TOWN OF BARRINGTON, NEW HAMPSHIRE

FINANCIAL STATEMENTS (WITH INDEPENDENT AUDITOR'S REPORT THEREON)

FOR THE YEAR ENDED DECEMBER 31, 2010

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Report of Independent Auditors 1

Required Supplemental Information

Management's Discussion and Analysis 2-7

Basic Financial Statements

Statement of Net Assets 8-9

Statement of Activities 10

Balance Sheet – Governmental Funds 11-12

Reconciliation of Total Government Fund Balance
to Net Assets of Governmental Activities 13

Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds 14-15

Reconciliation of the Statement of Revenue, Expenditures
And Changes in Fund Balance of Governmental Activities 16

Statement of Net Assets – Proprietary Funds 17

Statement of Revenues, Expenses and Changes
In Fund Net Assets – Proprietary Funds 18

Notes to Basic Financial Statements 19-34

Required Supplemental Information

Actual Revenues and Expenditures Compared to
Legally Adopted Budget – General Fund 35-37

R&G

Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, general fund, and the aggregate remaining fund information of the Town of Barrington as of and for the year ended December 31, 2010, 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 Barrington's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund, and the aggregate remaining fund information of the Town of Barrington, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 35 through 37 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.

January 31, 2012

Roberts & Greene, PLLC

47 Hall Street ▪ Concord, NH 03301
603-856-8005 ▪ 603-856-8431 (fax)
info@roberts-greene.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Barrington, we offer readers of the Town's financial statement this narrative overview and analysis of the financial activities of the Town for the years ended December 31, 2010. This overview is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, The Town did not prepare a complete set of basic financial statements (GASB #34 format) for the prior year and accordingly has not presented comparative information, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements.

Financial Highlights

- The assets of the Town of Barrington exceeded its liabilities at the close of the most recent fiscal year by $9,605,998 (net assets).
- The Town of Barrington's net assets decreased by $311,867.
- At the end of the current year, the Town's governmental funds reported a combined ending fund balance of $2,879,572 a decrease of $243,509, from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $1,174,189, a 4.7% increase over last year.

Overview of the Financial Statements and Using this Report

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These 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 the Town's finances, in a manner similar to a private-sector business.

Statement of Net Assets and Statement of Activities – One of the most important questions asked about the Town's finances is, "Is the Town, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town and its activities in a way that helps answer this question. They provide information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. You can think of the Town's net assets as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets is one indicator of whether its financial health is improving or deteriorating. However, in evaluating the overall position of the Town, non-financial information such as changes in the Town's tax base and the condition of the Town's capital assets (like roads) will also need to be evaluated. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. Thus, some items reported in this statement may result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

(Continued on next page)

The governmental activities of the Town include general government and administration, public safety, public works, health and human services, conservation, and culture and recreation. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

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 objects. The fund financial statements provide detailed information about the funds, not the Town as a whole. Some funds are required to be established by State law and by bond covenants, and some the Town has established to account for the services provided to our residents. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the Town's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services being provided, along with the financial resources available. The Town's governmental funds are the General Fund, and the Special Revenue Funds, including the Library Fund, the Cemetery Lot Fund, the Conservation Fund, Recreation Fund, the Library Trust Funds, Capital Reserve Funds, Compactor Maintenance Expendable Trust, Grant Fund and PD Special Duty Fund.

Because the focus of the 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 on the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's short-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.

The Town maintains several governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds, which were identified earlier. Data from the Special Revenue funds are sometimes consolidated into a single, aggregated presentation. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds – Fiduciary funds, sometimes called Trusts, are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Town's programs. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Town holds deposits for various individuals and businesses for contract performance and guarantee. These funds are then returned when the contractual requirements have been fulfilled.

(Continued on next page)

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents General Fund budgetary information.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of government's financial position. In the case of the Town of Barrington, assets exceeded liabilities by $9,605,998 as of December 31, 2010.

A large portion of the Town's net assets (56%) reflects its investments in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the Town's investment in its 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.

	2010
Assets	
Current and Other Assets	$ 10,694,268
Capital Assets	5,823,224
Total Assets	$ 16,517,492
Liabilities	
Current and Other Liabilities	$ 6,330,054
Long Term Liabilities	581,440
Total Liabilities	$ 6,911,494
Net Assets	
Invested in Capital Assets, Net of Related Debt	$ 5,363,224
Restricted Net Assets	559,945
Unrestricted Net Assets	3,682,829
Total Net Assets	$ 9,605,998

An additional portion of the Town's net assets (5.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets $3,682,829 may be used to meet the Town's ongoing obligation to citizens and creditors.

As of December 31, 2010, the Town is able to report positive balances in all types of net assets.

Analysis of the Town's Operations – The following table provides a summary of the Town's operations for the year ended December 31, 2010.

(Continued on next page)

	Governmental Activities 2010
Revenues:	
Program Revenues	
Charges for Services	$ 1,925,887
Operating Grants and Contributions	945
Capital Grants and Contributions	192,948
General Revenues:	
Property Taxes	2,611,106
Other Taxes	14,851,998
Payment in Lieu of Taxes	15,817
Grants and Contributions Not Restricted to Specific Programs	378,072
Investment Earnings	22,661
Miscellaneous	33,081
Gain (Loss) on Sale of Town Property	(6,070)
Total Revenues	20,026,445
Expenses:	
General Government	2,312,284
Public Safety	1,153,984
Highways and Streets	1,243,944
Sanitation and Water	251,542
Health and Welfare	91,582
Culture and Recreation	597,184
Conservation	100,000
Intergovernmental	14,561,897
Interest on Long Term Debt	25,895
Total Expenses	20,338,312
Change in Net Assets	(311,867)
Net Assets – January 1	9,917,865
Net Assets – December 31	$ 9,605,998

Governmental Activities – There was a reduction in net assets in 2010 of 3.1%. The Town continues to see increased tax revenue as a result of changes in the housing market.

