

# TOWN OF ATKINSON, 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 Atkinson  
Atkinson, 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 Atkinson, 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 Atkinson'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 financial position of the governmental activities, the major general fund and the aggregate remaining fund information of the Town of Atkinson, New Hampshire as of December 31, 2011, and the 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 budgetary comparison information on page 23 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. 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.

The Town of Atkinson has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

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

June 18, 2012

*Roberts & Greene, PLLC*

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## **BASIC FINANCIAL STATEMENTS**

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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,938,529
Investments	1,144,450
Intergovernmental receivable	30,109
Other receivables, net of allowance for uncollectibles	863,860
Tax deeded property	885
Capital assets, not being depreciated:	
Land	4,361,917
Capital assets, net of accumulated depreciation:	
Land improvements	47,182
Buildings and building improvements	4,180,679
Machinery, vehicles and equipment	754,379
Infrastructure	2,190,431
Total assets	21,512,421
<b>LIABILITIES</b>	
Accounts payable	12,732
Accrued payroll and benefits	48,727
Accrued interest payable	24,145
Intergovernmental payable	6,516,969
Performance and escrow deposits	3,391
Noncurrent obligations:	
Due within one year:	
Bond payable	85,000
Unamortized bond premium	975
Due in more than one year:	
Bond payable	1,275,000
Unamortized bond premium	14,625
Compensated absences	5,197
Total liabilities	7,986,761
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	10,158,988
Restricted for:	
Perpetual care	
Nonexpendable	31,513
Expendable	67,094
Other purposes	57,478
Unrestricted	3,210,587
Total net assets	\$ 13,525,660

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 1,016,818	\$ 121,950	\$ 313	\$ (894,555)
Public safety	1,201,406	63,975	24,441	(1,112,990)
Highways and streets	620,636	-	184,400	(436,236)
Sanitation	603,690	-	-	(603,690)
Health	64,693	-	-	(64,693)
Welfare	47,043	-	-	(47,043)
Culture and recreation	662,647	50,539	59,234	(552,874)
Conservation	18,319	-	-	(18,319)
Interest on long-term debt	65,587	-	-	(65,587)
Capital outlay	57,795	-	-	(57,795)
Total governmental activities	<u>\$ 4,358,634</u>	<u>\$ 236,464</u>	<u>\$ 268,388</u>	<u>(3,853,782)</u>
General revenues:				
Property taxes				2,385,088
Other taxes				62,158
Licenses and permits				1,298,805
Grants and contributions not restricted to specific programs				301,568
Miscellaneous				22,918
Total general revenues				<u>4,070,537</u>
Special item - Acceptance of new roads				603,219
Change in net assets				819,974
Net assets, beginning				12,705,686
Net assets, ending				<u>\$ 13,525,660</u>

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

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,807,264	\$ 131,265	\$ 7,938,529
Investments	22,686	1,121,764	1,144,450
Receivables (net of allowance for uncollectibles):			
Taxes	854,047	-	854,047
Accounts	-	9,813	9,813
Intergovernmental	30,109	-	30,109
Interfund receivable	-	10,500	10,500
Tax deeded property held for resale	885	-	885
Total assets	<u>\$ 8,714,991</u>	<u>\$ 1,273,342</u>	<u>\$ 9,988,333</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,885	\$ 9,847	\$ 12,732
Accrued salaries and benefits	40,386	8,341	48,727
Intergovernmental payable	6,516,969	-	6,516,969
Interfund payable	10,500	-	10,500
Deferred revenue	505,027	-	505,027
Escrow and performance deposits	3,391	-	3,391
Total liabilities	<u>7,079,158</u>	<u>18,188</u>	<u>7,097,346</u>
Fund balances:			
Nonspendable	885	83,013	83,898
Restricted	-	124,463	124,463
Committed	1,515	1,047,678	1,049,193
Assigned	107,760	-	107,760
Unassigned	1,525,673	-	1,525,673
Total fund balances	<u>1,635,833</u>	<u>1,255,154</u>	<u>2,890,987</u>
Total liabilities and fund balances	<u>\$ 8,714,991</u>	<u>\$ 1,273,342</u>	<u>\$ 9,988,333</u>

