

TOWN OF BARRINGTON, NEW HAMPSHIRE

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011

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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, the major general fund, and the aggregate remaining fund information of the Town of Barrington, New Hampshire as of and for the year ended December 31, 2011, 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, the major fund and the aggregate remaining fund information of the Town of Barrington, New Hampshire as of December 31, 2011, and the respective changes in financial position thereof 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 page 30 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Barrington's financial statements as a whole. The combining and individual general fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor and individual general 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

August 17, 2012

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TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & 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, 2011. 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. A comparative analysis will be provided in future years when prior year information is available.

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 \$ 11,622,105 (Net Assets Exhibit 1).
- The Town of Barrington's net assets increased by \$735,231. It should be noted that there was a restatement of beginning equity from recording additional capital assets not captured in previous years after reduction of the prior year interfund that increased the recorded amount of net assets by \$1,280,876 (Note III D and Exhibit 2).
- At the end of the current year, the Town's total governmental funds reported a combined ending fund balance of \$ 3,119,829 an increase of \$ 249,890 from the prior year. (Exhibit 5)
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,089,017 (Exhibit 3).

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

TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

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).

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, and 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

TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

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.

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 \$11,622,105 as of December 31, 2011.

A large portion of the Town's net assets (61%) 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. (Exhibit 1)

	<u>2011</u>
Assets	
Current and Other Assets	12,418,417
Capital Assets, Net	<u>7,534,829</u>
Total Assets	19,953,246
Liabilities	
Current and Other Liabilities	7,723,271
Long Term Liabilities	<u>607,870</u>
Total Liabilities	8,331,141
Net Assets	
Invested in Capital Assets, Net of Related Debt	7,116,018
Restricted Net Assets	95,195
Unrestricted Net Assets	<u>4,410,892</u>
Total Net Assets	<u>11,622,105</u>

An additional portion of the Town's net assets (1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$4,410,892 may be used to meet the Town's ongoing obligation to citizens and creditors.

As of December 31, 2011, the Town is able to report positive balances in all types of net assets.

TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

Analysis of the Town's Operations – The following table provides a summary of the Town's operations for the year ended December 31, 2011.

	Governmental Activities 2011
Revenues:	
Program Revenues	
Charges for Services	641,681
Operating Grants and Contributions	246,156
General Revenues:	1,312,399
Property Taxes	3,364,911
Other Taxes	371,550
Grants and Contributions Not Restricted to Specific Programs	383,088
Miscellaneous	9,403
Total Revenues	5,441,351
Expenses:	
General Government and Administration including capital	1,583,738
Public Safety	1,515,281
Highways and Streets	1,349,404
Sanitation and Water	319,866
Health and Welfare	89,903
Culture and Recreation	713,426
Conservation	981
Interest on Long Term Debt	21,358
Total Expenses	5,593,957
Change in Net Assets	735,231
Net Assets – January 1	10,886,874
Net Assets – December 31	<u>11,622,105</u>

Governmental Activities – There was a increase in net assets in 2011 of 6.75%.

Financial Analysis of Town Funds

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

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

TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

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, 2011, the Town of Barrington's governmental funds reported combined ending unassigned fund balances (non-GAAP budgetary basis see Exhibit 9) of \$ 2,807,224, an increase of \$5,487. The variance from the GAAP basis unassigned fund balance (\$ 1,089,017) is the result of deferred tax revenue under the 60-day rule of \$1,718,694. 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 which exceeded the budgeted amount by \$ 78,458 or an approximate 7 % 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 excess revenue over projections of \$84,189, an increase of 53%. The Towns total revenues were \$249,798 above projections or an approximate 4.4% increase.

Budgetary Highlights

The Town spent within its budget and collected more revenue than projected.

Capital Assets

The Town of Barrington's investment in capital assets for its governmental activities as of December 31, 2011, was \$ 7,534,829. (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:

- 2 New Highway vehicles \$171,455
- Cardiac Monitor \$ 24,222
- Building Improvements \$ 26,208
- 2 Police Cruisers \$ 43,968

Capital assets net of depreciation	<u>2011</u>
Land and Land Improvements	2,962,418
Buildings and Building Improvements	1,531,777
Machinery, Equipment, Vehicles	1,298,811
Infrastructure	1,741,823
 Total	 <u>7,534,829</u>

TOWN OF BARRINGTON, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION & ANALYSIS

	<u>2011</u>
Bond, Public Safety Building	150,000
Conservation Bonds	<u>156,667</u>
Total remaining	<u>306,667</u>

Other obligations of the Town include earned time and accrued sick bank leave.

