

**TOWN OF AUBURN,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Auburn as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 20 to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Auburn, as of December 31, 2013, or the changes in financial position thereof for the year then ended.

Town of Auburn
Independent Auditor's Report

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Auburn as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund, 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 (pages 3 through 7) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Auburn basic financial statements. The combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial 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 and individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

February 12, 2015

Plodzik & Sanderson
Professional Association

Management's Discussion and Analysis

This narrative is provided as an overview and analysis of the financial activities of the Town of Auburn for the year ended December 31, 2013. It should be considered in conjunction with the Town's financial statements and footnotes following this section. The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Highlights

- The assets of the Town of Auburn exceed its liabilities at December 31, 2013 by **\$11,721,036** (net position). The change in net position represents a **2% increase** from the prior year's net position of **\$11,449,749**.
- As of the close of the current reporting year, the Town of Auburn reported a general fund balance of **\$1,437,770**, which includes a **\$32,196 in nonspendable**, **\$37,174 in restricted**, **\$99,343 in committed**, **\$142,576 in assigned** and **\$1,126,481 in unassigned** fund balance. The general fund total expenditures was **\$5,801,444**. This includes **\$618,875** for the inception of capital leases. There was an **increase** of **\$31,785 (2%)** in the general fund balance from December 31, 2012 to December 31, 2013, all from operations.
- The Town of Auburn lease obligations at year end were **\$608,766**. This shows an increase of the Town's lease obligations by **\$441,044** from the prior year. This increase is due to a new fire truck added in 2013.
- It should be noted that in the 2013 Financial Statement that the 60 day rule was applied to the Property Taxes Receivable and a restatement of the prior year's fund balance was incorporated in the reporting. Basically the 60 day rule only allows receivables to be recorded if they are paid within 60 days.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the financial statements of the Town of Auburn, which are comprised of three components:

- A. Government-wide financial statements,
- B. Fund financial statements, and
- C. Notes to the financial statements.

This report also contains miscellaneous supplementary information in addition to the basic financial statements.

- A. The **government-wide financial statements** are designed to provide the readers with a broad overview of the financial position of the Town of Auburn. They are similar to private sector financial statements and include the following:
 - 1. A *statement of net position* shows the Town's assets less its liabilities as of the end of the current reporting year. The difference is reported as net position. Over a period of time, this report is useful in determining whether or not the Town's financial position is improving or declining. Assets and liabilities are generally measured using current values with one major exception being capital assets, which are reported at historical cost less accumulated depreciation.
 - 2. A *statement of activities* shows how the Town's net position changed during the current reporting year. The statement includes all underlying events throughout the year, regardless of whether or not the Town's cash flow is influenced. In other words, revenues that are earned but not collected and expenses that are incurred but not yet paid are reported in this statement and are presented in the form of receivables and payables as of the end of the current reporting year.

The governmental activities reported in the financials for the Town of Auburn include general government, public safety, highways and streets, health, welfare, culture and recreation, conservation, and capital outlay.

- B. **Fund financial statements:** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town of Auburn can be divided into two categories: governmental and fiduciary.

Governmental funds: Governmental funds essentially account for the same functions reported in the government-wide statement of activities. Unlike the government-wide financial statements however, the governmental fund financial statements focus on near-term inflows and outflows. Governmental funds state the balance of expendable resources available at the end of the reporting year. The governmental fund financial statements give a closer view than the government-wide financial statements and may be useful in evaluating the Town's near-term financing requirements and available resources.

In comparing functions between the two sets of statements, readers may better understand the long-term impact of the Town's near-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 that can be used to facilitate a comparison between governmental funds and governmental activities of the whole government.

The Town of Auburn maintains four individual governmental funds. The operations of each fund are accounted for separately and are comprised of assets, liabilities, fund equity, revenues, and expenditures. The various funds are reported by major fund, with the non-major funds being aggregated into a single column. Combining statements are presented later on in the report to show the aggregate of these funds. The basic governmental fund financial statements can be found on page 8 – 13 of this report.

An annual appropriated budget is adopted each year for the general fund. The budget to actual statement of revenues, expenditures, and changes in fund balance for the general fund is on page 14.