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

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

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Total fund balances of governmental funds (Exhibit 3)		\$ 2,890,987
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	\$ 14,828,728	
Less accumulated depreciation	<u>(3,294,140)</u>	11,534,588
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (10,500)	
Payables	<u>10,500</u>	-
Long-term revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred tax revenue		505,027
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(24,145)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond outstanding	\$ 1,360,000	
Unamortized bond premium	15,600	
Compensated absences payable	<u>5,197</u>	<u>(1,380,797)</u>
Total net assets of governmental activities (Exhibit 1)		<u>\$ 13,525,660</u>

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

**EXHIBIT 5**  
**TOWN OF ATKINSON, 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
<b>Revenues:</b>			
Taxes	\$ 2,554,296	\$ 1,250	\$ 2,555,546
Licenses, permits and fees	1,298,805	-	1,298,805
Intergovernmental	510,629	-	510,629
Charges for services	160,700	75,764	236,464
Miscellaneous	17,163	84,614	101,777
Total revenues	<u>4,541,593</u>	<u>161,628</u>	<u>4,703,221</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	982,731	-	982,731
Public safety	1,047,757	48,255	1,096,012
Highways and streets	466,763	-	466,763
Sanitation	603,690	-	603,690
Health	64,693	-	64,693
Welfare	47,043	-	47,043
Culture and recreation	194,289	397,787	592,076
Conservation	9,021	9,298	18,319
<b>Debt service:</b>			
Principal	85,000	-	85,000
Interest	67,788	-	67,788
Capital outlay	365,720	9,475	375,195
Total expenditures	<u>3,934,495</u>	<u>464,815</u>	<u>4,399,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>607,098</u>	<u>(303,187)</u>	<u>303,911</u>
<b>Other financing sources (uses):</b>			
Transfers in	109,557	419,170	528,727
Transfers out	<u>(418,280)</u>	<u>(110,447)</u>	<u>(528,727)</u>
Total other financing sources and uses	<u>(308,723)</u>	<u>308,723</u>	<u>-</u>
Net change in fund balances	298,375	5,536	303,911
Fund balances, beginning	<u>1,337,458</u>	<u>1,249,618</u>	<u>2,587,076</u>
Fund balances, ending	<u>\$ 1,635,833</u>	<u>\$ 1,255,154</u>	<u>\$ 2,890,987</u>

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

**EXHIBIT 6**  
**TOWN OF ATKINSON, 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**

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Net change in fund balances of governmental funds (Exhibit 5)		\$ 303,911
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	\$ 925,619	
Depreciation expense	<u>(378,868)</u>	546,751
The effect of the disposal of capital assets is to decrease net assets.		
		(24,532)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (528,727)	
Transfers out	<u>528,727</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		(108,300)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets		
Repayment of bond principal	\$ 85,000	
Bond premium amortization	975	
Repayment of capital lease principal	<u>10,043</u>	96,018
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	\$ 1,226	
Decrease in compensated absences payable	<u>4,900</u>	<u>6,126</u>
Change in net assets of governmental activities (Exhibit 2)		<u>\$ 819,974</u>

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

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

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	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ 29,558
Investments	27,353
Total assets	<u>56,911</u>
Liabilities:	
Due to other governmental units	27,353
Due to developers	29,558
Total liabilities	<u>56,911</u>
Net assets	<u>\$ -</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF ATKINSON, 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 Atkinson (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 Atkinson is a municipal corporation governed by a board of selectmen consisting of three members 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 ATKINSON, 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 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.

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 ATKINSON, 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 funds:

*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 seven nonmajor governmental funds.

*Fiduciary Funds*

The Town reports the following fiduciary fund:

*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 for school impact fees belonging to the Timberlane Regional School 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.