Economic Factors and Next Year's Budgets and Rates

In the 2012 Budget, General Fund revenues and transfers in, not counting property taxes, are budgeted to increase over 2011 actual by \$19,872. In 2011 general property taxes made up 57% 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

EXHIBIT 1
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Net Assets
December 31, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,740,604
Investments	1,050,353
Other receivables, net of allowance for uncollectibles	2,425,368
Prepaid items	28,383
Tax deeded property	173,709
Capital assets, not being depreciated:	
Land	2,796,087
Capital assets, net of accumulated depreciation:	
Land improvements	166,331
Buildings and building improvements	1,531,777
Machinery, vehicles and equipment	1,298,811
Infrastructure	1,741,823
Total assets	19,953,246
LIABILITIES	
Accounts payable	183,215
Accrued interest payable	9,804
Intergovernmental payable	7,377,382
Performance and escrow deposits	8,388
Noncurrent obligations:	
Due within one year:	
Bonds payable	128,333
Capital lease payable	10,149
Accrued landfill postclosure care costs	6,000
Due in more than one year:	
Bonds payable	178,334
Capital lease payable	101,995
Compensated absences	225,541
Accrued landfill postclosure care costs	102,000
Total liabilities	8,331,141
NET ASSETS	
Invested in capital assets, net of related debt	7,116,018
Restricted for:	
Perpetual care	
Nonexpendable	69,966
Expendable	24,043
Other purposes	1,186
Unrestricted	4,410,892
Total net assets	\$ 11,622,105

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 1,577,850	\$ 12,745	\$ 8,759	\$ (1,556,346)
Public safety	1,515,281	128,076	16,905	(1,370,300)
Highways and streets	1,349,404	-	210,237	(1,139,167)
Sanitation	318,316	140,542	-	(177,774)
Water distribution and treatment	1,550	-	-	(1,550)
Health	13,601	-	-	(13,601)
Welfare	76,302	682	-	(75,620)
Culture and recreation	713,426	359,636	3,982	(349,808)
Conservation	-	-	5,917	5,917
Interest on long-term debt	21,358	-	-	(21,358)
Capital outlay	6,869	-	356	(6,513)
Total governmental activities	<u>\$ 5,593,957</u>	<u>\$ 641,681</u>	<u>\$ 246,156</u>	<u>(4,706,120)</u>
General revenues:				
Property taxes				3,364,911
Other taxes				371,550
Licenses and permits				1,312,399
Grants and contributions not restricted to specific programs				383,088
Miscellaneous				9,403
Total general revenues				<u>5,441,351</u>
Change in net assets				735,231
Net assets, beginning, as restated, see Note III.D.				<u>10,886,874</u>
Net assets, ending				<u>\$ 11,622,105</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
TOWN OF BARRINGTON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,945,442	\$ 795,162	\$ 8,740,604
Investments	318,289	732,064	1,050,353
Receivables (net of allowance for uncollectibles):			
Taxes	2,361,434	-	2,361,434
Accounts	30,400	13,645	44,045
Liens	19,889	-	19,889
Interfund receivable	-	285,085	285,085
Prepaid items	28,383	-	28,383
Tax dedeed property held for resale	173,709	-	173,709
Total assets	<u>\$ 10,877,546</u>	<u>\$ 1,825,956</u>	<u>\$ 12,703,502</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 181,719	\$ 1,496	\$ 183,215
Intergovernmental payable	7,377,382	-	7,377,382
Interfund payable	-	285,085	285,085
Deferred revenue	1,729,603	-	1,729,603
Escrow and performance deposits	8,388	-	8,388
Total liabilities	<u>9,297,092</u>	<u>286,581</u>	<u>9,583,673</u>
Fund balances:			
Nonspendable	202,092	79,533	281,625
Restricted	-	119,954	119,954
Committed	-	1,339,888	1,339,888
Assigned	289,345	-	289,345
Unassigned	1,089,017	-	1,089,017
Total fund balances	<u>1,580,454</u>	<u>1,539,375</u>	<u>3,119,829</u>
Total liabilities and fund balances	<u>\$ 10,877,546</u>	<u>\$ 1,825,956</u>	<u>\$ 12,703,502</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
TOWN OF BARRINGTON, NEW HAMPSHIRE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets
December 31, 2011

Total fund balances of governmental funds (Exhibit 3)		\$ 3,119,829
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 10,376,387	
Less accumulated depreciation	<u>(2,841,558)</u>	7,534,829
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (285,085)	
Payables	<u>285,085</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 1,718,694	
Deferred ambulance charges	9,949	
Deferred trash bag revenue	<u>960</u>	1,729,603
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(9,804)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 306,667	
Capital lease outstanding	112,144	
Compensated absences payable	225,541	
Accrued landfill postclosure care costs	<u>108,000</u>	(752,352)
Total net assets of governmental activities (Exhibit 1)		<u><u>\$ 11,622,105</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 3,620,195	\$ 35,030	\$ 3,655,225
Licenses, permits and fees	1,312,399	-	1,312,399
Intergovernmental	610,218	-	610,218
Charges for services	255,804	385,877	641,681
Miscellaneous	18,162	10,267	28,429
Total revenues	<u>5,816,778</u>	<u>431,174</u>	<u>6,247,952</u>
Expenditures:			
Current:			
General government	1,528,961	-	1,528,961
Public safety	1,496,379	19,991	1,516,370
Highways and streets	1,564,537	-	1,564,537
Sanitation	264,075	-	264,075
Water distribution and treatment	1,550	-	1,550
Health	13,601	-	13,601
Welfare	76,302	-	76,302
Culture and recreation	354,308	354,026	708,334
Debt service:			
Principal	153,333	-	153,333
Interest	21,946	-	21,946
Capital outlay	152,805	124,205	277,010
Total expenditures	<u>5,627,797</u>	<u>498,222</u>	<u>6,126,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>188,981</u>	<u>(67,048)</u>	<u>121,933</u>
Other financing sources (uses):			
Transfers in	-	73,000	73,000
Transfers out	(73,000)	-	(73,000)
Inception of capital lease	127,957	-	127,957
Total other financing sources and uses	<u>54,957</u>	<u>73,000</u>	<u>127,957</u>
Net change in fund balances	243,938	5,952	249,890
Fund balances, beginning, as restated, see Note III.D.	<u>1,336,516</u>	<u>1,533,423</u>	<u>2,869,939</u>
Fund balances, ending	<u>\$ 1,580,454</u>	<u>\$ 1,539,375</u>	<u>\$ 3,119,829</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
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
For the Year Ended December 31, 2011