Fiduciary Funds: Fiduciary funds are used to account for resources held or established under an agreement for the benefit of outside parties. Fiduciary funds are not reflected in the government-wide financial statements due to the fact that the resources are not available to support the Town's programs. The basic fiduciary fund financial statement can be found on page 15 of this report.

- C. **Notes to the financial statements:** The notes are intended to provide additional information that is essential in order for the reader to fully understand the data that is provided in both the government-wide financial statements and fund financial statements.

Other information: The combining and individual fund schedules can be found immediately following the notes to the financial statements.

Government-wide Financial Analysis

As previously pointed out, the statement of net position is useful in determining whether or not the Town's financial position is improving or declining. As also noted in the Financial Highlights section of this report, the Town of Auburn reported net position of **\$11,721,036** at the close of the report year ended December 31, 2013.

Of this amount, **81%** represents the Town's investment in capital assets (land, building, machinery, and equipment); less any related outstanding debt used to acquire them. While these capital assets are used to provide services to the citizens of Auburn, it is important to note that these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, the resources needed to satisfy such debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

Less than **1%** of the Town's net position represent resources that are restricted in use, leaving a remaining balance of **\$2,077,699 (18%)** unrestricted net assets that may be used to meet the on-going obligations to Auburn citizens and creditors.

At the year ended December 31, 2013, the Town of Auburn is able to report positive balances in all categories of net position.

**Town of Auburn
Table 1 Statement of Net Position**

	2012	2013	Increase (Decrease)	% Increase (Decrease)
Current and other assets	\$ 6,848,731	\$ 5,996,193	\$ (852,538)	(12%)
Capital Assets, net	<u>9,290,659</u>	<u>10,096,557</u>	<u>805,898</u>	<u>9%</u>
Total assets	<u>\$16,139,390</u>	<u>\$16,092,750</u>	<u>\$ 46,640</u>	<u>(3%)</u>
Long-term liabilities				
Outstanding	\$ 418,237	\$ 872,856	\$ 454,619	109%
Other liabilities	<u>4,271,404</u>	<u>3,498,858</u>	<u>(772,546)</u>	<u>(18%)</u>
Total liabilities	<u>\$ 4,689,641</u>	<u>\$ 4,371,714</u>	<u>\$ (317,927)</u>	<u>(7%)</u>
Net Position:				
Investment in capital assets	\$ 9,122,938	\$ 9,487,791	\$ 364,853	4%
Restricted	106,216	155,546	49,330	46%
Unrestricted	<u>2,220,595</u>	<u>2,077,699</u>	<u>(142,896)</u>	<u>(6%)</u>
Total net position	<u>\$11,449,749</u>	<u>\$11,721,036</u>	<u>\$ 271,287</u>	<u>2%</u>

During year 2013, the Town's net position increased by \$271,287 (2%).

Town of Auburn
Table 2 Statement of Activities

	2012	2013	Increase (Decrease)	% Increase (Decrease)
Revenue:				
Program revenues:				
Charges for services	\$ 237,474	\$ 292,621	\$ 55,147	23%
Operating grants	243,036	205,995	(37,041)	(15%)
General revenues:				
Taxes	3,089,557	3,320,266	230,709	7%
Licenses and permits	1,223,018	1,295,202	72,184	6%
Unrestricted grants	234,986	224,945	(10,041)	(4%)
Unrestricted interest earnings	3,119	0,000	(3,119)	(100%)
Miscellaneous	10,082	89,215	79,133	785%
Total revenue	\$ 5,041,272	\$ 5,428,244	\$ 386,972	7%
Program Expenses:				
General government	\$ 1,152,280	\$ 1,346,116	\$ 193,836	17%
Public Safety	1,625,704	1,908,008	282,304	17%
Highways and streets	1,167,155	1,306,282	139,127	12%
Sanitation	0,000	11,266	11,266	100%
Health	24,493	25,804	1,311	5%
Welfare	28,890	34,435	5,545	19%
Culture and recreation	214,265	219,961	5,696	3%
Conservation	2,669	115,764	113,095	424%
Capital outlay	135,806	189,321	53,515	39%
Total governmental activities	\$ 4,351,262	\$ 5,156,957	\$ 805,695	19%
Change in net position	<u>\$ 690,010</u>	<u>\$ 271,287</u>	<u>\$ (418,723)</u>	<u>(60%)</u>
Beginning net position	\$10,759,739	\$11,449,749	\$ 690,010	6%
Ending net position	\$11,449,749	\$11,721,036	\$ 271,287	2%

Financial Analysis of Governmental Funds

The general fund is the central operating fund of the Town of Auburn. The focus of Auburn's governmental funds is to provide information on inflows, outflows and balances of expendable resources available for Town operations and services at the end of each reporting year.