Financial Analysis of Town Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

(Continued on next page)

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

As of December 31, 2010, the Town of Barrington's governmental funds reported combined ending fund balances of $2,879,572 Approximately 94% of this total amount ($2,707,612) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year ($171,960).

The General Fund is the primary operating fund of the Town. At the end of 2010, unreserved General Fund Balance was $1,174,189 while total General Fund Balance was $1,346,149. The unreserved balance is in line with the recommendations from the NH Department of Revenue Administration.

The Town again received more revenues than budgeted in some areas which included Motor Vehicle Permit fees and Income from Departments. Those two exceeded the budgeted amount by $282,700 or an approximate 2.4% increase, reflecting conservative revenue projections. The Interest and Penalties on taxes showed the effect of a poor economy from people being slow in paying taxes with an increase of $89,147, an increase of 54%.

Budgetary Highlights

The Town's overall actual revenue decreased from 2009 to 2010 by 3.8%. This decrease was anticipated and was due to the slow economy and cuts in state revenue to municipalities.

Capital Assets

The Town of Barrington's investment in capital assets for its governmental activities as of December 31, 2010, was $5,823,224. (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, and infrastructure.

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

- $417,859 for Road construction
- $45,798 New vehicles Police and Code Enforcement

(Continued on next page)

	2010
Land and Improvements	$ 2,937,004
Buildings and Improvements	2,387,930
Infrastructure	293,574
Furniture, Equipment and Vehicles	2,188,162
Construction in Progress	4,116
Less Accumulated Depreciation	(1,987,562)
Total Capital Assets, Net of Depreciation	$ 5,823,224

	2010
Bond, Public Safety Building	$ 200,000
Conservation Bonds	260,000
Total remaining	$ 460,000

Other obligations of the Town include accrued vacation pay and sick leave.

Economic Factors and Next Year's Budgets and Rates

In the 2011 Budget, General Fund revenues and transfers in, not counting property taxes, are budgeted to increase over 2010 actual by $674,467. Of that, $378,053 is a reduction in State of New Hampshire shared revenues. Property taxes are set to increase to make up the difference. In 2010 general property taxes made up 87.4% of all revenues to the Town.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. If you have questions about this report or need any additional information, contact the Finance Director, PO Box 660, Barrington, NH 03825, call (603)664-9007, or email selectman@metrocast.net.

BASIC FINANCIAL STATEMENTS

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
ASSETS	
Cash and Equivalents	$ 7,112,632
Temporary Investments	1,076,211
Investments	50,000
Taxes Receivable	2,226,088
Accounts Receivable	56,427
Internal Balances	-
Prepaids	27,587
Property by Tax Deed and Title	145,323
Capital Assets:	
Land and Improvements	2,937,004
Buildings and Improvements	2,387,930
Infrastructure	293,574
Furniture, Equipment and Vehicles	2,188,162
Construction in Progress	4,116
Less Accumulated Depreciation	(1,987,562)
Total Capital Assets, Net of Depreciation	5,823,224
TOTAL ASSETS	$ 16,517,492

(Continued)

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
LIABILITIES	
Accounts Payable	$ 206,392
Due to Other Governments	5,957,357
Accrued Liabilities	12,139
Deferred Revenues	833
Non-current Liabilities:	
Portion Due or Payable Within One Year:	
Bonds and Notes Payable	153,333
Portion Due or Payable After One Year:	
Bonds and Notes Payable	306,667
Compensated Absences Payable	219,855
Estimated Postclosure Monitoring Costs Payable	54,918
Total Liabilities	6,911,494
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	5,363,224
Restricted for:	
Capital Reserves	489,861
Permanent Funds:	
Nonexpendable	70,966
Expendable	24,161
Unrestricted	3,657,786
Total Net Assets	$ 9,605,998

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

		Program Revenues			Net (Expense) Revenue and Change in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	$ 2,312,284	$ 1,314,396	$ -	$ -	$ (997,888)
Fire Department	258,105	118,946	-	-	(139,159)
Police Department	895,879	47,079	-	-	(848,800)
Highways and Streets	1,243,944	-	-	192,948	(1,050,996)
Sanitation	246,210	127,795	-	-	(118,415)
Water Distribution and Treatment	5,332	-	-	-	(5,332)
Health and Welfare	91,582	2,894	-	-	(88,688)
Culture and Recreation	597,184	314,777	945	-	(281,462)
Conservation	100,000	-	-	-	(100,000)
Intergovernmental:					
School District	12,333,642	-	-	-	(12,333,642)
County	2,228,255	-	-	-	(2,228,255)
Interest on Long-term Debt	25,895	-	-	-	(25,895)
Total Governmental Activities	$ 20,338,312	$ 1,925,887	$ 945	$ 192,948	(18,218,532)

General Revenues:	
Taxes:	
Property Taxes Levied for General Purposes	2,611,106
Property Taxes Levied for Education	12,333,642
Property Taxes Levied for County	2,228,255
Other Taxes	290,101
Payment in Lieu of Taxes	15,817
Grants and Contributions Not Restricted to Specific Programs	378,072
Interest and Investment Earnings	22,661
Miscellaneous	33,081
Gain (Loss) on Disposal of Town Capital Assets	(6,070)
Transfers	-
Total General Revenues, Special Items and Transfers	17,906,665
Change in Net Assets	(311,867)
Net Assets, Beginning of Year	9,917,865
Net Assets, End of Year	$ 9,605,998

The Accompanying Notes are an Integral Part of This Financial Statement

TOWN OF BARRINGTON, NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 6,489,831	$ 622,801	$ 7,112,632
Temporary Investments	315,420	760,791	1,076,211
Investments	-	50,000	50,000
Taxes Receivable	2,226,088	-	2,226,088
Accounts Receivable	41,373	15,054	56,427
Due From Other Governments	-	-	-
Due From Other Funds	383,312	442,908	826,220
Prepaid Expenses	27,587	-	27,587
Property by Tax Lien and Title	311,912	-	311,912
TOTAL ASSETS	$ 9,795,523	$ 1,891,554	$ 11,687,077