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

**TOWN OF ATKINSON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
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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:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	15-40
Machinery, vehicles and equipment	3-20
Infrastructure	15-50

**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**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums based on the number of years in employment. Employees are only permitted to accrue an amount equal to ten days over their annual entitlement. Employees are entitled to their vacation leave upon termination.

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

**TOWN OF ATKINSON, NEW HAMPSHIRE  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
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**I.C.5. 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 use 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 funds, and tax deeded property.
- 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 ATKINSON, 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, none of the fund balance from 2010 was used.

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

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, highways and streets, sanitation, water distribution and treatment, 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 legally 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. Cash**

*Custodial Credit Risk for Deposits*

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2011, \$3,218,892 of the Town of Atkinson's bank balances of \$8,137,052 was exposed to custodial credit risk as uninsured and uncollateralized. This exposure was identified by the Town and additional collateral was obtained in January 2012.

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

**III.A.2. 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 2010 property taxes on June 3<sup>rd</sup>.

The property taxes levied and collected by the Town include amounts for the State of New Hampshire, the Timberlane Regional School District, and Rockingham 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.

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	\$ 827,460,452
For all other taxes	\$ 834,474,852

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	\$3.14	\$ 2,625,150
School portion:		
State of New Hampshire	\$2.48	2,050,668
Local	\$12.12	10,114,301
County portion	\$1.06	880,612
Total property taxes assessed		<u><u>\$ 15,670,731</u></u>

**TOWN OF ATKINSON, NEW HAMPSHIRE  
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The following details the taxes receivable at year-end:

Property:		
Levy of 2011		\$ 648,133
Unredeemed (under tax lien):		
Levy of 2010		120,949
Levy of 2009		58,979
Levies of 2008 and prior		91,486
Less: allowance for estimated uncollectible taxes		(65,500)
Net taxes receivable		<u>\$ 854,047</u>

*Deferred Revenue*

Deferred revenue of \$505,027 at December 31, 2011 represents 2011 property taxes that were not collected within 60 days of year-end, and therefore, are deferred in accordance with generally accepted accounting principles.

**III.A.3. Capital Assets**

*Changes in Capital Assets*

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

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Land	\$ 4,361,917	\$ -	\$ -	\$ 4,361,917
Being depreciated:				
Land improvements	49,410	9,475	-	58,885
Buildings and building improvements	5,731,133	-	-	5,731,133
Machinery, vehicles and equipment	1,793,328	84,063	(59,992)	1,817,399
Infrastructure	2,027,313	832,081	-	2,859,394
Total capital assets being depreciated	<u>9,601,184</u>	<u>925,619</u>	<u>(59,992)</u>	<u>10,466,811</u>
Total all capital assets	<u>13,963,101</u>	<u>925,619</u>	<u>(59,992)</u>	<u>14,828,728</u>
Less accumulated depreciation:				
Land improvements	(7,824)	(3,879)	-	(11,703)
Buildings and building improvements	(1,409,185)	(141,269)	-	(1,550,454)
Machinery, vehicles and equipment	(1,019,025)	(79,455)	35,460	(1,063,020)
Infrastructure	(514,698)	(154,265)	-	(668,963)
Total accumulated depreciation	<u>(2,950,732)</u>	<u>(378,868)</u>	<u>35,460</u>	<u>(3,294,140)</u>
Net book value, capital assets being depreciated	<u>6,650,452</u>	<u>546,751</u>	<u>(24,532)</u>	<u>7,172,671</u>
Net book value, all capital assets	<u>\$ 11,012,369</u>	<u>\$ 546,751</u>	<u>\$ (24,532)</u>	<u>\$ 11,534,588</u>

**TOWN OF ATKINSON, NEW HAMPSHIRE  
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*Depreciation Expense*

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

Governmental activities:	
General government	\$ 35,482
Public safety	108,970
Highways and streets	163,796
Culture and recreation	70,620
Total depreciation expense	<u>\$ 378,868</u>

**III.A.4. Restricted Net Assets**

The government-wide statement of net assets includes restricted net assets of \$156,085 for public trust funds reported as restricted to reflect 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 \$6,516,969 due to the Timberlane Regional School District for the balance of the 2011-2012 district assessment.

