

TOWN OF BARRINGTON, NEW HAMPSHIRE

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012

**TOWN OF BARRINGTON, NEW HAMPSHIRE
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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 fund, and the aggregate remaining fund information of the Town of Barrington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 8 and 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 or economic context. We have applied certain limited procedures to the

*Town of Barrington
Independent Auditor's Report*

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Barrington's basic financial statements. The combining nonmajor and individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and individual general fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual general fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

October 31, 2013

Roberts & Acume, PLLC

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, 2012. 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 \$ 12,598,071. (Net Position Exhibit 1).
- The Town of Barrington's net position increased by \$541,069.
- At the end of the current year, the Town's governmental funds reported a combined ending fund balance of \$3,548,563 an increase of \$ 480,740 from the prior year. Exhibit 5
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,555,031, a 43% increase over last year. (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 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)

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

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 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)

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

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 \$12,592,071 as of December 31, 2012.

A large portion of the Town's net assets (71%) 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.

	<u>2012</u>
Assets	
Current and Other Assets	12,116,331
Capital Assets, Net	<u>7,890,026</u>
Total Assets	20,006,357
Liabilities	
Current and Other Liabilities	6,915,205
Long Term Liabilities	<u>493,081</u>
Total Liabilities	7,408,286
Net Position	
Net Investment in Capital Assets	7,609,697
Restricted Net Position	95,178
Unrestricted Net Position	<u>4,893,196</u>
Total Net Position	<u>12,598,071</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 \$4,893,196 may be used to meet the Town's ongoing obligation to citizens and creditors.

As of December 31, 2012, the Town is able to report positive balances in all types of net assets.

(Continued on next page)

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, 2012.

	Governmental Activities 2012
Revenues:	
Program Revenues	
Charges for Services	805,697
Operating Grants and Contributions	185,164
General Revenues:	
Property Taxes	3,733,727
Other Taxes	313,421
Licenses and Permits	1,404,069
Grants and Contributions Not Restricted to Specific Programs	386,605
Miscellaneous	10,030
Total Revenues	5,847,852
Expenses:	
General Government and Administration including capital	1,518,024
Public Safety	1,712,685
Highways and Streets	1,458,144
Sanitation and Water	287,904
Health and Welfare	66,190
Culture and Recreation	746,431
Conservation	3,425
Interest on Long Term Debt	11,926
Total Expenses	5,804,729
Change in Net Assets	541,069
Net Assets – January 1	12,057,002
Net Assets – December 31	12,598,071

Governmental Activities – There was a reduction in net assets in 2012 of 4.44 %.

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

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 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, 2012, the Town of Barrington's general fund reported an ending unassigned fund balances (non-GAAP budgetary basis see Exhibit 9) of \$ 3,179,700, an increase of \$426,255. The variance from the GAAP basis unassigned fund balance (\$1,555,031) is the result of deferred tax revenue under the 60-day rule of \$1,624,669. 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 \$ 99,846 or an approximate 8.4 % 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 excess revenue over projections of \$66,455, an increase of 38%. The Towns total revenues were \$348,972 above projections or an approximate 5.9% increase.

Budgetary Highlights

The Town's overall actual revenue increased from 2011 to 2012 by 6.9 % reflecting an improving economy in the region.

Capital Assets

The Town of Barrington's investment in capital assets for its governmental activities as of December 31, 2012, was \$7,890,026 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, and infrastructure and shows an increase from the December 31, 2011 total by \$355,197

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

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

- Road paving \$ 761,011
- Cruiser \$ 24,651

	<u>2012</u>
Land and Land Improvements	3,236,814
Buildings and Building Improvements	1,041,577
Machinery, Equipment, Vehicles	1,371,695
Infrastructure	2,239,940
Total	<u>7,890,026</u>
	<u>2012</u>
Bond, Public Safety Building	100,000
Conservation Bonds	78,334
Total remaining	<u>178,334</u>