(Continued)

TOWN OF BARRINGTON, NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
IABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 205,317	$ 1,075	$ 206,392
Accrued Liabilities	1,749	-	1,749
Due to Other Governments	5,957,357	-	5,957,357
Due to Other Funds	469,164	357,056	826,220
Deferred Revenue	1,815,787	-	1,815,787
Total Liabilities	8,449,374	358,131	8,807,505
Fund Balances			
Reserved for Encumbrances	144,373	-	144,373
Reserved for Prepaids	27,587	-	27,587
Unreserved Reported in:			
General Fund	1,174,189	-	1,174,189
Special Revenue Funds	-	1,438,296	1,438,296
Permanent Fund	-	95,127	95,127
Total Fund Balances	1,346,149	1,533,423	2,879,572
TOTAL LIABILITIES AND FUND BALANCES	$ 9,795,523	$ 1,891,554	$ 11,687,077

(Continued)

TOWN OF BARRINGTON, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total Governmental Fund Balances Above	$ 2,879,572
Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because of the Following Items:	
Capital Assets Used in Governmental Activities Are NOT Financial Resources and Therefore Are NOT Reported in the Funds.	5,823,224
Long-term Liabilities, Including Bonds Payable and Unmatured Compensated Absences, Are NOT Due and Payable in the Current Period and Therefore Are NOT Reported in the Funds.	(745,165)
Other Revenues Are Not Considered Available and Are NOT Reported in the Funds.	10,699
Other Long-term Assets, Such as Property Taxes Not Collected Within Sixty Days of Year End, Are NOT Available to Pay for Current Period Expenditures and Therefore Are Deferred in the Funds.	1,637,668
Net Assets of Governmental Activities - Statement 1	$ 9,605,998

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 17,436,972	$ 8,250	$ 17,445,222
Licenses, Permits and Fees	1,292,203	-	1,292,203
Intergovernmental	571,020	945	571,965
Charges for Services	273,332	356,206	629,538
Interest and Dividends	19,748	2,914	22,662
Miscellaneous	15,344	27,042	42,386
Total Revenues	19,608,619	395,357	20,003,976
Expenditures			
Town:			
General Government	2,118,547	4,109	2,122,656
Public Safety	1,044,656	171,920	1,216,576
Highways and Streets	1,149,366	-	1,149,366
Sanitation	241,550	-	241,550
Water Distribution and Treatment	5,332	-	5,332
Health	11,776	-	11,776
Welfare	85,180	-	85,180
Culture and Recreation	91,056	479,721	570,777
Conservation	-	100,000	100,000
Debt Service - Principal	153,333	-	153,333
- Interest	29,042	-	29,042
Capital Outlay	-	-	-
Total Town Expenditures	$ 4,929,838	$ 755,750	$ 5,685,588

(Continued)

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Other Governmental Units:			
School District Assessment	$ 12,333,642	$ -	$ 12,333,642
County Taxes	2,228,255	-	2,228,255
Total Other Governmental Units	14,561,897	-	14,561,897
Total Expenditures	19,491,735	755,750	20,247,485
Excess (Deficiency) of Revenues Over Expenditures	116,884	(360,393)	(243,509)
Other Financing Sources (Uses)			
Operating Transfers In	-	267,963	267,963
Operating Transfers (Out)	(267,963)	-	(267,963)
Total Other Financing Sources (Uses)	(267,963)	267,963	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(151,079)	(92,430)	(243,509)
Fund Balances, Beginning of Year	1,497,228	1,625,853	3,123,081
Fund Balances, End of Year	$ 1,346,149	$ 1,533,423	$ 2,879,572

(Continued)

TOWN OF BARRINGTON, NEW HAMPSHIRE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
(STATEMENT 2)
FOR THE YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balances - Total Governmental Funds	$ (243,509)
Amounts Reported for Government Activities in the Statement of Activities Are Different Because of the Following Items:	
Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities the Cost of Those Capital Outlay Items is Capitalized and the Cost of Those Capitalized Assets is Then Charged Over Their Estimated Useful Lives as Depreciation Expense. This is the Amount by Which Depreciation Expense Exceeded Capital Outlay Expenditures in the Current Period.	(87,878)
In the Statement of Activities, Only the Proceeds From the Sale of Capital Assets is Reported. In the Governmental Funds the Proceeds Are Reported Net of the Book Value of the Capital Asset Sold or Disposed of.	(15,378)
Proceeds From Debt Issues Are Reported as an Other Financing Source (Proceeds of Long-Term Bonds) in the Funds Statement. However, Debt Issue Proceeds Increase Long-term Liabilities (Bonds Payable) in the Statement of Net Assets. The Repayment of Bond Principal is an Expenditure (Debt Service) in the Governmental Funds. The Repayment of Principal Reduces Long-term Liabilities in the Statement of Net Assets	153,333
Payment of Interest is Reported as an Expenditure When Due in the Governmental Funds. Interest is Accrued at Year End in the Statement of Activities.	3,146
Property Tax Revenues in the Statement of Activities Are NOT Reported in the Statement As They do Not Provide Current Financial Resources or Are Considered Unavailable.	33,699
Other Revenues Are Not Considered Available and Are NOT Reported in the Funds.	9,521
Some Expenses Reported in the Statement of Activities, Such as Compensated Absences and Estimated Lagoon Postclosure Monitoring Costs Payable, do NOT Require the Use of Current Financial Resources. Accordingly, They Have NOT Been Reported as Expenditures in the Funds.	(164,801)
Change in Net Assets of Governmental Funds - Statement 2	$ (311,867)

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY AND PRIVATE PURPOSE TRUSTS
DECEMBER 31, 2010