**III.B.2 Long-Term Debt**

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the Town. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 12/31/2011	Current Portion
General obligation bond payable:						
Library project	\$ 1,714,500	2007	2027	4.0-5.0	\$ 1,360,000	\$ 85,000
Unamortized bond premium					15,600	975
Compensated absences payable:						
Accrued vacation leave					5,197	-
					<u>\$ 1,380,797</u>	<u>\$ 85,975</u>

**TOWN OF ATKINSON, NEW HAMPSHIRE  
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*Changes in Long-Term Liabilities*

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

	General Obligation Bond Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 1,445,000	\$ 16,575	\$ 10,043	\$ 10,097	\$ 1,481,715
Additions	-	-	-	120	120
Reductions	(85,000)	(975)	(10,043)	(5,020)	(101,038)
Balance, ending	<u>\$ 1,360,000</u>	<u>\$ 15,600</u>	<u>\$ -</u>	<u>\$ 5,197</u>	<u>\$ 1,380,797</u>

*Debt Service Requirements to Maturity*

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

Fiscal Year Ending December 31,	Principal	Interest	Total
2012	\$ 85,000	\$ 64,388	\$ 149,388
2013	85,000	60,775	145,775
2014	85,000	57,163	142,163
2015	85,000	53,550	138,550
2016	85,000	49,300	134,300
2017-2021	425,000	182,962	607,962
2022-2026	425,000	80,750	505,750
2027	85,000	4,038	89,038
Totals	<u>\$ 1,360,000</u>	<u>\$ 552,926</u>	<u>\$ 1,912,926</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.”

**TOWN OF ATKINSON, NEW HAMPSHIRE  
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The amount due to the nonmajor fund from the General Fund of \$10,500 represents an amount paid out of the Permanent Fund in error that should have been out of the Mosquito Control Expendable Trust Fund, which is reported in the General Fund.

**III.C.2. Transfers**

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income and certain voted amounts to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	Transfers In:		Total
	General Fund	Nonmajor Funds	
Transfers out:			
General fund	\$ -	\$ 418,280	\$ 418,280
Nonmajor funds	109,557	890	110,447
	<u>\$ 109,557</u>	<u>\$ 419,170</u>	<u>\$ 528,727</u>

The notes continue on the next page.

**TOWN OF ATKINSON, NEW HAMPSHIRE  
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**III.D. Fund Equity**

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

	General Fund	Nonmajor Fund	Total
Nonspendable:			
Endowments	\$ -	\$ 83,013	\$ 83,013
Tax deeded property	885	-	885
Total nonspendable	<u>885</u>	<u>83,013</u>	<u>83,898</u>
Restricted:			
General government	-	72,428	72,428
Culture and recreation	-	52,035	52,035
Total restricted	<u>-</u>	<u>124,463</u>	<u>124,463</u>
Committed:			
General government	-	308,543	308,543
Public safety	-	267,750	267,750
Highways and streets	-	15,031	15,031
Culture and recreation	-	32,104	32,104
Conservation	1,515	424,250	425,765
Total committed	<u>1,515</u>	<u>1,047,678</u>	<u>1,049,193</u>
Assigned:			
Capital outlay	107,760	-	107,760
Unassigned	1,525,673	-	1,525,673
Total fund balances	<u>\$ 1,635,833</u>	<u>\$ 1,255,154</u>	<u>\$ 2,890,987</u>

**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 \$54,009. There were no unpaid contributions for the year ending June 30, 2012 and due in 2011. The Town paid \$29,901 for workers' compensation for the year ended

**TOWN OF ATKINSON, NEW HAMPSHIRE  
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December 31, 2011. The Town also paid \$5,876 for unemployment compensation for the year. 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 officers and other employees for the period of January 1 to June 30 were 9.3% and 5% respectively, of gross earnings, and for the period of July 1 to December 31 was 11.55% and 7%, respectively. 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, which consisted of 75% of the total employer cost, and 9.16% for other employees, which consisted of 100% of the employer cost. In July, the rates of contribution for pension and the medical subsidy were 25.57% for police, and 11.09% for 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, and 8.80% for other employees, which was 100% of the total employer cost. The balance of the employer cost for the police 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 \$51,815, \$47,522 and \$65,273, respectively. The amounts are paid on a monthly basis as due. The amount paid by the State for 2011 was \$7,156. 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.