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

Economic Factors and Next Year's Budgets and Rates

In the 2013 Budget, General Fund revenues and transfers in, not counting property taxes, are budgeted to increase over 2012 actual by \$ 172,599. The amount of fund balance used in approved warrant articles, included in revenue totals, increased by \$ 144,910. In 2012 general property taxes made up 59.5 % 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 Position
December 31, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,747,929
Investments	1,742,008
Receivables, net of allowance for uncollectibles	2,422,042
Prepaid items	30,643
Tax deeded property	173,709
Capital assets, not being depreciated:	
Land	3,113,337
Capital assets, net of accumulated depreciation:	
Land improvements	123,477
Buildings and building improvements	1,041,577
Machinery, vehicles and equipment	1,371,695
Infrastructure	2,239,940
Total assets	<u>20,006,357</u>
LIABILITIES	
Accounts payable	268,015
Accrued payroll and benefits	63,364
Accrued interest payable	6,881
Intergovernmental payable	6,377,163
Unearned revenue	24,515
Performance and escrow deposits	9,420
Noncurrent obligations:	
Due within one year:	
Bonds payable	128,334
Capital lease payable	10,662
Compensated absences	20,851
Accrued landfill postclosure care costs	6,000
Due in more than one year:	
Bonds payable	50,000
Capital lease payable	91,333
Compensated absences	255,748
Accrued landfill postclosure care costs	96,000
Total liabilities	<u>7,408,286</u>
NET POSITION	
Net investment in capital assets	7,609,697
Restricted for endowments:	
Nonexpendable	70,966
Expendable	24,212
Unrestricted	4,893,196
Total net position	<u>\$ 12,598,071</u>

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, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 1,518,024	\$ 36,286	\$ 106	\$ (1,481,632)
Public safety	1,712,685	244,932	-	(1,467,753)
Highways and streets	1,458,144	-	185,058	(1,273,086)
Sanitation	278,944	132,942	-	(146,002)
Water distribution and treatment	8,960	-	-	(8,960)
Health	13,466	-	-	(13,466)
Welfare	52,724	-	-	(52,724)
Culture and recreation	746,431	391,537	-	(354,894)
Conservation	3,425	-	-	(3,425)
Interest on long-term debt	11,926	-	-	(11,926)
Total governmental activities	<u>\$ 5,804,729</u>	<u>\$ 805,697</u>	<u>\$ 185,164</u>	<u>(4,813,868)</u>
General revenues:				
Property taxes				3,733,727
Other taxes				313,421
Licenses and permits				1,404,069
Grants and contributions not restricted to specific programs				386,605
Miscellaneous				10,030
Total general revenues				<u>5,847,852</u>
Extraordinary item - loss of value of town hall				<u>(492,915)</u>
Change in net position				541,069
Net position, beginning, as restated, see Note III.D.				<u>12,057,002</u>
Net position, ending				<u>\$ 12,598,071</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, 2012

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,502,759	\$ 1,245,170	\$ 7,747,929
Investments	1,020,351	721,657	1,742,008
Receivables, net of allowance for uncollectibles:			
Taxes	2,176,091	-	2,176,091
Accounts	37,339	26,385	63,724
Liens	19,532	-	19,532
Interfund receivable	280,446	12,925	293,371
Prepaid items	30,643	-	30,643
Tax deeded property held for resale	173,709	-	173,709
Total assets	<u>\$ 10,240,870</u>	<u>\$ 2,006,137</u>	<u>\$ 12,247,007</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 267,424	\$ 591	\$ 268,015
Accrued salaries and benefits	63,364	-	63,364
Intergovernmental payable	6,377,163	-	6,377,163
Interfund payable	7,925	285,446	293,371
Deferred revenue	1,687,111	-	1,687,111
Escrow and performance deposits	9,420	-	9,420
Total liabilities	<u>8,412,407</u>	<u>286,037</u>	<u>8,698,444</u>
Fund balances:			
Nonspendable	204,352	78,966	283,318
Restricted	-	123,671	123,671
Committed	-	1,518,275	1,518,275
Assigned	69,080	-	69,080
Unassigned	1,555,031	(812)	1,554,219
Total fund balances	<u>1,828,463</u>	<u>1,720,100</u>	<u>3,548,563</u>
Total liabilities and fund balances	<u>\$ 10,240,870</u>	<u>\$ 2,006,137</u>	<u>\$ 12,247,007</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 Position
December 31, 2012