	Agency Funds	Private Purpose Trusts
ASSETS		
Cash	$ 642,777	$ -
Temporary Investments	-	1,108,626
Investments, At Fair Value	-	-
Accounts Receivable	169	-
TOTAL ASSETS	$ 642,946	$ 1,108,626
LIABILITIES		
Accounts Payable	$ 9,633	$ 12,000
Due to Other Governments	368,143	-
Due to Specific Individuals	265,170	-
Total Liabilities	$ 642,946	12,000
NET ASSETS		
Held in Trust for Swain Lake Village		715
Held in Trust for School District		1,095,911
Total Net Assets		$ 1,096,626

The Accompanying Notes are an Integral Part of This Financial Statement

TOWN OF BARRINGTON, NEW HAMPSHIRE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Additions	
Gifts and Contributions	$ 42,000
Earnings on Investments	2,384
Total Additions	44,384
Deductions	
Payments to Swain Lake Village	80,000
Payments to School District	-
Total Deductions	80,000
Changes in Net Assets Held in Trust	(35,616)
Net Assets, Beginning of Year	1,132,242
Net Assets, End of Year	$ 1,096,626

I | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Barrington, New Hampshire (the Town) is a municipal corporation governed by an elected five member Board of Selectmen. The Town was incorporated in 1722. The Town's annual budget is approved by the voters at the Town Meeting held in March each year and the Selectmen, with the assistance of the Town Administrator, are then responsible for managing the Town's day to day operations during the year within the constraints of the budget that was approved. The Town engages in a comprehensive range of municipal services, including general government administration, public safety, health, welfare, human service programs, planning, community development, recreation, cultural, and library activities.

The accompanying financial statements include the transactions of all funds of the Town and any other organizations included in the Town's reporting entity because of the significance of their operations or financial relationships with the Town in accordance with the criteria set forth by the Governmental Accounting Standards Board. There are no agencies or entities which should be presented with the Town in accordance with reporting standards for governmental units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the Town. 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

(Continued on next page)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when recognizable and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Accordingly, property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reported as deferred revenues. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purposes of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. 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 Town's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

The Town reports the following major governmental funds:

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

Non-Major Governmental Fund Types:

Special Revenue Funds – accounts for specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes. Non-major special revenue funds include the Library, Conservation, Cemetery Lots, Grants Fund, Recreation Revolving Fund, Library Trusts, Compactor Maintenance, Expendable Trusts, Capital Reserves and Police Department Special Duty Funds.

(Continued on next page)

Permanent Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, many be used for purposes that support the programs-that is, for the benefit of the Town or its citizenry. Permanent funds report trust arrangements in which the Town is the beneficiary, including public-purpose funds previously classified as nonexpendable

trust funds. Permanent funds are used for resources legally restricted to cemeteries, libraries, parks, public land maintenance and social services. Non-major permanent funds include the Town non expendable trust funds.

Additionally, the Town reports the following funds:

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments. The fiduciary funds of the Town are the private purpose trusts (School District Capital Reserve and Special Education Trust Funds) and agency funds (performance bonds and School District impact fees). For accounting measurement purposes, the private purpose trust funds are accounted for in essentially the same manner as proprietary funds. Private purpose trust funds account for assets of which the principal may not be spent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. Fiduciary funds are NOT included in the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(Continued on next page)

The Town Treasurer is authorized by State statutes to invest excess funds "in obligations of the U.S. Government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under laws of the State of New Hampshire or in certificates of deposit of banks incorporated under the laws of the State of New Hampshire or in national banks located within the States of New Hampshire or Massachusetts."

The Town participates in the New Hampshire Public Deposit Investment Pool established in accordance with RSA 383:22-24. At year end the Town had funds on deposit with the Pool totaling $1,871,195 which are reported on the General Fund ($1,778), other governmental funds ($760,791) and private purpose trust funds ($1,108,626). At this time, the Pool's investments are limited to "short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire and New Hampshire municipal obligations, certificates of deposit from A1/P1-rated banks, money market mutual funds (maximum 20% portfolio), overnight to 30-day repurchase agreements (no limit, but collateral level at 102% in U.S. Treasury and Government Agency instruments delivered to the Custodian of the Pool) and reverse overnight repurchase agreements with primary dealers or dealer banks."

All trust fund investments are mutual fund marketable securities consisting of uninsured and unregistered investments for which the securities were held by an agent of one of the Town's banks but not in the Town's name. These securities cannot be sold or disposed of without the approval of the Town.

Under New Hampshire law, the trustees of trust funds may invest:

> "Only by deposit in savings bank or in the savings department of a national bank or trust company in this State or in shares of any building and loan association or co-operative bank, incorporated and doing business under the laws of this State or in the shares of any federal savings and loan association, located and doing business in this State or in bonds, notes or other obligations of the United States government or in State, County, Town, City, School District, water and sewer district bonds and the notes of Towns or Cities in this State; and such stocks and bonds as are legal for investment by New Hampshire savings banks and when so invested, the trustees shall not be liable for the loss thereof; and in any common trust fund established by the New Hampshire Charitable Fund in accordance with RSA 292.23."

Investments are carried at fair value. The fair value of investments is determined annually and is based on current market prices.

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. Town management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the Town from having to sell investments below original cost for that purpose.

(Continued on next page)

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds. All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The Town semiannually, in May and November, bills and collects its own property taxes as well as property taxes for the School District and for the County. Property tax revenue is recognized in the fiscal year for which taxes have been levied.

Property taxes billed or collected in advance of the fiscal year for which they are levied are recorded as deferred revenue.

Property taxes are due by December. If the taxes are not paid by the following March, a lien is recorded on the property at the Register of Deeds. At the time of the tax lien, a lien is recorded on the property at the Register of Deeds. The lien is a priority tax lien which accrues interest at the rate of 18% per annum. If the delinquent taxes ("redemptions") are not paid within two years of the tax lien date, the property may be conveyed to the Town by deed and subsequently could be sold at public sale.

