<u>\$ -</u>	<u>6,628,516</u>
Other capital assets:				
Infrastructure	3,907,927			3,907,927
Land improvements	78,574			78,574
Buildings and improvements	3,170,709	56,389		3,227,098
Vehicles and equipment	7,086,442	49,441		7,135,883
Total other capital assets at historical cost	<u>14,243,652</u>	<u>105,830</u>	<u>-</u>	<u>14,349,482</u>

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

Less accumulated depreciation for:			
Infrastructure	(994,847)	(97,698)	(1,092,545)
Land improvements	(16,455)	(4,223)	(20,678)
Buildings and improvements	(1,429,809)	(68,011)	(1,497,820)
Vehicles and equipment	(5,090,833)	(334,032)	(5,424,865)
Total accumulated depreciation	<u>(7,531,944)</u>	<u>(503,964)</u>	<u>(8,035,908)</u>
Total other capital assets, net	<u>6,711,708</u>	<u>(398,134)</u>	<u>6,313,574</u>
Total capital assets, net	<u>\$ 13,301,184</u>	<u>\$ (359,094)</u>	<u>\$ 12,942,090</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 23,995
Public safety	194,915
Highways and streets	236,579
Sanitation	38,554
Culture and recreation	9,921
Total governmental activities depreciation expense	<u>\$ 503,964</u>

**NOTE 7--DEFINED BENEFIT 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 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 public safety employees are required to contribute 11.55% 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 and general employees were 19.95% and 8.80%, respectively through June 30, 2013, and 25.30% and 10.77%, respectively thereafter. The Town contributed 100% of the employer cost for police officers 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 \$266,096, \$238,301, and \$223,029, respectively, equal to the required contributions for each year.

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

**NOTE 8--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:

	Balance <u>1/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2013</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 490,000		\$ (180,000)	\$ 310,000	\$ 120,000
Compensated absences	46,948	\$ 156	(34,529)	12,575	
Total governmental activities	<u>\$ 536,948</u>	<u>\$ 156</u>	<u>\$ (214,529)</u>	<u>\$ 322,575</u>	<u>\$ 120,000</u>

Payments on the general obligation bonds are paid out of the General Fund. Compensated absences will be paid from the fund where the employee's salary is paid.

*General Obligation Bonds*

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

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2013</u>
Ferrante property purchase	\$ 700,000	4.26%	June 2016	\$ 210,000
1995 Series A bond issue	1,000,000	5.45-5.70%	August 2015	100,000
	<u>\$ 1,700,000</u>			<u>\$ 310,000</u>

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	\$ 120,000	\$ 14,571	\$ 134,571
2015	120,000	8,777	128,777
2016	70,000	2,982	72,982
	<u>\$ 310,000</u>	<u>\$ 26,330</u>	<u>\$ 336,330</u>

**NOTE 9--INTERFUND BALANCES AND TRANSFERS**

The Town has combined the cash resources of several of its governmental fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Also, the General Fund has paid for various items that are to be reimbursed from several of the Nonmajor Governmental Funds and the Fiduciary Funds. These reimbursements due to the General Fund are reflected as interfund receivables at year end.

Interfund balances at December 31, 2013 are as follows:

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

	Due from				Totals
	General Fund	Permanent Funds	Nonmajor Governmental Funds	Fiduciary Funds	
Due to General Fund		\$ 25,956	\$ 229,821	\$ 108,222	\$ 363,999
Nonmajor Governmental Funds	\$ 449,977		90,000		539,977
	<u>\$ 449,977</u>	<u>\$ 25,956</u>	<u>\$ 319,821</u>	<u>\$ 108,222</u>	<u>\$ 903,976</u>

During the year, several interfund transactions occurred between funds. The various transfers between the General Fund and the Nonmajor Governmental Funds were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2013 are as follows:

	Transfer from		
	Permanent Funds	Nonmajor Governmental Funds	Totals
Transfer to General Fund	\$ 5,289	\$ 75,717	\$ 81,006
Nonmajor Governmental Funds		90,000	90,000
	<u>\$ 5,289</u>	<u>\$ 165,717</u>	<u>\$ 171,006</u>

**NOTE 10--RESTRICTED NET POSITION**

Net position is restricted for specific purposes as follows:

Permanent funds - principal	\$ 905,615
Permanent funds - income	348,039
Eastman Trust	1,043,077
Mildred Hall Trust	58,764
Library donations	154,031
Drug forfeiture	1,731
Bridge Capital Projects	239,410
	<u>2,750,667</u>
Less: unexpended bond proceeds	<u>(100,000)</u>
	<u>\$ 2,650,667</u>

**NOTE 11--COMPONENTS OF FUND BALANCE**

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

	General Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b><i>Nonspendable:</i></b>				
Permanent Funds - principal		\$ 905,615		\$ 905,615
<b><i>Restricted for:</i></b>				
Permanent Funds - income		348,039		348,039
Mildred Hall trust			\$ 58,764	58,764

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

Eastman trust		1,043,077	1,043,077
Drug forfeiture		1,731	1,731
Bridge projects		239,410	239,410
Library donations	\$ 154,031		154,031
<b>Committed for:</b>			
Town Forest		140,214	140,214
Conservation Commission		248,859	248,859
Sewer operations		8,544	8,544
Fire Department Vehicle Replacement		121,486	121,486
Police Contracted Details		9,221	9,221
Transfer Station		3,395	3,395
EMT/Firefighter		39,417	39,417
Expendable Trusts	163,413		163,413
<b>Assigned for:</b>			
Library operations	12,717		12,717
Encumbrances	68,806		68,806
Reduction of subsequent year's tax rate	200,000		200,000
Subsequent year appropriations	211,992		211,992
<b>Unassigned:</b>			
General operations	138,273		138,273
	<u>\$ 949,232</u>	<u>\$ 1,253,654</u>	<u>\$ 1,914,118</u>
		<u>\$ 1,914,118</u>	<u>\$ 4,117,004</u>

**NOTE 12--CONTINGENCIES**

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

**NOTE 13--RESTATEMENT OF EQUITY**

During the year ended December 31, 2013, it was determined the interfund balance of the Permanent Funds included prior expenditures of the Eastman Trust (a nonmajor governmental fund).

The impact of the restatement on the governmental funds is as follows:

	Permanent Fund	Nonmajor Governmental Funds
Fund Balance - January 1, 2013 (as previously reported)	\$ 1,068,734	\$ 1,878,737
Amount of restatement due to:		
Correction of interfund balance	70,300	(70,300)
Fund Balance - January 1, 2013, as restated	<u>\$ 1,139,034</u>	<u>\$ 1,808,437</u>

**NOTE 14--SUBSEQUENT EVENT**

At the March 2015 annual Town meeting, the Town authorized the Board of Selectmen to enter into a five year lease purchase agreement in the amount of \$340,000 for the purpose of acquiring a new road grader and related equipment for the highway department.