Net change in fund balances of governmental funds (Exhibit 5)		\$ 249,890
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 873,807	
Depreciation expense	<u>(431,076)</u>	442,731
The net effect of transactions involving the disposal of capital assets is to decrease net assets.		(21,635)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (73,000)	
Transfers out	<u>73,000</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue	\$ 81,026	
Change in deferred ambulance charges	(750)	
Change in deferred trash bag revenue	<u>960</u>	81,236
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Inception of capital lease	\$ (127,957)	
Repayment of bond principal	153,333	
Repayment of capital lease principal	<u>15,813</u>	41,189
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 588	
Increase in compensated absences payable	(5,686)	
Increase in accrued landfill postclosure care costs	<u>(53,082)</u>	(58,180)
Change in net assets of governmental activities (Exhibit 2)		<u>\$ 735,231</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Cash and cash equivalents	\$ -	\$ 527,615
Investments	972,808	-
Total assets	<u>972,808</u>	<u>527,615</u>
Liabilities:		
Accounts payable	12,000	-
Due to other governmental units	-	250,427
Due to developers	-	277,188
Total liabilities	<u>12,000</u>	<u>527,615</u>
Net assets:		
Held in trust for specific purposes	<u>\$ 960,808</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 8
TOWN OF BARRINGTON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 776
Deductions:	
Trust distributions	136,594
Change in net assets	(135,818)
Net assets, beginning	1,096,626
Net assets, ending	\$ 960,808

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Barrington (the Town) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2011.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Town of Barrington is a municipal corporation governed by a five-member board of selectmen elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the Town's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the Town's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The major individual, governmental fund is reported in separate columns with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

For 2011, the Town has implemented GASB Statement No. 54, which results in governmental fund equity being reported in different components, and the capital reserves being reported in a capital project fund.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

The agency funds are custodial in nature and do not measure results of operations.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

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 needed.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011**

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The Town reports the following major governmental fund:

General Fund – Reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

The Town also reports eight nonmajor governmental funds.

Fiduciary Funds

The Town reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the Town used only for the benefit of other entities or individuals.

Agency Funds – Account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. The Town's agency funds are used to account for performance bonds held in escrow.

I.C. *Assets, Liabilities, and Net Assets or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of New Hampshire require that the Town's treasurer have custody of all monies belonging to the Town, other than those held by the trustees of trust funds and library trustees, and pay out the same only upon orders of the Board of Selectmen. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383.22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

Investments are stated at fair value based on quoted market prices.

New Hampshire law authorizes the Town to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011**

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. Capital Assets and Depreciation

Generally, the Town’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Land improvements	30
Buildings and building improvements	30-40
Equipment & Vehicles	5-30
Infrastructure	20

I.C.3. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.4. Compensated Absences

All employees who regularly work a minimum of 20 hours a week are granted vacation and sick leave benefits in varying amounts to specified maximums based on the number of years in employment. Employees hired prior to December 31, 2000 are eligible to receive payment for both their earned vacation leave and a portion of their sick leave upon termination. All other employees are only entitled to their earned vacation pay upon termination.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011

I.C.5. Fund Equity

The government-wide statement of net assets reports net assets in the following components:

- Invested in capital assets, net of related debt, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for perpetual care, which consists of the balance of the permanent funds that is allowed to be used only for cemetery care.
- Restricted for other purposes, which consists of the balance of the permanent funds where the principal must be permanently invested and the income is allowed to be used for other specific Town purposes.
- Unrestricted, which consists of the remaining balance of net assets.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of endowments in the permanent and library funds, the tax deeded property held for resale, and prepaid items.
- Restricted, which represents the expendable income from permanent funds, and the library fund, whose use is limited by law.
- Committed, which consists of balances for which the intended use has been established by Town Meeting vote, or by the Board of Selectmen, and would require an equally formal action to remove those commitments.
- Assigned, which consists of balances for which the intended use is established by the Board of Selectmen in the form of an encumbrance.
- Unassigned, which represents the remaining fund balance in the General Fund in excess of the nonspendable, restricted, committed, and assigned balances.