Total fund balances of governmental funds (Exhibit 3)		\$ 3,548,563
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 10,529,058	
Less accumulated depreciation	<u>(2,639,032)</u>	7,890,026
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (293,371)	
Payables	<u>293,371</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue	\$ 1,624,669	
Deferred ambulance charges	18,395	
Deferred welfare liens	<u>182,227</u>	1,825,291
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(6,881)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds outstanding	\$ 178,334	
Capital lease outstanding	101,995	
Compensated absences payable	276,599	
Accrued landfill postclosure care costs	<u>102,000</u>	<u>(658,928)</u>
Total net position of governmental activities (Exhibit 1)		<u><u>\$ 12,598,071</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, 2012

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 4,130,496	\$ 10,677	\$ 4,141,173
Licenses, permits and fees	1,365,904	38,165	1,404,069
Intergovernmental	571,663	-	571,663
Charges for services	279,291	518,920	798,211
Miscellaneous	33,465	4,566	38,031
Total revenues	<u>6,380,819</u>	<u>572,328</u>	<u>6,953,147</u>
Expenditures:			
Current:			
General government	1,471,976	3,412	1,475,388
Public safety	1,515,997	113,057	1,629,054
Highways and streets	1,969,944	-	1,969,944
Sanitation	295,242	-	295,242
Water distribution and treatment	8,960	-	8,960
Health	13,466	-	13,466
Welfare	60,659	-	60,659
Culture and recreation	400,605	341,877	742,482
Conservation	-	1,800	1,800
Debt service:			
Principal	128,333	-	128,333
Interest	14,849	-	14,849
Capital outlay	117,773	14,457	132,230
Total expenditures	<u>5,997,804</u>	<u>474,603</u>	<u>6,472,407</u>
Excess of revenues over expenditures	<u>383,015</u>	<u>97,725</u>	<u>480,740</u>
Other financing sources (uses):			
Transfers in	-	83,000	83,000
Transfers out	(83,000)	-	(83,000)
Total other financing sources and uses	<u>(83,000)</u>	<u>83,000</u>	<u>-</u>
Net change in fund balances	300,015	180,725	480,740
Fund balances, beginning, as restated, see Note III.D.	1,528,448	1,539,375	3,067,823
Fund balances, ending	<u>\$ 1,828,463</u>	<u>\$ 1,720,100</u>	<u>\$ 3,548,563</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, 2012

Net change in fund balances of governmental funds (Exhibit 5)		\$ 480,740
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	\$ 1,016,131
	Depreciation expense	<u>(455,237)</u>
		560,894
The net effect of various transactions involving capital assets is to decrease net position.		(518,308)
Transfers in and out between governmental funds are eliminated on the operating statement.		
	Transfers in	\$ (83,000)
	Transfers out	<u>83,000</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	\$ (94,025)
	Change in deferred ambulance charges	8,446
	Change in deferred trash bag revenue	(960)
	Change in deferred welfare liens	<u>7,935</u>
		(78,604)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position.		
	Repayment of bond principal	\$ 128,333
	Repayment of capital lease principal	<u>10,149</u>
		138,482
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	\$ 2,923
	Increase in compensated absences payable	(51,058)
	Decrease in accrued landfill postclosure care costs	<u>6,000</u>
		<u>(42,135)</u>
Change in net position of governmental activities (Exhibit 2)		<u>\$ 541,069</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 Position
Fiduciary Funds
December 31, 2012

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ -	\$ 392,725
Investments	998,881	-
Total assets	998,881	392,725
Liabilities:		
Accounts payable	12,000	-
Due to other governmental units	-	111,679
Due to developers	-	281,046
Total liabilities	12,000	392,725
Net position:		
Held in trust for specific purposes	\$ 986,881	\$ -

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 Position
Fiduciary Funds
For the Year Ended December 31, 2012

	Private Purpose Trust
Additions:	
New funds	\$ 25,000
Investment earnings:	
Interest	1,073
Total additions	<u>26,073</u>
Deductions	<u>-</u>
Change in net position	26,073
Net position, beginning	<u>960,808</u>
Net position, ending	<u><u>\$ 986,881</u></u>

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, 2012**

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, 2012.

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, 2012**

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.

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. However, for purposes of setting the tax rate, taxes uncollected after sixty days are not deferred in accordance with the directions of the New Hampshire Department of Revenue Administration. 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, 2012**

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, and amounts held by the trustees of trust funds that belong to the Barrington School District or the Swains Lake Village Water District.

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, 2012**

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, 2012**

I.C.5. *Fund Equity*

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

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for endowments, 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 specific Town purposes.
- Unrestricted, which consists of the remaining net position.