SCHEDULE 1

TOWN OF WEARE, 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		
<b>Revenues:</b>				
Taxes	\$ 2,714,831	\$ 2,714,831	\$ 2,870,850	\$ 156,019
Licenses and permits	1,482,091	1,482,091	1,543,259	61,168
Intergovernmental	951,281	751,281	747,823	(3,458)
Charges for services	235,101	235,101	274,385	39,284
Interest income	3,500	3,500	3,927	427
Miscellaneous	38,759	38,759	62,629	23,870
Total Revenues	<u>5,425,563</u>	<u>5,225,563</u>	<u>5,502,873</u>	<u>277,310</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	953,494	953,494	956,394	(2,900)
Public safety	1,869,199	1,869,199	1,908,039	(38,840)
Highways and streets	1,280,537	1,280,537	1,239,180	41,357
Sanitation	330,487	330,487	329,128	1,359
Water distribution and treatment	3,100	3,100	2,532	568
Health and welfare	42,646	42,646	28,485	14,161
Culture and recreation	52,862	52,862	51,580	1,282
Economic development	750	750	-	750
Capital outlay	867,269	487,269	456,101	31,168
<b>Debt service:</b>				
Principal retirement	180,000	180,000	180,000	-
Interest and fiscal charges	21,578	21,578	21,545	33
Total Expenditures	<u>5,601,922</u>	<u>5,221,922</u>	<u>5,172,984</u>	<u>48,938</u>
Excess revenues over (under) expenditures	<u>(176,359)</u>	<u>3,641</u>	<u>329,889</u>	<u>326,248</u>
<b>Other financing sources (uses):</b>				
Transfers in	256,269	76,269	79,947	3,678
Transfers out	<u>(279,910)</u>	<u>(279,910)</u>	<u>(276,693)</u>	<u>3,217</u>
Total other financing sources (uses)	<u>(23,641)</u>	<u>(203,641)</u>	<u>(196,746)</u>	<u>6,895</u>
Net change in fund balance	(200,000)	(200,000)	133,143	333,143
<b>Fund balance at beginning of year</b>				
- Budgetary Basis	<u>1,702,042</u>	<u>1,702,042</u>	<u>1,702,042</u>	<u>-</u>
<b>Fund balance at end of year</b>				
- Budgetary Basis	<u>\$ 1,502,042</u>	<u>\$ 1,502,042</u>	<u>\$ 1,835,185</u>	<u>\$ 333,143</u>

See accompanying notes to the required supplementary information

**TOWN OF WEARE, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2013**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

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 encumbrances, accrued vacation, non-budgetary revenues and expenditures, non-budgetary transfers in, and budgetary transfers out as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 5,695,404	\$ 5,444,556
Difference in property taxes meeting susceptible to accrual criteria	(86,627)	
Encumbrances - December 31, 2013		68,806
Encumbrances - December 31, 2012		(56,041)
Accrued Vacation - December 31, 2013		(112,163)
Accrued Vacation - December 31, 2012		107,138
Non-budgetary revenues and expenditures	(24,898)	(279,312)
Non-budgetary transfers in	(1,059)	
Budgetary transfers out		<u>276,693</u>
Per Schedule 1	<u>\$ 5,582,820</u>	<u>\$ 5,449,677</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>Assigned for:</i>	
Reduction of subsequent year's tax rate	\$ 200,000
Designated to offset subsequent year appropriations	211,992
<i>Unassigned</i>	
Unassigned - General operations	<u>1,423,193</u>
	<u>\$ 1,835,185</u>

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

	Special Revenue Funds	Bridge Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 487,047		\$ 487,047
Investments	1,121,498		1,121,498
Accounts receivable, net	96,133		96,133
Due from other governments		\$ 985	985
Due from other funds	<u>301,552</u>	<u>238,425</u>	<u>539,977</u>
Total Assets	<u>2,006,230</u>	<u>239,410</u>	<u>2,245,640</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,006,230</u>	<u>\$ 239,410</u>	<u>\$ 2,245,640</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,036		\$ 3,036
Accrued expenses	8,665		8,665
Due to other funds	<u>319,821</u>		<u>319,821</u>
Total Liabilities	<u>331,522</u>	<u>\$ -</u>	<u>331,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	1,103,572	239,410	1,342,982
Committed	<u>571,136</u>		<u>571,136</u>
Total Fund Balances	<u>1,674,708</u>	<u>239,410</u>	<u>1,914,118</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,006,230</u>	<u>\$ 239,410</u>	<u>\$ 2,245,640</u>