The Town budgets, following New Hampshire budget procedures, an amount ($146,297 in the current year) for property tax abatements and refunds. All abatements and refunds are charged to the account and they are reported net of property tax revenues. The actual total for the current year was $215,907.

The tax rate for the year was $19.57; $3.35 Town, $2.48 County, $11.37 School District and $2.37 State Education Tax.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Property by Tax Lien and Title

Elderly Tax Liens – Under New Hampshire Revised Statutes Annotated (RSA) 72:38A, elderly property owners in the Town may request that the Town file a tax lien against their property for the amount of their annual property taxes. Interest accrues annually at 5% and is payable along with the property taxes from the individual's estate.

Other Tax Liens – Under New Hampshire Revised Statutes Annotated, if property taxes have not been paid within two years of the tax lien date, the property may be conveyed to the Town by deed.

(Continued on next page)

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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:

Assets	**Years**
Land Improvements	30
Building and Improvements	30-40
Infrastructure - Roads	20
Furniture, Equipment and Vehicles	5-30

Pursuant to GASB Statement #34, Phase 3 governments "are encouraged" but are NOT required to report major infrastructure assets retroactively." Accordingly, the Town has elected to report its general infrastructure assets beginning with the effective date of the Statement – the year ended December 31, 2004.

6. Compensated Absences

Earned time replaces sick and vacation time and employees are eligible for 100% of the accrual, which is capped at 320 hours for full-time, and 160 for part-time employees.

All compensated absences are accrued when incurred in the government-wide financial statement. 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.

(Continued on next page)

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. 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.

- Encumbrances – These monies have been reserved for goods and services encumbered, or ordered before the end of the fiscal year, for which delivery of goods and services had not been made prior to the close of the fiscal year.
- Prepaids – These monies have been reserved for reported prepaids in the General Fund to comply with accounting standards.

9. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of any debt used for the acquisition, construction or improvement of those capital assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provision on enabling legislation or through external restrictions imposed by creditors, grantors or law or regulations of other governments. The Town reports the following restricted net asset categories:

Capital Reserves – Under New Hampshire RSA 35:1, the Town may raise and appropriate funds for the "construction, reconstruction or acquisition of a specific capital improvement, or the acquisition of a specific item or specific items of equipment." Such amounts that have been appropriated at Town Meeting are reported as restricted net assets at year end.

Permanent Funds: Nonexpendable and Expendable – The nonexpendable and expendable portions of permanent funds is reported as a component of restricted net assets.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

(Continued on next page)

II | RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable and unmatured compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds Payable	$ (460,000)
Add: Accrued Interest Payable on Bonds and Capital Leases at Fiscal Year End	(10,392)
Estimated Post closure Monitoring Costs Payable	(54,918)
Compensated Absences	(219,855)
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	$ (745,165)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those ASSETS is then charged over their estimated useful lives as depreciation expense." The details of this difference are as follows:

Capital Outlay	$ 166,712
Depreciation Expense	(254,590)
Net Adjustment to Increase Net Changes in Fund Balances – Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	$ (87,878)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated Absences	$ (166,728)
Accrued Interest	3,146
Estimated Liability for Lagoon Post Closure Monitoring	1,927
Net Adjustment to Decrease Net Changes in Fund Balances – Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	$ (161,655)

(Continued on next page)

III | STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town observes the following procedures in establishing the budgetary data reflected in the financial statements:

Expenditures in budgetary funds are limited to the Town's budget adopted at the annual or special Town meeting subject to RSA Chapter 32. The Selectmen are required by statute to properly enter and record expenditure. They may transfer budget amounts between appropriations, but no new purpose may be introduced that was not contained in the adopted budget. No amounts may be transferred from special warrant articles. Total expenditures may not exceed the total amount approved at the annual or special Town meeting, with certain statutory exceptions.

All appropriations lapse at year end unless 1) the expenditure has been legally committed by an outstanding contract or purchase order, 2) the amount is in a special non-lapsing fund such as a Capital Reserve, Special Revenue or Trust Funds, 3) the amount has been raised by a bond issue or is to be received as part of a grant, or 4) is a special warrant article. A special warrant article may be encumbered by the Selectmen for one additional year, or for up to five years, if the original adopted article so states.

Under rules adopted by the Department of Revenue Administration, beginning General Fund fund balance may be used at the discretion of the Selectmen as a revenue source in establishing the tax rate. The General Fund is budgeted.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

IV | DETAILED NOTES ON ALL FUNDS

A. Deposits and Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end the carrying amount of the Town's deposits was $8,068,872. At year end $7,693,931 of the Town's bank balance of $8,210,651 was exposed to custodial credit risk as follows:

Uninsured – Collateralized by an Irrevocable Standby Letter of Credit with the Federal Home Loan Bank of Pittsburgh, Total of $8,000,000 Available.	$ 7,309,655
Uninsured and Uncollateralized	384,276
Total	$ 7,693,931

(Continued on next page)

B. Receivables

Receivables as of year end for the Town's individual major funds, nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental	Total
Receivables:			
Property and Other Taxes	$ 1,569,055	$ -	$ 1,569,055
Tax Liens	757,033	-	757,033
Accounts	41,373	15,054	56,427
Intergovernmental	-	-	-
Gross Receivables	2,367,461	15,054	2,382,515
Less: Allowance for Uncollectibles	(100,000)	-	(100,000)
Net Total Receivables	$ 2,267,461	$ 15,054	$ 2,282,515

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet recognizable. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Welfare Liens	$ -	$ 166,589
Deferred Property Taxes – GASB 60 Day Rule	-	1,637,668
Ambulance	-	10,698
Yield Tax Deposits	832	-
Total	$ 832	$ 1,814,955

C. Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,870,784	$ -	$ -	$ 2,870,784
Construction in Progress	-	4,116	-	4,116
Total Capital Assets, Not Being Depreciated	2,870,784	4,116	-	2,874,900
Capital Assets, Being Depreciated:				
Land Improvements	66,220	-	-	66,220
Infrastructure	293,574	-	-	293,574