**IV.C. Contingent Liabilities**

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 8**  
**TOWN OF ATKINSON, 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)
<b>REVENUES</b>				
Taxes	\$ 2,439,298	\$ 2,439,298	\$ 2,445,996	\$ 6,698
Licenses, permits and fees	1,265,861	1,265,861	1,298,805	32,944
Intergovernmental	473,344	473,344	503,473	30,129
Charges for services	164,884	164,884	160,700	(4,184)
Miscellaneous	17,291	17,291	17,153	(138)
Total revenues	<u>4,360,678</u>	<u>4,360,678</u>	<u>4,426,127</u>	<u>65,449</u>
<b>EXPENDITURES</b>				
Current:				
General government	914,167	914,167	934,235	(20,068)
Public safety	1,108,704	1,108,704	1,040,601	68,103
Highways and streets	476,395	476,395	466,763	9,632
Sanitation	623,840	623,840	603,690	20,150
Health	68,222	68,222	64,693	3,529
Welfare	49,166	49,166	47,043	2,123
Culture and recreation	211,372	211,372	194,289	17,083
Conservation	7,996	7,996	7,161	835
Debt service:				
Principal	85,000	85,000	85,000	-
Interest	67,788	67,788	67,788	-
Capital outlay	562,795	401,795	384,368	17,427
Total expenditures	<u>4,175,445</u>	<u>4,014,445</u>	<u>3,895,631</u>	<u>118,814</u>
Excess of revenues over expenditures	<u>185,233</u>	<u>346,233</u>	<u>530,496</u>	<u>184,263</u>
Other financing sources (uses):				
Transfers in	115,133	115,133	109,557	(5,576)
Transfers out	(461,366)	(461,366)	(464,750)	(3,384)
Total other financing sources and uses	<u>(346,233)</u>	<u>(346,233)</u>	<u>(355,193)</u>	<u>(8,960)</u>
Net change in fund balance	<u>\$ (161,000)</u>	<u>\$ -</u>	175,303	<u>\$ 175,303</u>
Unassigned fund balance, beginning			1,856,282	
Unassigned fund balance, ending			<u>\$ 2,030,700</u>	

The notes to the required supplementary information are an integral part of this statement.

**TOWN OF ATKINSON, NEW HAMPSHIRE  
NOTES TO THE 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 8 (budgetary basis)	\$ 4,535,684
Adjustments:	
Basis difference:	
Tax revenue deferred in the prior year	613,327
Tax revenue deferred in the current year	(505,027)
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	7,156
Perspective difference:	
Interest earned in Mosquito Control Expendable Trust Fund	10
Per Exhibit 5 (GAAP basis)	<u>\$ 4,651,150</u>
Expenditures and other financing uses:	
Per Exhibit 8 (budgetary basis)	\$ 4,360,381
Adjustments:	
Basis difference:	
Encumbrances, beginning	92,972
Encumbrances, ending	(107,760)
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	7,156
Perspective difference:	
Transfer from General Fund to Mosquito Control Expendable Trust Fund	(46,470)
Expenditures from Mosquito Control Expendable Trust Fund	46,496
Per Exhibit 5 (GAAP basis)	<u>\$ 4,352,775</u>
Unassigned fund balance:	
Per Exhibit 8 (budgetary basis)	\$ 2,030,700
Adjustment:	
Basis difference:	
Deferred tax revenue, 60-day rule	(505,027)
Per Exhibit 3 (GAAP basis)	<u>\$ 1,525,673</u>

**Change in Budget**

As noted on Exhibit 9, the General Fund reports an original budget of \$4,636,811, and a final budget amount of \$4,475,811, a decrease of \$161,000. This was the result of an error when preparing state forms after Town Meeting, and when the State of New Hampshire set the tax rate. A warrant article that did not pass was included on the MS-2, Appropriations, and an equivalent amount was included on the MS-4, Revenue Estimates, as a voted use of surplus. There was no tax impact as a result of this error, and no funds were spent for the purpose of the warrant article that did not pass.

**COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES**

**EXHIBIT 9**  
**TOWN OF ATKINSON, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2011**

	Special Revenue Funds					Capital Project Fund	Permanent Fund	Total
	Kimball Library	Police Special Duty	Conservation Commission	DARE	Recreation Revolving	Capital Reserves		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 60,104	\$ 6,359	\$ 49,005	\$ 32	\$ 15,765	\$ -	\$ -	\$ 131,265
Investments	-	-	375,245	-	-	600,934	145,585	1,121,764
Accounts receivable	-	9,813	-	-	-	-	-	9,813
Interfund receivable	-	-	-	-	-	-	10,500	10,500
Total assets	<u>\$ 60,104</u>	<u>\$ 16,172</u>	<u>\$ 424,250</u>	<u>\$ 32</u>	<u>\$ 15,765</u>	<u>\$ 600,934</u>	<u>\$ 156,085</u>	<u>\$ 1,273,342</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 372	\$ -	\$ -	\$ -	\$ -	\$ 9,475	\$ -	\$ 9,847
Accrued salaries and benefits	8,341	-	-	-	-	-	-	8,341
Total liabilities	<u>8,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,475</u>	<u>-</u>	<u>18,188</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	83,013	83,013
Restricted	51,391	-	-	-	-	-	73,072	124,463
Committed	-	16,172	424,250	32	15,765	591,459	-	1,047,678
Total fund balances	<u>51,391</u>	<u>16,172</u>	<u>424,250</u>	<u>32</u>	<u>15,765</u>	<u>591,459</u>	<u>156,085</u>	<u>1,255,154</u>
Total liabilities and fund balances	<u>\$ 60,104</u>	<u>\$ 16,172</u>	<u>\$ 424,250</u>	<u>\$ 32</u>	<u>\$ 15,765</u>	<u>\$ 600,934</u>	<u>\$ 156,085</u>	<u>\$ 1,273,342</u>

**EXHIBIT 10**  
**TOWN OF ATKINSON, 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	Permanent	Total
	Kimball Library	Police Special Duty	Conservation Commission	DARE	Recreation Revolving	Project Fund Capital Reserves		
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 1,250	\$ -	\$ -	\$ -	\$ -	\$ 1,250
Charges for services	-	63,975	-	-	11,789	-	-	75,764
Miscellaneous	58,516	-	4,852	1,000	-	19,435	811	84,614
Total revenues	<u>58,516</u>	<u>63,975</u>	<u>6,102</u>	<u>1,000</u>	<u>11,789</u>	<u>19,435</u>	<u>811</u>	<u>161,628</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	46,540	-	1,715	-	-	-	48,255
Culture and recreation	392,990	-	-	-	4,652	145	-	397,787
Conservation	-	-	9,298	-	-	-	-	9,298
Capital outlay	-	-	-	-	-	9,475	-	9,475
Total expenditures	<u>392,990</u>	<u>46,540</u>	<u>9,298</u>	<u>1,715</u>	<u>4,652</u>	<u>9,620</u>	<u>-</u>	<u>464,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(334,474)</u>	<u>17,435</u>	<u>(3,196)</u>	<u>(715)</u>	<u>7,137</u>	<u>9,815</u>	<u>811</u>	<u>(303,187)</u>
Other financing sources (uses):								
Transfers in	359,170	-	-	-	-	60,000	-	419,170
Transfers out	-	(22,315)	-	-	-	(87,242)	(890)	(110,447)
Total other financing sources and uses	<u>359,170</u>	<u>(22,315)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,242)</u>	<u>(890)</u>	<u>308,723</u>
Net change in fund balances	24,696	(4,880)	(3,196)	(715)	7,137	(17,427)	(79)	5,536
Fund balances, beginning	26,695	21,052	427,446	747	8,628	608,886	156,164	1,249,618
Fund balances, ending	<u>\$ 51,391</u>	<u>\$ 16,172</u>	<u>\$ 424,250</u>	<u>\$ 32</u>	<u>\$ 15,765</u>	<u>\$ 591,459</u>	<u>\$ 156,085</u>	<u>\$ 1,255,154</u>