I.D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011**

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The Town is allowed to use beginning fund balance to balance the budget. In 2011, \$200,000 of the fund balance of the General Fund from 2010 was used.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, conservation, debt service and capital outlay. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot exceed the total appropriations unless permission is received from the Commissioner of Revenue Administration.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. *Receivables, Uncollectible Accounts and Deferred Revenue*

Property Taxes Receivable and Property Tax Calendar

Property taxes are levied and collected by the Town on a semi-annual basis. Tax bills are due on or around July 1 and December 1, with interest of 12% per annum on all taxes not received by the due date. The first billing is an estimate only based on half of the previous year's billing. The final billing is levied based on an inventory taken in April of each year (the tax year runs from April 1 to March 31), and is assessed after the tax rate has been calculated and set by the New Hampshire Department of Revenue Administration. A lien is executed on any unpaid property taxes in the following year and this lien takes priority over any others. Interest of 18% per annum is charged upon redemption of lien taxes. Properties not redeemed within two years of the date of the tax lien are deeded to the Town. During the current year, the tax collector executed a lien for uncollected 2010 property taxes on September 23rd.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Barrington School District, and Strafford County. The Town is responsible for the collection of all these taxes. During the annual tax rate setting process, the Town sets an amount for potential abatements and tax deedings, known as overlay. Overlay is raised through taxation and is reported as a reduction in tax revenue.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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The net assessed valuation as of April 1, 2011, upon which the 2011 property tax levy was based was:

For the New Hampshire education tax	\$ 891,898,785
For all other taxes	\$ 906,221,885

The tax rates and amounts assessed for the year ended December 31, 2011 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$4.13	\$ 3,748,832
School portion:		
State of New Hampshire	\$2.28	2,029,330
Local	\$11.93	10,813,805
County portion	\$2.44	<u>2,206,666</u>
Total property taxes assessed		<u>\$ 18,798,633</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2011		\$ 1,802,192
Unredeemed (under tax lien):		
Levy of 2010		460,520
Levy of 2009		241,928
Levy of 2008		49,551
Levies of 2007 and prior		57,040
Timber		203
Less: allowance for estimated uncollectible taxes		<u>(250,000)</u>
Net taxes receivable		<u>\$ 2,361,434</u>

Other Receivables and Uncollectible Accounts

Significant receivables include charges for ambulance services and welfare liens. The allowance amount represents a portion of the balance of welfare liens that the Town does not expect to collect, and uncollected ambulance charges over 60 days past due as of year-end. Related amounts are shown in the following table:

Accounts	\$ 84,400
Liens	194,181
Less: allowance for uncollectible amounts	<u>(228,292)</u>
Net total receivables	<u>\$ 50,289</u>

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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Deferred Revenue

Deferred revenue at December 31, 2011 represents \$1,718,694 for 2011 property taxes, \$9,949 for ambulance service charges and \$960 for trash bag receipts, that were not collected or earned within sixty days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles.

III.A.2. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning as restated	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 2,796,087	\$ -	\$ -	\$ 2,796,087
Construction in progress	4,116	-	(4,116)	-
Total capital assets not being depreciated	<u>2,800,203</u>	<u>-</u>	<u>(4,116)</u>	<u>2,796,087</u>
Being depreciated:				
Land improvements	189,239	47,708	-	236,947
Buildings and building improvements	2,369,382	-	-	2,369,382
Machinery, vehicles and equipment	2,094,062	419,247	(195,944)	2,317,365
Infrastructure	2,249,754	406,852	-	2,656,606
Total capital assets being depreciated	<u>6,902,437</u>	<u>873,807</u>	<u>(195,944)</u>	<u>7,580,300</u>
Total all capital assets	<u>9,702,640</u>	<u>873,807</u>	<u>(200,060)</u>	<u>10,376,387</u>
Less accumulated depreciation:				
Land improvements	(59,866)	(10,750)	-	(70,616)
Buildings and building improvements	(766,689)	(70,916)	-	(837,605)
Machinery, vehicles and equipment	(1,051,923)	(145,056)	178,425	(1,018,554)
Infrastructure	(710,429)	(204,354)	-	(914,783)
Total accumulated depreciation	<u>(2,588,907)</u>	<u>(431,076)</u>	<u>178,425</u>	<u>(2,841,558)</u>
Net book value, capital assets being depreciated	<u>4,313,530</u>	<u>442,731</u>	<u>(17,519)</u>	<u>4,738,742</u>
Net book value, all capital assets	<u>\$ 7,113,733</u>	<u>\$ 442,731</u>	<u>\$ (21,635)</u>	<u>\$ 7,534,829</u>

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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Depreciation Expense

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

Governmental activities:	
General government	\$ 83,149
Public safety	70,241
Highways and streets	273,088
Sanitation	1,543
Culture and recreation	3,055
Total depreciation expense	<u><u>\$ 431,076</u></u>

III.A.3. *Restricted Net Assets*

The government-wide statement of net assets includes restricted net assets of \$94,009 for public trust funds reported as restricted to reflect perpetual care restrictions contained in trust indentures, and \$1,186 that represents other purpose restrictions contained in trust indentures.