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, and the deficit balance in the grants fund.

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, 2012**

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 2012, \$250,000 of the fund balance of the General Fund from 2011 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 liened 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 2011 property taxes on September 13th.

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
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

The net assessed valuation as of April 1, 2012, upon which the 2012 property tax levy was based was:

For the New Hampshire education tax	\$ 899,376,552
For all other taxes	\$ 913,699,652

The tax rates and amounts assessed for the year ended December 31, 2012 were as follow:

	<u>Per \$1,000 of Assessed Valuation</u>	
Municipal portion	\$4.41	\$ 4,032,140
School portion:		
State of New Hampshire	\$2.21	1,990,996
Local	\$12.33	11,264,157
County portion	\$2.51	2,289,047
Total property taxes assessed		<u>\$ 19,576,340</u>

The following details the taxes receivable at year-end:

Property:		
Levy of 2012		\$ 1,619,813
Levy of 2011		4,753
Levy of 2009		2,922
Unredeemed (under tax lien):		
Levy of 2011		431,113
Levy of 2010		238,788
Levy of 2009		43,424
Levies of 2008 and prior		76,536
Land use change		1,346
Timber		7,390
Excavation		6
Less: allowance for estimated uncollectible taxes		(250,000)
Net taxes receivable		<u>\$ 2,176,091</u>

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012

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	\$	158,218
Liens		182,227
Less: allowance for uncollectible amounts		(94,494)
Less: allowance for unavailable amounts		(162,695)
Net total receivables	<u>\$</u>	<u>83,256</u>

Deferred Revenue

Deferred revenue at December 31, 2012 represents \$1,624,669 for 2012 property taxes, \$18,395 for ambulance service charges and \$182,227 for welfare liens, 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	Additions	Deletions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 3,113,337	\$ -	\$ -	\$ 3,113,337
Being depreciated:				
Land improvements	176,499	-	-	176,499
Buildings and building improvements	2,415,668	-	(938,579)	1,477,089
Machinery, vehicles and equipment	2,252,640	255,120	(163,244)	2,344,516
Infrastructure	2,656,606	761,011	-	3,417,617
Total capital assets being depreciated	7,501,413	1,016,131	(1,101,823)	7,415,721
Total all capital assets	10,614,750	1,016,131	(1,101,823)	10,529,058

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

	Balance, beginning	Additions	Deletions	Balance, ending
Less accumulated depreciation:				
Land improvements	(44,716)	(8,306)	-	(53,022)
Buildings and building improvements	(837,605)	(30,705)	432,798	(435,512)
Machinery, vehicles and equipment	(970,206)	(153,332)	150,717	(972,821)
Infrastructure	(914,783)	(262,894)	-	(1,177,677)
Total accumulated depreciation	<u>(2,767,310)</u>	<u>(455,237)</u>	<u>583,515</u>	<u>(2,639,032)</u>
Net book value, capital assets being depreciated	<u>4,734,103</u>	<u>560,894</u>	<u>(518,308)</u>	<u>4,776,689</u>
Net book value, all capital assets	<u>\$ 7,847,440</u>	<u>\$ 560,894</u>	<u>\$ (518,308)</u>	<u>\$ 7,890,026</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 32,926
Public safety	82,115
Highways and streets	334,354
Sanitation	4,582
Culture and recreation	1,260
Total depreciation expense	<u>\$ 455,237</u>

Extraordinary Item – Loss of Value of Town Hall

During the year, the Town reported a net loss of \$492,915 on the town hall building asset. The town hall has been deemed unusable because of serious moisture and mold issues. Because of the significance of the factors rendering the asset unusable, the town hall building has been reduced to a net book value of \$222,778 at December 31, 2012.

III.A.3. Restricted Net Assets

The government-wide statement of net assets includes restricted net assets of \$94,115 for public trust funds reported as restricted to reflect perpetual care restrictions contained in trust indentures, and \$1,063 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, 2012 consists of \$6,375,996 due to the Barrington School District for the balance of the 2012-2013 district assessment and \$1,167 due to the State of New Hampshire for motor vehicle fees.

TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012

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:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2012	Current Portion
General obligation bonds payable:						
Public safety building	\$ 750,000	2000	2014	4.50-5.25	\$ 100,000	\$ 50,000
Conservation bond	\$ 470,000	2008	2013	4.45	78,334	78,334
					<u>178,334</u>	<u>128,334</u>
Capital lease payable:						
Tractor-highway	\$ 127,957	2011	2020	5.05	101,995	10,662
Compensated absences payable:						
Vested sick leave					85,112	6,464
Accrued vacation leave					191,487	14,387
					<u>276,599</u>	<u>20,851</u>
Accrued landfill postclosure care costs					102,000	6,000
					<u>\$ 658,928</u>	<u>\$ 165,847</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2012:

	General Obligation Bonds Payable	Capital Lease Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 306,667	\$ 112,144	\$ 225,541	\$ 108,000	\$ 752,352
Additions	-	-	51,058	-	51,058
Reductions	(128,333)	(10,149)	-	(6,000)	(144,482)
Balance, ending	<u>\$ 178,334</u>	<u>\$ 101,995</u>	<u>\$ 276,599</u>	<u>\$ 102,000</u>	<u>\$ 658,928</u>

Debt Service Requirements to Maturity

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2013	\$ 128,334	\$ 8,736	\$ 137,070
2014	50,000	2,625	52,625
Totals	<u>\$ 178,334</u>	<u>\$ 11,361</u>	<u>\$ 189,695</u>

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

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	12,984	2,829	15,813
2018-2020	43,023	4,417	47,440
Totals	<u>\$ 101,995</u>	<u>\$ 24,510</u>	<u>\$ 126,505</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 following schedule reports receivables and payables within the reporting entity at year-end:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor	\$ 280,446
Nonmajor	General	7,925
Nonmajor	Nonmajor	5,000
		<u>\$ 293,371</u>

The interfund payable amount of \$280,446 due to the General Fund from the nonmajor funds represents an overdraft of pooled cash. The payable from the General Fund to the nonmajor funds of \$7,925 represents motor vehicle fees collected, but not yet transferred to the capital reserve fund. The payable of \$5,000 due from the nonmajor funds to the nonmajor funds represents a reimbursement of a deposit made in error in the permanent fund.

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.

There was a transfer of \$83,000 from the General Fund to the Nonmajor Funds representing a voted appropriation.

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

III.D. Restatement of Beginning Equity

Equity at January 1, 2012 was restated to reflect the following adjustments:

	Governmental Activities	General Fund
To record deferred revenue	\$ (19,890)	\$ (19,890)
To record accrued payroll	(32,116)	(32,116)
To adjust capital assets for new policy limit	312,611	-
To record unavailable welfare liens	174,292	-
Net position/fund balance, as previously reported	11,622,105	1,580,454
Net position/fund balance, as restated	<u>\$ 12,057,002</u>	<u>\$ 1,528,448</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
Nonspendable:		
Endowments	\$ -	\$ 78,966
Prepaid items	30,643	-
Tax deeded property	173,709	-
Total nonspendable	<u>204,352</u>	<u>78,966</u>
Restricted:		
General government	-	24,212
Culture and recreation	-	99,459
Total restricted	<u>-</u>	<u>123,671</u>
Committed:		
General government	-	51,126
Public safety	-	27,123
Culture and recreation	-	654,204
Conservation	-	245,052
Capital outlay	-	540,770
Total committed	<u>-</u>	<u>1,518,275</u>
Assigned:		
General government	9,803	-
Public safety	43,912	-
Sanitation	15,365	-
Total assigned	<u>69,080</u>	<u>-</u>
Unassigned	<u>1,555,031</u>	<u>(812)</u>
Total fund balance	<u>\$ 1,828,463</u>	<u>\$ 1,720,100</u>

**TOWN OF BARRINGTON, NEW HAMPSHIRE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

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 2012 for fiscal year 2013 ending June 30, 2013, to be recorded as an insurance expenditure/expense totaled \$60,710. There were no unpaid contributions for the year ending June 30, 2013 and due in 2012. The Town also paid \$58,380 for workers' compensation coverage for the year 2012 and \$7,554 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. During the year, employees' rates of contribution were 11.55% for police, 11.80% for fire and 7% for other employees. The rates of contribution for pension and the medical subsidy from the Town were 19.95% for police, 22.89% for fire, and 8.80% for other employees. Employer contributions from the Town during the years 2010, 2011 and 2012 were \$210,303, \$227,143, and \$245,750 respectively. The amounts were paid on a monthly basis as due.