(Continued on next page)

	Beginning Balances	Increases	Decreases	Ending Balances
Building and Improvements	2,387,930	-	-	2,387,930
Equipment and Vehicles	2,150,745	162,596	(125,179)	2,188,162
Total Capital Assets Being Depreciated	4,898,469	162,596	(125,179)	4,935,886
Less: Accumulated Depreciation for:				
Land Improvements	(33,282)	(3,904)	-	(37,186)
Infrastructure	(87,446)	(13,187)	-	(100,633)
Buildings and Improvements	(733,507)	(79,760)	-	(813,267)
Equipment and Vehicles	(988,540)	(157,739)	109,803	(1,036,476)
Total Accumulated Depreciation	(1,842,775)	(254,590)	109,803	(1,987,562)
Total Capital Assets, Being Depreciated, Net	3,055,694	(91,994)	(15,376)	2,948,324
Governmental Activities Capital Assets, Net	$ 5,926,478	$ (87,878)	$ (15,376)	$ 5,823,224

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

Governmental Activities:	
General Government	$ 54,192
Fire Department and Ambulance	69,460
Police Department	47,319
Highways and Streets	73,736
Sanitation	3,872
Parks and Recreation	6,011
Total Depreciation Expense – Governmental Activities	$ 254,590

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of year end is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	
General	Nonmajor Governmental Funds	$ 383,312
Nonmajor Governmental Funds	General	442,908
Total		$ 826,220

(Continued on next page)

Interfund Transfers:

	Transfer In:		
Transfer out:	**General**	**Nonmajor**	**Total**
General	$ -	$ 267,963	$ 267,963
Nonmajor Governmental Funds	-	-	-
Total	$ -	$ 267,963	$ 267,963

E. Long-Term Debt

General Obligation Bonds

Governmental Activities – General Obligation Bonds and Notes	**Amount**
$750,000–200 Public Safety Building Bond, Due in Annual Installments of $50,000 through August 2014, Interest Varies From 4.5% to 5.25%.	$ 200,000
$470,000 – Conservation Land Acquisition Bond, Due in Annual Installments of $78,333 through July 2013, Interest at 4.45%.	235,000
$100,000 - Conservation Land Acquisition Bond, Due in Annual Installments of $25,000 through November 2011, Interest at 4.03%.	25,000
Total Bonds Payable.	$ 460,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities	
Year Ending December 31,	**Principal**	**Interest**
2011	$ 153,333	$ 21,972
2012	128,333	14,847
2013	128,334	8,736
2014	50,000	2,625
Total	$ 460,000	$ 48,180

(Continued on next page)

Changes in Long-Term Liabilities.

Long-term liability activity for the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 613,333	$ -	$ (153,333)	$ 460,000	$ 153,333
Compensated Absences	53,128	166,727	-	219,855	-
Estimated Postclosure Monitoring Costs Payable	56,844	-	(1,926)	54,918	-
Governmental Activity – Long- Term Liabilities	$ 723,305	$ 166,727	$ (155,259)	$ 734,773	$ 153,333

The Town may issue tax anticipation notes annually in advance of the property tax collections in May and December of each year. These notes are necessary to meet the Town's cash flow needs during the year which include the Town's normal operating budget as well as payment to the School District for the School District Assessment. There was no short-term debt activity for the year.

V | OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks except workers' compensation and School employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Town, along with numerous other municipalities in the State, is a member of a public entity risk pool in the State currently operating as a common risk management and insurance program for which all political subdivisions in the State are eligible to participate. The pool provides coverage for workers' compensation and also property/liability insurance. The total premiums paid to the pool for the fiscal year amounted to $55,174. The member participation agreement permits the pool to make additional assessments to members, should there be a deficiency in contributions for any member year. At this time, the pool foresees no likelihood of an assessment for the current or any prior fiscal year.

(Continued on next page)

B. Contingent Liabilities

Amounts received or receivable from grant 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, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

C. Employee Retirement Systems and Pension Plans

Plan Description - Substantially all Town employees participate in the State of New Hampshire's Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All Town full-time employees are eligible to participate in the System. The System is divided into two employee groups: Group I which includes all employees except fire fighters and police officers and Group II which is for fire fighters and police officers (including County Sheriff's Departments). The New Hampshire Retirement System issues annually a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New Hampshire Retirement System, Fifty-Four Chenell Drive, Concord, NH.

Group I employees who retire at or after age 60 but before age 65 are entitled to retirement benefits equal to 1.667% of the average of their three highest paid years of compensation, multiplied by their years of service. At age 65 the benefit is recalculated at 1.5% of AFC multiplied by their years of service credit. Earlier retirement allowances at reduced rates are available after age 50 with 10 years of service. Benefits fully vest upon reaching 10 years of service or attaining age 60.

Group II employees who attain age 45 with 20 years or more of service are entitled to retirement benefits equal to 2.5% of the average of their three highest paid years of service, multiplied by their years of service, not to exceed 40. Benefits vest ratably beginning after 10 years of service.

The System also provides death and disability benefits. Cost-of-living increases have been periodically granted to retirees by the State Legislature.

Funding Policy - The System is funded by contributions from both the employees and employers. Group I employees are required by State statute to contribute 5.0% of gross earnings. Group II employees are required to contribute 9.3 percent of their gross earnings. The employer must, under the same statute, contribute monthly at an actuarially determined rate. The current employer rates are 9.16% for regular employees, 14.63% for police officers and 18.52% for firefighters of covered payroll. The contribution requirement for the year was $333,747 which consisted of $210,303 from the Town and $123,444 from employees. The Town's contributions to the System for the years 2009 and 2008 were $198,143 and $177,026, respectively. The Town's annual contributions for the three years were equal to the amount required under State statute to be contributed for each year.