III.B. *Liabilities*

III.B.1 *Intergovernmental Payable*

The amount due to other governments at December 31, 2011 consists of \$7,375,967 due to the Barrington School District for the balance of the 2011-2012 district assessment and \$1,415 due to the State of New Hampshire for State motor vehicle fees.

The notes continue on the following page.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
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III.B.2 Long-Term Debt

General obligation debt is approved by the voters and repaid with general revenues (property taxes). Long-term liabilities currently outstanding are as follow:

	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Outstanding at 12/31/2011</u>	<u>Current Portion</u>
General obligation bonds payable:						
Public Safety Building	\$ 750,000	2000	2014	4.50-5.25	\$ 150,000	\$ 50,000
Conservation Bond	\$ 470,000	2008	2013	4.45	156,667	78,333
					<u>306,667</u>	<u>128,333</u>
Capital lease payable:						
Tractor- Highway	\$ 127,957	2011	2020	5.05	<u>112,144</u>	<u>10,149</u>
Compensated absences payable:						
Vested sick leave					65,360	-
Accrued vacation leave					160,181	-
					<u>225,541</u>	<u>-</u>
Accrued landfill postclosure care costs					<u>108,000</u>	<u>6,000</u>
					<u>\$ 752,352</u>	<u>\$ 144,482</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2011:

	<u>General Obligation Bonds Payable</u>	<u>Capital Leases Payable</u>	<u>Compensated Absences Payable</u>	<u>Accrued Landfill Postclosure Care Costs</u>	<u>Total</u>
Balance, beginning	\$ 460,000	\$ -	\$ 219,855	\$ 54,918	\$ 734,773
Additions	-	127,957	5,686	53,082	186,725
Reductions	(153,333)	(15,813)	-	-	(169,146)
Balance, ending	<u>\$ 306,667</u>	<u>\$ 112,144</u>	<u>\$ 225,541</u>	<u>\$ 108,000</u>	<u>\$ 752,352</u>

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011**

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds outstanding as of year-end are as follow:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 128,333	\$ 14,847	\$ 143,180
2013	128,334	8,736	137,070
2014	50,000	2,625	52,625
Totals	<u>\$ 306,667</u>	<u>\$ 26,208</u>	<u>\$ 332,875</u>

The future minimum lease obligations for the capital lease are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 10,149	\$ 5,664	\$ 15,813
2013	10,662	5,151	15,813
2014	11,200	4,613	15,813
2015	11,766	4,047	15,813
2016	12,360	3,453	15,813
2017-2020	56,007	7,245	63,252
Totals	<u>\$ 112,144</u>	<u>\$ 30,173</u>	<u>\$ 142,317</u>

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

The interfund payable amount of \$285,085 due to the Nonmajor Recreation Fund from the other nonmajor funds represents an overdraft of pooled cash.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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III.C.2. Transfers

Transfers within the reporting entity are substantially for the purposes of voted amounts, and distributing trust income to the applicable funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The transfer of \$73,000 from the General Fund to the Nonmajor Funds represents a voted appropriation.

III.D. Restatement of Beginning Equity

Equity at January 1, 2011 was restated to reflect the following adjustments:

	Governmental Activities	General Fund
To record additional capital assets not captured in previous year	\$ 1,290,509	
To record correction for prior year interfund that does not exist	(9,633)	\$ (9,633)
Fund balance, as previously reported	9,605,998	1,346,149
Fund balance, as restated	<u>\$ 10,886,874</u>	<u>\$ 1,336,516</u>

III.E. Fund Equity

The components of fund balance, as described in note I.C.5, are classified for the following purposes:

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Endowments	-	79,533	79,533
Prepaid items	28,383	-	28,383
Tax deeded property	173,709	-	173,709
Total nonspendable	<u>202,092</u>	<u>79,533</u>	<u>281,625</u>
Restricted:			
Culture and recreation	-	119,954	119,954
Committed:			
General government	-	48,657	48,657
Public safety	-	13,234	13,234
Culture and recreation	-	602,959	602,959
Conservation	-	236,027	236,027
Capital outlay	-	439,011	439,011
Total committed	<u>-</u>	<u>1,339,888</u>	<u>1,339,888</u>
Assigned:			
General government	50,207	-	50,207
Public safety	26,251	-	26,251
Highways and streets	198,087	-	198,087
Sanitation	14,800	-	14,800
Total assigned	<u>289,345</u>	<u>-</u>	<u>289,345</u>
Unassigned	<u>1,089,017</u>	<u>-</u>	<u>1,089,017</u>
Total fund balances	<u><u>1,580,454</u></u>	<u><u>1,539,375</u></u>	<u><u>3,119,829</u></u>

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011**

IV. Other Information

IV.A. Risk Management

The Town's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the Town was a member of the Local Government Center Property-Liability Trust, Inc., which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Local Government Center Property-Liability Trust, Inc. (the Trust) – This Trust is organized to provide certain property and liability protection 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 benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30.