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

	Town Forest Fund	Conservation Commission Fund	Sewer Fund	Fire Department Vehicle Replacement Fund	Police Contracted Details Fund	Drug Forfeiture Fund	Transfer Station Fund	EMT/Firefighter Revolving Fund	Mildred Hall Expendable Trust Fund	Eastman Expendable Trust Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>											
Cash and cash equivalents	\$ 45,398	\$ 319,981		\$ 13,185	\$ 51,346	\$ 3,212	\$ 8,797	\$ 45,128			\$ 487,047
Investments		1,146				1,574			\$ 75,401	\$ 1,043,377	1,121,498
Accounts receivable, net			\$ 557	90,229	5,347						96,133
Due from other funds	94,816		8,664	108,072				90,000			301,552
<b>Total Assets</b>	<u>140,214</u>	<u>321,127</u>	<u>9,221</u>	<u>211,486</u>	<u>56,693</u>	<u>4,786</u>	<u>8,797</u>	<u>135,128</u>	<u>75,401</u>	<u>1,043,377</u>	<u>2,006,230</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>											
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 140,214</u>	<u>\$ 321,127</u>	<u>\$ 9,221</u>	<u>\$ 211,486</u>	<u>\$ 56,693</u>	<u>\$ 4,786</u>	<u>\$ 8,797</u>	<u>\$ 135,128</u>	<u>\$ 75,401</u>	<u>\$ 1,043,377</u>	<u>\$ 2,006,230</u>
<b>LIABILITIES</b>											
Accounts payable			\$ 500				\$ 2,536				\$ 3,036
Accrued expenses			177					\$ 8,488			8,665
Due to other funds		\$ 72,268		\$ 90,000	\$ 47,472	\$ 3,055	2,866	87,223	\$ 16,637	\$ 300	319,821
<b>Total Liabilities</b>	<u>\$ -</u>	<u>72,268</u>	<u>677</u>	<u>90,000</u>	<u>47,472</u>	<u>3,055</u>	<u>5,402</u>	<u>95,711</u>	<u>16,637</u>	<u>300</u>	<u>331,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES</b>											
Restricted						1,731			58,764	1,043,077	1,103,572
Committed	140,214	248,859	8,544	121,486	9,221		3,395	39,417			571,136
<b>Total Fund Balances</b>	<u>140,214</u>	<u>248,859</u>	<u>8,544</u>	<u>121,486</u>	<u>9,221</u>	<u>1,731</u>	<u>3,395</u>	<u>39,417</u>	<u>58,764</u>	<u>1,043,077</u>	<u>1,674,708</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 140,214</u>	<u>\$ 321,127</u>	<u>\$ 9,221</u>	<u>\$ 211,486</u>	<u>\$ 56,693</u>	<u>\$ 4,786</u>	<u>\$ 8,797</u>	<u>\$ 135,128</u>	<u>\$ 75,401</u>	<u>\$ 1,043,377</u>	<u>\$ 2,006,230</u>

SCHEDULE B  
**TOWN OF WEARE, 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 Funds	Bridge Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 43,762		\$ 43,762
Charges for services	307,036		307,036
Interest and investment income	148,055		148,055
Miscellaneous	<u>98,282</u>		<u>98,282</u>
Total Revenues	<u>597,135</u>	<u>\$ -</u>	<u>597,135</u>
Expenditures:			
Current operations:			
General government	17,420		17,420
Public safety	185,245		185,245
Sanitation	57,491		57,491
Culture and recreation	72,585		72,585
Capital outlay	<u>82,996</u>		<u>82,996</u>
Total Expenditures	<u>415,737</u>	<u>-</u>	<u>415,737</u>
Excess revenues over expenditures	<u>181,398</u>	<u>-</u>	<u>181,398</u>
Other financing sources (uses):			
Transfers in	90,000		90,000
Transfers out	<u>(165,717)</u>		<u>(165,717)</u>
Total other financing sources (uses)	<u>(75,717)</u>	<u>-</u>	<u>(75,717)</u>
Net change in fund balances	105,681	-	105,681
Fund balances at beginning of year, as restated	<u>1,569,027</u>	<u>239,410</u>	<u>1,808,437</u>
Fund balances at end of year	<u>\$ 1,674,708</u>	<u>\$ 239,410</u>	<u>\$ 1,914,118</u>