(Continued on next page)

D. Post Closure Monitoring Costs

The Town is subject to post closure monitoring requirements under Federal Landfill criteria (40 CFR Paragraph 2587, Subtitle D). The New Hampshire Department of Environmental Services, Solid Waste Division, approved the landfill and lagoon closure plans which are now complete except for estimated post closure monitoring costs.

Post closure monitoring costs have been estimated over twenty years. Depending upon the results of the annual monitoring, the State of New Hampshire MAY decrease in the future the number of years that monitoring is required.

E. GASB #45 and Postemployment Benefits

GASB # 45 addresses the reporting of postemployment benefits other than pensions. This includes the healthcare costs that arise from the implicit rate subsidy when current and retired employees are rated together by the insurance provider to determine the health insurance premium cost. New Hampshire RSA 100-A:50 requires that the insurance premiums be rated together ("retired employees shall be deemed to be part of the same group of active employees.....for purposes of determining medical insurance premiums"). This results in the blended insurance rate that is an increased cost for current employees and a lower cost for retired employees, even if the retiree pays 100% of their health insurance premium. The Town currently is a member of a group, along with many other municipalities in the State, that operates a public entity pool that provides health insurance for the municipalities. The Town does NOT currently pay any portion of the health insurance premiums for its retirees.

The Town is required to implement the provisions of GASB #45 for its fiscal year beginning after December 15, 2008, i.e., the year end December 31, 2009.

The Town believes that the amount of time and expense required to implement the requirements of GASB #45 are excessive, especially since the Town does NOT pay for retiree health insurance. In addition, the requirement to provide health insurance to retirees is mandated by State RSA's and not by a vote of the Town Meeting. Implementing the requirements of GASB #45 would result in the Town carrying a liability on its full accrual statements (Statement 1) that would never be liquidated. At year end, the Town has 34 current employees on its health insurance plan and 3 retirees.

New Hampshire Retirement System does offer, for qualified retirees, an insurance subsidy that is paid directly to the insurance pool. However, the subsidy ceased July 1, 2009 for those Group 1 employees retiring after that date and the Town has no plans or intentions to pay the lapsed subsidy.

(Continued on next page)

The following is provided for the year end December 31, 2010 for informational purposes only:

a) Plan Type: The Town provides medical benefits to eligible retirees.

b) Eligibility:

Group I – 60 or older with no minimum service
50 with ten years of service
Members age plus service equals 70 with a minimum of 20 years of service

Group II - 60 or older with no minimum service
45 with 20 years of service

c) Benefit Costs: The retiree is responsible for the full price of the medical premium.

d) Premium Costs: Monthly premiums were as follows:

Single	Married	Family	Retiree
$622.55	$1,308.88	$1,766.99	$417.57

F. Subsequent Event

The town signed an operating lease for Town Office Space beginning in July 2011. The lease term runs from August 1, 2011 to July 31, 2012 with options to extend the term of the lease for four one-year extensions, by giving the landlord 60 days written notice of the intent to extend. Rent is $40,800 annually payable as $3,400 monthly.

REQUIRED SUPPLEMENTAL INFORMATION

Exhibit 1

TOWN OF BARRINGTON, NEW HAMPSHIRE
ACTUAL REVENUES AND EXPENDITURES COMPARED TO LEGALLY ADOPTED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Adopted Budget	Prior Year's Encumbrances	Emergency Appropriation	Revised Budget	Actual	Variance With Final Budget
REVENUES						
Taxes						
Property, Net of Overlay	$ 17,193,543	$ -	$ -	$ 17,193,543	$ 17,173,003	$ (20,540)
Land Use Change	8,000	-	-	8,000	8,250	250
Yield	10,000	-	-	10,000	7,550	(2,450)
Payment in Lieu	15,780	-	-	15,780	15,817	37
Gravel Tax	3,600	-	-	3,600	3,584	(16)
Boat	7,588	-	-	7,588	7,665	77
Interest and Penalties	165,655	-	-	165,655	254,802	89,147
Total Taxes	17,404,166	-	-	17,404,166	17,470,671	66,505
Licenses and Permits						
Motor Vehicle Permit Fees	1,100,000	-	-	1,100,000	1,215,381	115,381
Business Licenses and Permits	1,500	-	-	1,500	1,890	390
Building Permits	55,000	-	-	55,000	70,312	15,312
Other Licenses, Permits and Fees	16,335	-	-	16,335	4,620	(11,715)
Total Licenses and Permits	1,172,835	-	-	1,172,835	1,292,203	119,368
Intergovernmental						
Rooms and Meals	378,053	-	-	378,053	378,053	-
Highway Block Grant	192,948	-	-	192,948	192,948	-
State and Federal Forest Land	19	-	-	19	19	-
Other State Revenue	-	-	-	-	-	-
Total Intergovernmental	571,020	-	-	571,020	571,020	-
Charges for Services						
Income from Departments	110,000	-	-	110,000	273,332	163,332
Interest and Dividends						
Interest on Deposits	16,000	-	-	16,000	19,748	3,748
Miscellaneous						
Insurance Dividends/Reimbursements	-	-	-	-	-	-
Sale of Town Property	8,663	-	-	8,663	9,306	643
Other	19,962	-	-	19,962	6,038	(13,924)
Total Miscellaneous	28,625	-	-	28,625	15,344	(13,281)
Total Revenues	19,302,646	-	-	19,302,646	19,642,318	339,672
Other Financing Sources						
Operating Transfers In:						
From Other Governmental Funds:						
Capital Reserves - Selectmen as Agents	-	-	-	-	-	-
Cemetery Permanent Funds	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-
Fund Balance Used:						
To Reduce the Tax Rate	650,000	-	-	650,000	-	(650,000)
Appropriated from Fund Balance	75,000	-	211,000	286,000	-	(286,000)
For Prior Year's Encumbrances	-	28,430	-	28,430	-	(28,430)
Total Fund Balance Used	725,000	28,430	211,000	964,430	-	(964,430)
Total Revenues and Other Financing Sources	$ 20,027,646	$ 28,430	$ 211,000	$ 20,267,076	$ 19,642,318	$ (624,758)

(Continued)

GAAP is the budgetary basis used in the preparation of this schedule.