Contributions paid in 2011 for fiscal year 2012 ending June 30, 2012, to be recorded as an insurance expenditure/expense totaled \$57,355. There were no unpaid contributions for the year ending June 30, 2012 and due in 2011. The Town also paid \$55,131 for workers' compensation coverage for the year 2011 and \$6,318 for unemployment compensation coverage. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for the members and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the Town make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution for police and fire employees for the period of January 1 to June 30 was 9.3% of gross earnings, and for the period of July 1 to December 31 was 11.55% for police and 11.80% for fire. The rate of contribution for other employees for the period of January 1 to June 30 was 5% of gross earnings, and for the period of July 1 to December 31 was 7%. For the period of January 1 to June 30, the rates of contribution for pension and the medical subsidy from the Town were 14.63% for police and 18.52% for fire, which consisted of 75% of the total employer cost and 9.16% for other employees, which was 100% of the total employer cost. In July, the rates of

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
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contribution for pension and the medical subsidy were 25.57% for police, 30.90% for fire, and 11.09% for other employees. For the period of August 1 to December 31, the rates of contribution for pension and the medical subsidy were 19.95% for police, 22.89% for fire, and 8.80% for other employees which was 100% of the total employer cost. The balance of the employer cost for the period of January 1 to June 30 was paid by the State of New Hampshire. Employer contributions from the Town during the years 2009, 2010 and 2011 were \$198,143, \$210,303, and \$227,143 respectively. The amounts are paid on a monthly basis as due. The amount paid by the State for 2011 was \$16,873. This amount has been reported as an expenditure/expense and revenue on the government-wide statement of activities and on the governmental funds statement of revenues, expenditures and changes in fund balances.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 9
TOWN OF BARRINGTON, NEW HAMPSHIRE
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 3,586,428	\$ 3,586,428	\$ 3,701,221	\$ 114,793
Licenses, permits and fees	1,225,925	1,225,925	1,312,399	86,474
Intergovernmental	593,345	593,345	593,345	-
Charges for services	215,000	215,000	255,804	40,804
Miscellaneous	10,435	10,435	18,162	7,727
Total revenues	<u>5,631,133</u>	<u>5,631,133</u>	<u>5,880,931</u>	<u>249,798</u>
EXPENDITURES				
Current:				
General government	2,209,101	1,449,708	1,531,519	(81,811)
Public safety	1,053,493	1,460,376	1,488,714	(28,338)
Highways and streets	1,514,668	1,724,719	1,683,099	41,620
Sanitation	292,868	326,706	278,719	47,987
Water distribution and treatment	23,600	23,600	1,550	22,050
Health	15,062	15,062	13,601	1,461
Welfare	142,150	142,150	76,302	65,848
Culture and recreation	296,881	405,502	354,308	51,194
Debt service:				
Principal of long-term debt	153,334	153,334	153,333	1
Interest on long-term debt	21,976	21,976	21,946	30
Interest on tax anticipation notes	5,000	5,000	-	5,000
Capital outlay	30,000	30,000	24,848	5,152
Total expenditures	<u>5,758,133</u>	<u>5,758,133</u>	<u>5,627,939</u>	<u>130,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(127,000)</u>	<u>(127,000)</u>	<u>252,992</u>	<u>379,992</u>
Other financing uses:				
Transfers out	<u>(73,000)</u>	<u>(73,000)</u>	<u>(73,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	179,992	<u>\$ 379,992</u>
Increase in nonspendable fund balance			(174,505)	
Unassigned fund balance, beginning, as restated, see Note III.D.			2,802,224	
Unassigned fund balance, ending			<u>\$ 2,807,711</u>	

The note to the required supplementary information is an integral part of this statement.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2011**

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 9 (budgetary basis)	\$ 5,880,931
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	1,637,668
Tax revenue deferred in the current year	(1,718,694)
Capital lease inception	127,957
On-behalf retirement contribution payments made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	16,873
Per Exhibit 5 (GAAP basis)	<u>\$ 5,944,735</u>
Expenditures and other financing uses:	
Per Exhibit 9 (budgetary basis)	\$ 5,700,939
Adjustments:	
Basis difference:	
Encumbrances, beginning	144,373
Encumbrances, ending	(289,345)
Capital lease inception	127,957
On-behalf retirement contribution payments made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	16,873
Per Exhibit 5 (GAAP basis)	<u>\$ 5,700,797</u>
Unassigned fund balance:	
Per Exhibit 9 (budgetary basis)	\$ 2,807,711
Adjustment:	
Basis difference:	
Deferred tax revenue	(1,718,694)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,089,017</u>

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 10
TOWN OF BARRINGTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2011