**EXHIBIT 11**  
**TOWN OF ATKINSON, 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	\$ 2,385,718	\$ 2,385,088	\$ (630)
Timber	1,500	379	(1,121)
Interest and penalties on delinquent taxes	52,080	60,529	8,449
Total taxes	<u>2,439,298</u>	<u>2,445,996</u>	<u>6,698</u>
Licenses, permits and fees:			
Motor vehicle permits	1,155,573	1,216,196	60,623
Building permits	22,812	44,068	21,256
Other	87,476	38,541	(48,935)
Total licenses, permits and fees	<u>1,265,861</u>	<u>1,298,805</u>	<u>32,944</u>
Intergovernmental:			
State sources:			
Meals and rooms distributions	301,568	301,568	-
Highway block grant	154,291	154,291	-
Miscellaneous	200	220	20
Federal sources:			
FEMA	-	30,109	30,109
Emergency management	17,285	17,285	-
Total intergovernmental	<u>473,344</u>	<u>503,473</u>	<u>30,129</u>
Charges for services:			
Income from departments	54,071	43,519	(10,552)
Other	110,813	117,181	6,368
Total charges for services	<u>164,884</u>	<u>160,700</u>	<u>(4,184)</u>
Miscellaneous:			
Sale of property	4,620	5,800	1,180
Interest on investments	5,671	5,265	(406)
Other	7,000	6,088	(912)
Total miscellaneous	<u>17,291</u>	<u>17,153</u>	<u>(138)</u>
Other financing sources:			
Transfers in:			
Nonmajor funds	115,133	109,557	(5,576)
Total revenues and other financing sources	<u>\$ 4,475,811</u>	<u>\$ 4,535,684</u>	<u>\$ 59,873</u>

**EXHIBIT 12**  
**TOWN OF ATKINSON, 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)
<b>Current:</b>					
<b>General government:</b>					
Executive	\$ -	\$ 174,964	\$ 124,105	\$ -	\$ 50,859
Election and registration	-	148,987	132,405	-	16,582
Financial administration	-	300,727	293,517	-	7,210
Legal	-	40,000	123,309	-	(83,309)
Personnel administration	-	36,105	51,400	-	(15,295)
Planning and zoning	2,000	24,440	15,851	-	10,589
General government buildings	-	85,714	67,460	-	18,254
Cemeteries	-	41,881	41,044	-	837
Insurance, not otherwise allocated	-	55,336	81,131	-	(25,795)
Advertising and regional associations	-	6,013	6,013	-	-
Total general government	<u>2,000</u>	<u>914,167</u>	<u>936,235</u>	<u>-</u>	<u>(20,068)</u>
<b>Public safety:</b>					
Police	-	763,085	678,517	-	84,568
Ambulance	-	1	-	-	1
Fire	-	262,425	262,799	-	(374)
Building inspection	-	44,973	44,433	-	540
Emergency management	-	650	17,285	-	(16,635)
Other	-	37,570	37,567	-	3
Total public safety	<u>-</u>	<u>1,108,704</u>	<u>1,040,601</u>	<u>-</u>	<u>68,103</u>
<b>Highways and streets:</b>					
Highways and streets	-	442,295	428,970	-	13,325
Street lighting	-	34,100	37,793	-	(3,693)
Total highways and streets	<u>-</u>	<u>476,395</u>	<u>466,763</u>	<u>-</u>	<u>9,632</u>
<b>Sanitation:</b>					
Solid waste collection	-	34,239	27,298	-	6,941
Solid waste disposal	-	589,601	576,392	-	13,209
Total sanitation	<u>-</u>	<u>623,840</u>	<u>603,690</u>	<u>-</u>	<u>20,150</u>
<b>Health:</b>					
Administration	-	5,585	5,017	-	568
Pest control	-	20,681	17,720	-	2,961
Health agencies and hospitals	-	41,956	41,956	-	-
Total health	<u>-</u>	<u>68,222</u>	<u>64,693</u>	<u>-</u>	<u>3,529</u>
<b>Welfare:</b>					
Administration	-	37,166	40,369	-	(3,203)
Direct assistance	-	12,000	6,674	-	5,326
Total welfare	<u>-</u>	<u>49,166</u>	<u>47,043</u>	<u>-</u>	<u>2,123</u>