SCHEDULE B-1  
**TOWN OF WEARE, 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

	Town Forest Fund	Conservation Commission Fund	Sewer Fund	Fire Department Vehicle Replacement Fund	Police Contracted Details Fund	Drug Forfeiture Fund	Transfer Station Fund	EMT/Firefighters Revolving Fund	Mildred Hall Expendable Trust Fund	Eastman Expendable Trust Fund	Total Nonmajor Special Revenue Funds
Revenues:											
Taxes		\$ 43,762									\$ 43,762
Charges for services			\$ 12,629	\$ 127,168	\$ 123,182		\$ 44,057				307,036
Interest and investment income	\$ 16	89	22		12		2		\$ 8,740	\$ 139,174	148,055
Miscellaneous	98,282										98,282
Total Revenues	<u>98,298</u>	<u>43,851</u>	<u>12,651</u>	<u>127,168</u>	<u>123,194</u>	<u>\$ -</u>	<u>44,059</u>	<u>\$ -</u>	<u>8,740</u>	<u>139,174</u>	<u>597,135</u>
Expenditures:											
Current operations:											
General government									7,945	9,475	17,420
Public safety				7,512	88,755			88,978			185,245
Sanitation			13,215				44,276				57,491
Culture and recreation	1,740	70,845									72,585
Capital outlay		39,040			27,319				16,637		82,996
Total Expenditures	<u>1,740</u>	<u>109,885</u>	<u>13,215</u>	<u>7,512</u>	<u>116,074</u>	<u>-</u>	<u>44,276</u>	<u>88,978</u>	<u>24,582</u>	<u>9,475</u>	<u>415,737</u>
Excess revenues over (under) expenditures	<u>96,558</u>	<u>(66,034)</u>	<u>(564)</u>	<u>119,656</u>	<u>7,120</u>	<u>-</u>	<u>(217)</u>	<u>(88,978)</u>	<u>(15,842)</u>	<u>129,699</u>	<u>181,398</u>
Other financing sources (uses):											
Transfers in								90,000			90,000
Transfers out	(7,720)			(90,000)	(67,997)						(165,717)
Total other financing sources (uses)	<u>(7,720)</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(67,997)</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>(75,717)</u>
Net change in fund balances	88,838	(66,034)	(564)	29,656	(60,877)	-	(217)	1,022	(15,842)	129,699	105,681
Fund balances at beginning of year, as restated	<u>51,376</u>	<u>314,893</u>	<u>9,108</u>	<u>91,830</u>	<u>70,098</u>	<u>1,731</u>	<u>3,612</u>	<u>38,395</u>	<u>74,606</u>	<u>913,378</u>	<u>1,569,027</u>
Fund balances at end of year	<u>\$ 140,214</u>	<u>\$ 248,859</u>	<u>\$ 8,544</u>	<u>\$ 121,486</u>	<u>\$ 9,221</u>	<u>\$ 1,731</u>	<u>\$ 3,395</u>	<u>\$ 39,417</u>	<u>\$ 58,764</u>	<u>\$ 1,043,077</u>	<u>\$ 1,674,708</u>

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

	School Agency <u>Fund</u>	Performance Bond Agency <u>Fund</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 846,047	\$ 199,376	\$ 1,045,423
Investments		61,677	61,677
Total Assets	<u>\$ 846,047</u>	<u>\$ 261,053</u>	<u>\$ 1,107,100</u>
LIABILITIES			
Due to other governments	\$ 846,047		\$ 846,047
Deposits		\$ 152,831	152,831
Due to other funds		108,222	108,222
Total Liabilities	<u>\$ 846,047</u>	<u>\$ 261,053</u>	<u>\$ 1,107,100</u>