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, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 3,872,333	\$ 4,036,471	\$ 164,138
Licenses, permits and fees	1,259,900	1,365,904	106,004
Intergovernmental	571,729	571,663	(66)
Charges for services	207,200	279,291	72,091
Miscellaneous	26,660	33,465	6,805
Total revenues	<u>5,937,822</u>	<u>6,286,794</u>	<u>348,972</u>
EXPENDITURES			
Current:			
General government	1,519,274	1,431,572	87,702
Public safety	1,482,257	1,533,658	(51,401)
Highways and streets	1,865,369	1,771,857	93,512
Sanitation	324,063	295,807	28,256
Water distribution and treatment	23,600	8,960	14,640
Health	13,466	13,466	-
Welfare	124,493	60,659	63,834
Culture and recreation	431,116	400,605	30,511
Debt service:			
Principal of long-term debt	128,334	128,333	1
Interest on long-term debt	15,850	14,849	1,001
Interest on tax anticipation notes	5,000	-	5,000
Capital outlay	172,000	117,773	54,227
Total expenditures	<u>6,104,822</u>	<u>5,777,539</u>	<u>327,283</u>
Excess (deficiency) of revenues over (under) expenditures	(167,000)	509,255	676,255
Other financing uses:			
Transfers out	<u>(83,000)</u>	<u>(83,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (250,000)</u>	426,255	<u>\$ 676,255</u>
Increase in nonspendable fund balance		(2,260)	
Unassigned fund balance, beginning, as restated, see Note III.D.		<u>2,755,705</u>	
Unassigned fund balance, ending		<u>\$ 3,179,700</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, 2012**

Reconciliation of General Fund Budgetary Basis to GAAP

Revenues and other financing sources:	
Per Exhibit 9 (budgetary basis)	\$ 6,286,794
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	1,718,694
Tax revenue deferred in the current year	(1,624,669)
Per Exhibit 5 (GAAP basis)	<u>\$ 6,380,819</u>
 Expenditures and other financing uses:	
Per Exhibit 9 (budgetary basis)	\$ 5,860,539
Adjustments:	
Basis difference:	
Encumbrances, beginning	289,345
Encumbrances, ending	(69,080)
Per Exhibit 5 (GAAP basis)	<u>\$ 6,080,804</u>
 Fund balances:	
Per Exhibit 9 (budgetary basis)	\$ 3,179,700
Adjustment:	
Basis difference:	
Deferred tax revenue, GAAP basis	(1,624,669)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,555,031</u>

COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 10
TOWN OF BARRINGTON, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2012

	Special Revenue Funds					Capital Project Fund	Permanent Fund	Total	
	Library	Cemetery	Conservation Commission	Grants	Recreation	Police Detail			Capital Reserves
ASSETS									
Cash and cash equivalents	\$ 21,034	\$ 51,911	\$ 394,066	\$ 89	\$ 654,795	\$ 123,275	\$ -	\$ -	\$ 1,245,170
Investments	86,425	-	-	-	-	-	535,054	100,178	721,657
Accounts receivable	-	-	-	-	-	14,385	12,000	-	26,385
Interfund receivable	-	-	-	-	-	-	12,925	-	12,925
Total assets	<u>\$ 107,459</u>	<u>\$ 51,911</u>	<u>\$ 394,066</u>	<u>\$ 89</u>	<u>\$ 654,795</u>	<u>\$ 137,660</u>	<u>\$ 559,979</u>	<u>\$ 100,178</u>	<u>\$ 2,006,137</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 591	\$ -	\$ -	\$ -	\$ 591
Interfund payable	-	785	149,014	901	-	110,537	19,209	5,000	285,446
Total liabilities	<u>-</u>	<u>785</u>	<u>149,014</u>	<u>901</u>	<u>591</u>	<u>110,537</u>	<u>19,209</u>	<u>5,000</u>	<u>286,037</u>
Fund balances:									
Nonspendable	8,000	-	-	-	-	-	-	70,966	78,966
Restricted	99,459	-	-	-	-	-	-	24,212	123,671
Committed	-	51,126	245,052	-	654,204	27,123	540,770	-	1,518,275
Unassigned	-	-	-	(812)	-	-	-	-	(812)
Total fund balances	<u>107,459</u>	<u>51,126</u>	<u>245,052</u>	<u>(812)</u>	<u>654,204</u>	<u>27,123</u>	<u>540,770</u>	<u>95,178</u>	<u>1,720,100</u>
Total liabilities and fund balances	<u>\$ 107,459</u>	<u>\$ 51,911</u>	<u>\$ 394,066</u>	<u>\$ 89</u>	<u>\$ 654,795</u>	<u>\$ 137,660</u>	<u>\$ 559,979</u>	<u>\$ 100,178</u>	<u>\$ 2,006,137</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, 2012