(continued)

**EXHIBIT 12 (continued)**  
**TOWN OF ATKINSON, 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	-	167,968	158,812	-	9,156
Patriotic purposes	-	2,600	2,517	-	83
Other	-	40,804	32,960	-	7,844
Total culture and recreation	-	211,372	194,289	-	17,083
Conservation:					
Administration	-	7,996	6,210	-	1,786
Other	1,860	-	2,811	-	(951)
Total conservation	1,860	7,996	9,021	-	835
Debt service:					
Principal	-	85,000	85,000	-	-
Interest	-	67,788	67,788	-	-
Total debt service	-	152,788	152,788	-	-
Capital outlay:					
Machinery, vehicles and equipment	6,500	89,815	90,634	-	5,681
Buildings	82,612	58,580	33,561	107,760	(129)
Improvements other than buildings	-	253,400	241,525	-	11,875
Total capital outlay	89,112	401,795	365,720	107,760	17,427
Other financing uses:					
Transfers out:					
Nonmajor funds	-	461,366	464,750	-	(3,384)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 92,972	\$ 4,475,811	\$ 4,345,593	\$ 107,760	\$ 115,430

**EXHIBIT 13**  
**TOWN OF ATKINSON, NEW HAMPSHIRE**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2011**

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Unassigned fund balance, beginning		\$ 1,856,282
Changes:		
Budget summary:		
Revenue surplus (Exhibit 11)	\$ 59,873	
Unexpended balance of appropriations (Exhibit 12)	<u>115,430</u>	
Budget surplus		175,303
Increase in nonspendable fund balance		<u>(885)</u>
Unassigned fund balance, ending		<u><u>\$ 2,030,700</u></u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION OF CERTAIN MATTERS

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

In planning and performing our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Atkinson 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.

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 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. 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.

However, we identified the following other matter that we wish to communicate:

### **Fund Reporting**

Currently, the Town reports both Police Detail and Recreation activity within one fund, Fund 60. This results in a combined fund balance amount, and would take additional time for Town personnel to determine the balances segregated for Police Detail or Recreation if department heads or the Board of Selectmen inquired. We recommend that a separate fund be created to record all Recreation Revolving Fund activity. We have provided the bookkeeper with suggested journal entries to properly segregate the balances as of December 31, 2011 to assist in future reporting.

We also identified the following instance of noncompliance:

### **Expenditures from the Mosquito Control Expendable Trust Fund**

Expenditures were made from the Mosquito Control Expendable Trust Fund in 2011. This fund was established at the 2006 Town Meeting, however, the warrant article did not name agents authorized to expend those funds. This means that funds can only be expended by vote at a subsequent Town Meeting. We recommend that future expenditures only be made upon a vote by Town Meeting, or that a warrant article be presented to the voters to make the Board of Selectmen agents to expend monies from this fund. We believe the action taken at the March 2012 Town Meeting will satisfy our recommendation above.

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.

June 18, 2012

*Roberts & Greene, PLLC*