	Special Revenue Funds					Police	Capital Project Fund	Permanent	Total
	Library	Cemetery	Conservation Commission	Grants	Recreation	Detail	Capital Reserves	Fund	
ASSETS									
Cash and cash equivalents	\$ 17,907	\$ 49,442	\$ 378,203	\$ 1,489	\$ 319,370	\$ 28,751	\$ -	\$ -	\$ 795,162
Investments	86,385	-	-	-	-	-	550,484	95,195	732,064
Accounts receivable	-	-	-	-	-	1,645	12,000	-	13,645
Interfund receivable	-	-	-	-	285,085	-	-	-	285,085
Total assets	<u>\$ 104,292</u>	<u>\$ 49,442</u>	<u>\$ 378,203</u>	<u>\$ 1,489</u>	<u>\$ 604,455</u>	<u>\$ 30,396</u>	<u>\$ 562,484</u>	<u>\$ 95,195</u>	<u>\$ 1,825,956</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,496	\$ -	\$ -	\$ -	\$ 1,496
Interfund payable	-	785	142,176	901	-	17,750	123,473	-	285,085
Total liabilities	<u>-</u>	<u>785</u>	<u>142,176</u>	<u>901</u>	<u>1,496</u>	<u>17,750</u>	<u>123,473</u>	<u>-</u>	<u>286,581</u>
Fund balances:									
Nonspendable	8,567	-	-	-	-	-	-	70,966	79,533
Restricted	95,725	-	-	-	-	-	-	24,229	119,954
Committed	-	48,657	236,027	588	602,959	12,646	439,011	-	1,339,888
Total fund balances	<u>104,292</u>	<u>48,657</u>	<u>236,027</u>	<u>588</u>	<u>602,959</u>	<u>12,646</u>	<u>439,011</u>	<u>95,195</u>	<u>1,539,375</u>
Total liabilities and fund balances	<u>\$ 104,292</u>	<u>\$ 49,442</u>	<u>\$ 378,203</u>	<u>\$ 1,489</u>	<u>\$ 604,455</u>	<u>\$ 30,396</u>	<u>\$ 562,484</u>	<u>\$ 95,195</u>	<u>\$ 1,825,956</u>

EXHIBIT 11
TOWN OF BARRINGTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2011

	Special Revenue Funds					Capital Project Fund	Permanent Fund	Total
	Library	Cemetery	Conservation Commission	Grants	Recreation	Police Detail		
REVENUES								
Taxes	\$ -	\$ -	\$ 35,030	\$ -	\$ -	\$ -	\$ -	\$ 35,030
Charges for services	22,063	3,275	-	-	334,298	26,241	-	385,877
Miscellaneous	3,661	31	5,897	3	223	29	355	10,267
Total revenues	<u>25,724</u>	<u>3,306</u>	<u>40,927</u>	<u>3</u>	<u>334,521</u>	<u>26,270</u>	<u>355</u>	<u>431,174</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	19,991	-	19,991
Culture and recreation	23,835	-	-	-	330,191	-	-	354,026
Capital outlay	-	-	-	-	-	-	124,205	124,205
Total expenditures	<u>23,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,191</u>	<u>19,991</u>	<u>124,205</u>	<u>498,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,889</u>	<u>3,306</u>	<u>40,927</u>	<u>3</u>	<u>4,330</u>	<u>6,279</u>	<u>(123,850)</u>	<u>68</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	73,000	73,000
Net change in fund balances	1,889	3,306	40,927	3	4,330	6,279	(50,850)	68
Fund balance, beginning, as restated, see Note III.D.	102,403	45,351	195,100	585	598,629	6,367	489,861	95,127
Fund balances, ending	<u>\$ 104,292</u>	<u>\$ 48,657</u>	<u>\$ 236,027</u>	<u>\$ 588</u>	<u>\$ 602,959</u>	<u>\$ 12,646</u>	<u>\$ 439,011</u>	<u>\$ 95,195</u>

EXHIBIT 12
TOWN OF BARRINGTON, NEW HAMPSHIRE
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,360,734	\$ 3,364,701	\$ 3,967
Land use	23,500	35,030	11,530
Timber	15,000	13,895	(1,105)
Excavation	7,300	7,241	(59)
Other taxes	3,553	6,752	3,199
Payments in lieu of taxes	16,341	29,413	13,072
Interest and penalties on delinquent taxes	160,000	244,189	84,189
Total taxes	<u>3,586,428</u>	<u>3,701,221</u>	<u>114,793</u>
Licenses, permits and fees:			
Business licenses and permits	1,600	1,590	(10)
Motor vehicle permits	1,156,000	1,234,458	78,458
Building permits	50,000	51,852	1,852
Other	18,325	24,499	6,174
Total licenses, permits and fees	<u>1,225,925</u>	<u>1,312,399</u>	<u>86,474</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	383,088	383,088	-
Highway block grant	210,237	210,237	-
State and federal forest land	20	20	-
Total intergovernmental	<u>593,345</u>	<u>593,345</u>	<u>-</u>
Charges for services:			
Income from departments	<u>215,000</u>	<u>255,804</u>	<u>40,804</u>
Miscellaneous:			
Sale of property	10	3,817	3,807
Interest on investments	6,400	8,759	2,359
Other	4,025	5,586	1,561
Total miscellaneous	<u>10,435</u>	<u>18,162</u>	<u>7,727</u>
Total revenues	5,631,133	<u>\$ 5,880,931</u>	<u>\$ 249,798</u>
Use of fund balance to reduce taxes	200,000		
Total revenues and use of fund balance	<u>\$ 5,831,133</u>		