	Special Revenue Funds						Capital Project Fund	Permanent Fund	Total
	Library	Cemetery	Conservation Commission	Grants	Recreation	Police Detail	Capital Reserves		
REVENUES									
Taxes	\$ -	\$ -	\$ 10,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,677
Licenses, permits and fees	-	-	-	-	-	-	38,165	-	38,165
Charges for services	24,834	2,450	-	-	366,703	124,933	-	-	518,920
Miscellaneous	3,676	19	148	-	-	81	536	106	4,566
Total revenues	<u>28,510</u>	<u>2,469</u>	<u>10,825</u>	<u>-</u>	<u>366,703</u>	<u>125,014</u>	<u>38,701</u>	<u>106</u>	<u>572,328</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	3,289	123	3,412
Public safety	-	-	-	1,400	-	110,537	1,120	-	113,057
Culture and recreation	25,343	-	-	-	315,458	-	1,076	-	341,877
Conservation	-	-	1,800	-	-	-	-	-	1,800
Capital outlay	-	-	-	-	-	-	14,457	-	14,457
Total expenditures	<u>25,343</u>	<u>-</u>	<u>1,800</u>	<u>1,400</u>	<u>315,458</u>	<u>110,537</u>	<u>19,942</u>	<u>123</u>	<u>474,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,167</u>	<u>2,469</u>	<u>9,025</u>	<u>(1,400)</u>	<u>51,245</u>	<u>14,477</u>	<u>18,759</u>	<u>(17)</u>	<u>97,725</u>
Other financing sources:									
Transfers in	-	-	-	-	-	-	83,000	-	83,000
Net change in fund balances	3,167	2,469	9,025	(1,400)	51,245	14,477	101,759	(17)	180,725
Fund balances, beginning	104,292	48,657	236,027	588	602,959	12,646	439,011	95,195	1,539,375
Fund balances, ending	<u>\$ 107,459</u>	<u>\$ 51,126</u>	<u>\$ 245,052</u>	<u>\$ (812)</u>	<u>\$ 654,204</u>	<u>\$ 27,123</u>	<u>\$ 540,770</u>	<u>\$ 95,178</u>	<u>\$ 1,720,100</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, 2012

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 3,635,992	\$ 3,733,727	\$ 97,735
Land use change	25,000	12,023	(12,977)
Timber	10,000	14,493	4,493
Excavation	5,000	5,010	10
Boat	5,000	7,158	2,158
Payments in lieu of taxes	16,341	22,605	6,264
Interest and penalties on delinquent taxes	175,000	241,455	66,455
Total taxes	<u>3,872,333</u>	<u>4,036,471</u>	<u>164,138</u>
Licenses, permits and fees:			
Business licenses and permits	2,000	3,629	1,629
Motor vehicle permits	1,186,300	1,286,146	99,846
Building permits	52,200	55,612	3,412
Other	19,400	20,517	1,117
Total licenses, permits and fees	<u>1,259,900</u>	<u>1,365,904</u>	<u>106,004</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	386,650	386,588	(62)
Highway block grant	185,058	185,058	-
State and federal forest land	21	17	(4)
Total intergovernmental	<u>571,729</u>	<u>571,663</u>	<u>(66)</u>
Charges for services:			
Income from departments	<u>207,200</u>	<u>279,291</u>	<u>72,091</u>
Miscellaneous:			
Sale of property	16,660	18,330	1,670
Interest on investments	5,000	6,718	1,718
Other	5,000	8,417	3,417
Total miscellaneous	<u>26,660</u>	<u>33,465</u>	<u>6,805</u>
Total revenues and other financing sources	5,937,822	<u>\$ 6,286,794</u>	<u>\$ 348,972</u>
Use of fund balance to reduce taxes	250,000		
Total revenues, other financing sources and use of fund balance	<u>\$ 6,187,822</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, 2012