TOWN OF BARRINGTON, NEW HAMPSHIRE
ACTUAL REVENUES AND EXPENDITURES COMPARED TO LEGALLY ADOPTED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Prior Year's Encumbrances	Emergency Appropriation	Revised Budget	Actual	Variance With Final Budget
XPENDITURES						
Town:						
General Government						
Executive	$ 111,633	$ -	$ 211,000	$ 322,633	$ 240,500	$ 82,133
Elections and Registrations	127,481	-	-	127,481	130,386	(2,905)
Financial Administration	385,722	7,824	-	393,546	330,183	63,363
Assessing	30,000	-	-	30,000	29,878	122
Legal	65,000	-	-	65,000	48,593	16,407
Personnel Administration	857,396	-	-	857,396	839,000	18,396
Planning and Zoning	84,866	-	-	84,866	88,004	(3,138)
Cemeteries	19,838	-	-	19,838	15,859	3,979
General Government Buildings	299,248	18,343	-	317,591	333,475	(15,884)
Insurance	55,000	-	-	55,000	55,174	(174)
Advertising and Regional Associations	7,495	-	-	7,495	7,495	-
Total General Government	2,043,679	26,167	211,000	2,280,846	2,118,547	162,299
Public Safety						
Police Department	729,866	-	-	729,866	749,332	(19,466)
Fire Department	200,374	2,263	-	202,637	204,754	(2,117)
Building Inspection	129,018	-	-	129,018	90,570	38,448
Total Public Safety	1,059,258	2,263	-	1,061,521	1,044,656	16,865
Highways and Streets						
Highways and Streets	1,335,668	-	-	1,335,668	1,149,366	186,302
Total Highways and Streets	1,335,668	-	-	1,335,668	1,149,366	186,302
Sanitation						
Solid Waste Disposal	292,868	-	-	292,868	241,550	51,318
Health						
Animal Control	-	-	-	-	-	-
Health Department	15,062	-	-	15,062	11,776	3,286
Total Health	15,062	-	-	15,062	11,776	3,286
Welfare						
Direct Assistance	142,150	-	-	142,150	85,180	56,970
Total Welfare	142,150	-	-	142,150	85,180	56,970
Culture and Recreation						
Parks and Recreation	127,404	-	-	127,404	90,894	36,510
Patriotic Purposes	150	-	-	150	162	(12)
Total Culture and Recreation	$ 127,554	$ -	$ -	$ 127,554	$ 91,056	$ 36,498

(Continued)

TOWN OF BARRINGTON, NEW HAMPSHIRE
ACTUAL REVENUES AND EXPENDITURES COMPARED TO LEGALLY ADOPTED BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Prior Year's Encumbrances	Emergency Appropriation	Revised Budget	Actual	Variance With Final Budget
Water Distribution and Treatment						
Swain's Lake Dam	$ 2,600	$ -	$ -	$ 2,600	$ 5,332	$ (2,732)
Debt Services						
Principal - Long-Term Debt	153,333	-	-	153,333	153,333	-
Interest - Long-Term Debt	29,101	-	-	29,101	29,042	59
Interest - Tax Anticipation Note	5,000	-	-	5,000	-	5,000
Total Interest	34,101	-	-	34,101	29,042	5,059
Capital Outlay						
Prior Year's Encumbrances	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-
Total Town Expenditures	5,206,273	28,430	211,000	5,445,703	4,929,838	515,865
Other Governmental Units						
School District Assessment	12,333,642	-	-	12,333,642	12,333,642	-
County Taxes	2,228,255	-	-	2,228,255	2,228,255	-
Total Other Governmental Units	14,561,897	-	-	14,561,897	14,561,897	-
Total Expenditures	19,768,170	28,430	211,000	20,007,600	19,491,735	515,865
Other Financing Uses:						
Transfer to Other Governmental Funds:						
To Library	169,476	-	-	169,476	177,963	(8,487)
To Capital Reserves	90,000	-	-	90,000	90,000	-
Total Other Financing Uses	259,476	-	-	259,476	267,963	(8,487)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) Budgetary Basis	-	-	-	-	(117,380)	(117,380)
Adjustments:						
To Adjust Revenues for Deferred Property Taxes	-	-	-	-	(33,699)	(33,699)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (GAAP Basis)	-	-	-	-	(151,079)	(151,079)
Fund Balance, Beginning of Year	1,497,228	-	-	1,497,228	1,497,228	-
Fund Balance, End of Year	$ 1,497,228	$ -	$ -	$ 1,497,228	$ 1,346,149	$ (151,079)

GAAP is the budgetary basis used in the preparation of this schedule.

R&G

Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF CERTAIN MATTERS

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

In planning and performing our audit of the financial statements of the governmental activities, general fund, and the aggregate remaining fund information of the Town of Barrington as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Barrington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Barrington's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain matters we consider important to communicate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Police Special Duty Fund

Police detail billings were not recorded when billed, but instead were recorded when collected. We recommend that a copy of each police detail invoice be provided to the Finance Department when issued, so that the revenue can be properly recorded when earned.

Expenditures for Recreation and Police Special Duty Funds

Significant adjustments were necessary at year-end to properly reflect expenditures for certain payroll taxes and benefits within the proper fund. We recommend that periodic adjustments be made throughout the year to properly reflect expenditures in the correct fund. Also, copies of all invoices between funds should be kept on file in the Finance Department.

This communication is intended solely for the information and use of management, members of the board of selectmen, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

January 31, 2012

Roberts & Greene, PLLC

47 Hall Street ▪ Concord, NH 03301
603-856-8005 ▪ 603-856-8431 (fax)
info@roberts-greene.com