EXHIBIT 13
TOWN OF BARRINGTON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 141,232	\$ 215,698	\$ 22,887	\$ (97,353)
Election and registration	-	156,126	161,554	-	(5,428)
Financial administration	-	536,162	523,888	-	12,274
Revaluation of property	-	50,000	64,745	-	(14,745)
Legal	-	65,000	52,984	6,500	5,516
Personnel administration	-	2,000	523	-	1,477
Planning and zoning	-	86,657	51,801	-	34,856
General government buildings	45,149	324,812	373,802	20,820	(24,661)
Cemeteries	2,500	21,038	19,985	-	3,553
Insurance, not otherwise allocated	-	59,036	56,337	-	2,699
Advertising and regional associations	-	7,645	7,644	-	1
Total general government	<u>47,649</u>	<u>1,449,708</u>	<u>1,528,961</u>	<u>50,207</u>	<u>(81,811)</u>
Public safety:					
Police	10,404	1,048,617	1,065,383	1,325	(7,687)
Fire	6,639	264,202	275,656	24,926	(29,741)
Building inspection	-	147,557	138,467	-	9,090
Total public safety	<u>17,043</u>	<u>1,460,376</u>	<u>1,479,506</u>	<u>26,251</u>	<u>(28,338)</u>
Highways and streets:					
Administration	-	669,159	639,723	-	29,436
Highways and streets	79,525	995,560	854,300	198,087	22,698
Bridges	-	10,000	13,490	-	(3,490)
Other	-	50,000	57,024	-	(7,024)
Total highways and streets	<u>79,525</u>	<u>1,724,719</u>	<u>1,564,537</u>	<u>198,087</u>	<u>41,620</u>
Sanitation:					
Administration	-	107,206	101,416	-	5,790
Solid waste collection	156	219,500	162,659	14,800	42,197
Total sanitation	<u>156</u>	<u>326,706</u>	<u>264,075</u>	<u>14,800</u>	<u>47,987</u>
Water distribution and treatment	-	23,600	1,550	-	22,050
Health	-	15,062	13,601	-	1,461
Welfare:					
Administration	-	150	15	-	135
Direct assistance	-	12,000	12,000	-	-
Vendor payments	-	130,000	64,287	-	65,713
Total welfare	<u>-</u>	<u>142,150</u>	<u>76,302</u>	<u>-</u>	<u>65,848</u>

(continued)

EXHIBIT 13 (continued)
TOWN OF BARRINGTON, NEW HAMPSHIRE
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Culture and recreation:					
Parks and recreation	-	187,643	127,003	-	60,640
Public library	-	217,858	227,305	-	(9,447)
Patriotic purposes	-	1	-	-	1
Total culture and recreation	<u>-</u>	<u>405,502</u>	<u>354,308</u>	<u>-</u>	<u>51,194</u>
Debt service:					
Principal of long-term debt	-	153,334	153,333	-	1
Interest on long-term debt	-	21,976	21,946	-	30
Interest on tax anticipation notes	-	5,000	-	-	5,000
Total debt service	<u>-</u>	<u>180,310</u>	<u>175,279</u>	<u>-</u>	<u>5,031</u>
Capital outlay:					
Machinery, vehicles and equipment	-	30,000	24,848	-	5,152
Other financing uses:					
Transfers out:					
Nonmajor funds	-	73,000	73,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 144,373</u>	<u>\$ 5,831,133</u>	<u>\$ 5,555,967</u>	<u>\$ 289,345</u>	<u>\$ 130,194</u>

EXHIBIT 14
TOWN OF BARRINGTON, NEW HAMPSHIRE
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2011

Unassigned fund balance, beginning, as restated, see Note III.D.		\$ 2,802,224
Changes:		
Unassigned fund balance used to reduce tax rate		(200,000)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 249,798	
Unexpended balance of appropriations (Exhibit 13)	<u>130,194</u>	
Budget surplus		379,992
Increase in nonspendable fund balance		<u>(174,505)</u>
Unassigned fund balance, ending		<u>\$ 2,807,711</u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF A SIGNIFICANT DEFICIENCY

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, the major general fund, and the aggregate remaining fund information of the Town of Barrington as of and for the year ended December 31, 2011, 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a deficiency in internal control that we consider to be a significant deficiency.

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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Town's internal control to be a significant deficiency:

Budgeting for Earned Time Buy Back

The Town's budget does not include amounts for employee earned time buy back, nor are those amounts reported as expenditures during the year on budget to actual reports. Historically, the Town has seen its employees use this benefit routinely and at a significant dollar amount. For 2010 and 2011, the amounts that needed to be added as expenditures against the Town's budget were approximately \$155,000 and \$122,000, respectively. Because of the significant amounts, and the fact that budgets do not include these amounts, the Town has an increased risk of overexpending its budget. Also, budget to actual reports do not give department heads an accurate representation of activity. We recommend that the Town include amounts in its budget for employee earned time buy back. We suggest the Town use historical payouts, as well as current accrued balances, as a basis for the budget amounts.

This communication is intended solely for the information and use of management, 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.

August 17, 2012

Roberts & Greene, PLLC