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 22,887	\$ 129,300	\$ 118,098	\$ -	\$ 34,089
Election and registration	-	190,575	189,248	-	1,327
Financial administration	-	554,151	522,323	-	31,828
Revaluation of property	-	45,000	20,848	-	24,152
Legal	6,500	65,000	65,906	-	5,594
Personnel administration	-	2,000	9,374	-	(7,374)
Planning and zoning	-	71,696	55,550	-	16,146
General government buildings	20,820	367,821	405,279	6,603	(23,241)
Cemeteries	-	21,788	18,584	3,200	4
Insurance, not otherwise allocated	-	64,350	59,173	-	5,177
Advertising and regional associations	-	7,593	7,593	-	-
Total general government	<u>50,207</u>	<u>1,519,274</u>	<u>1,471,976</u>	<u>9,803</u>	<u>87,702</u>
Public safety:					
Police	1,325	1,073,154	1,090,833	29,987	(46,341)
Fire	24,926	287,562	305,757	13,925	(7,194)
Building inspection	-	121,541	119,407	-	2,134
Total public safety	<u>26,251</u>	<u>1,482,257</u>	<u>1,515,997</u>	<u>43,912</u>	<u>(51,401)</u>
Highways and streets:					
Administration	-	716,809	698,692	-	18,117
Highways and streets	-	1,088,560	1,007,312	-	81,248
Bridges	-	10,000	2,633	-	7,367
Other	198,087	50,000	261,307	-	(13,220)
Total highways and streets	<u>198,087</u>	<u>1,865,369</u>	<u>1,969,944</u>	<u>-</u>	<u>93,512</u>
Sanitation:					
Administration	-	207,063	216,030	-	(8,967)
Solid waste disposal	14,800	117,000	79,212	15,365	37,223
Total sanitation	<u>14,800</u>	<u>324,063</u>	<u>295,242</u>	<u>15,365</u>	<u>28,256</u>
Water distribution and treatment	-	23,600	8,960	-	14,640
Health:					
Health agencies and hospitals	-	13,466	13,466	-	-
Welfare	-	124,493	60,659	-	63,834
Culture and recreation:					
Parks and recreation	-	195,535	163,293	-	32,242
Public library	-	235,580	237,312	-	(1,732)
Patriotic purposes	-	1	-	-	1
Total culture and recreation	<u>-</u>	<u>431,116</u>	<u>400,605</u>	<u>-</u>	<u>30,511</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, 2012

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	128,334	128,333	-	1
Interest on long-term debt	-	15,850	14,849	-	1,001
Interest on tax anticipation notes	-	5,000	-	-	5,000
Total debt service	-	149,184	143,182	-	6,002
Capital outlay:					
Improvements other than buildings	-	172,000	117,773	-	54,227
Other financing uses:					
Transfers out:					
Nonmajor funds	-	83,000	83,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 289,345	\$ 6,187,822	\$ 6,080,804	\$ 69,080	\$ 327,283

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, 2012

Unassigned fund balance, beginning, as restated, see Note III.D.		\$ 2,755,705
Changes:		
Unassigned fund balance used to reduce tax rate		(250,000)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 348,972	
Unexpended balance of appropriations (Exhibit 13)	<u>327,283</u>	
Budget surplus		676,255
Increase in nonspendable fund balance		<u>(2,260)</u>
Unassigned fund balance, ending		<u><u>\$ 3,179,700</u></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, 2012, 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:

Tax Collector Deposits in Accordance with RSA 41:35 (I)

We compared the posting dates with the dates of deposit into the Town's bank account for selected tax collector's deposits made in June and December. It was evident that the posting date represented the postmark date for payments received in the mail. However, in almost all of the batches we reviewed, there were instances of posting dates that occurred well before the date of deposit, indicating payments being in possession of the Tax Collector for a number of days before being deposited in the bank. Tax payments were not being deposited in a timely manner. Typical property tax payments to the Town of Barrington are greater than \$1,500, which is the threshold for daily deposits in accordance with NH RSA 41:35 (I). Therefore, the depositing of Town receipts was not in compliance with this statute. We have noted that since the date of our fieldwork, the Town has taken steps that we believe will correct this issue going forward.

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.

October 31, 2013

Roberts & Greene, PLLC