At the end of the current reporting year, Auburn's governmental funds reported a combined ending fund balance of **\$2,048,734**. Of this combined fund balance, less than 7% (**\$138,912**) is nonspendable, 4% (**\$86,004**) is restricted, 27% (**\$554,761**) is committed, and 7% (**\$142,576**) is assigned, with a remaining balance of 55% (**\$1,126,481**) in unassigned fund balance at year end.

As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to the total fund expenditures. The general fund expenditures and other financing uses for this reporting year totaled **\$5,801,444**. The general fund balance **increased** by **\$31,785** which represents **.5%** of the total expenditures and other financing uses in the current year.

General Fund Budgetary Highlights

In the current reporting year, the Town of Auburn's general fund had a favorable variance in the estimated governmental activity revenue versus actual in the amount of **\$30,873** or **.6%** of estimated revenues. The majority of this favorable variance was due the sale of Town property, timber revenue.

The Town of Auburn's general fund also had a favorable variance in appropriations versus actual expenditures in the amount of **\$87,709** or **2%** of appropriations. Most departments contributed to this favorable variance by keeping expenditures under appropriations. The notable exception was with the General Government legal line, which expended double the appropriated amount.

Capital Asset and Debt Administration

The Town of Auburn's capital assets for its governmental type activities net of accumulated depreciation as of December 31, 2013 was **\$10,096,557**, an **increase** of **\$805,898** over the prior year.

At the end of the current reporting year, the Town of Auburn had a total of **\$872,856** in long-term debt. Of this amount, capital leases for the purchase of a fire truck and police vehicles totaled **\$608,766**, **\$130,000** is for landfill closure and post closure cost, and the remaining amount of **\$134,090** is for accrued vacation time.

Economic Factors and Next Year's Budget and Tax Rates

When creating the budget from year to year, the Town of Auburn's primary objective is to provide quality services to its citizens, at the same time attempting to keep the tax rate stable.

The Town of Auburn continues to be financially strong and again has seen growth in net property values. Net property values for 2013 were \$617,392,456, an increase of \$5,516,821 (9%) from the prior year. The equalization rate decreased from 102% to 99.8% in 2013; which supports the statistical update done in 2013.

The Town is into the second year of the agreement with Manchester Water Works to reduce the assessed value of their waterfront property for five years and then becoming a level amount. Along with the reduction in Manchester Water Works waterfront property value and the continued growth of other property within Town, the revenue provided by Manchester Water Works is becoming a smaller percent of total revenue for the Town. In 2011 Manchester Water Works revenue accounted for 35% of all revenue, in 2012 that amount was reduced to 25%, and in 2013 the amount was again reduced to 11%.

The Town has still not complied with GASB 45 in 2013. The amount not reported in the financial statements is still believed to be minimal, as the Town does not pay towards retiree health insurance cost and has only two retirees currently on health coverage. The expense not stated would be the implied amount of potential rate increases for current employee health coverage. The cost for implementing GASB 45 will be put forward at some point and if funding is approved the Town will be compliant in future years.

Additional Financial Information

The purpose of the financial report is to provide a general overview to all those who have an interest in the Town of Auburn's finances. Questions concerning any of the information provided within this report or requests for additional information can be addressed to the Finance Director, Town of Auburn, PO Box 309, Auburn, NH 03032.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,514,185
Investments	148,973
Taxes receivables (net)	630,170
Account receivables (net)	201,384
Intergovernmental receivable	297,787
Prepaid items	32,196
Restricted assets:	
Cash and cash equivalents	171,498
Capital assets:	
Land and construction in progress	906,609
Other capital assets, net of depreciation	9,189,948
Total assets	<u>16,092,750</u>
LIABILITIES	
Accounts payable	156,479
Accrued salaries and benefits	49,641
Accrued interest payable	14,432
Intergovernmental payable	3,278,306
Long-term liabilities:	
Due within one year	167,150
Due in more than one year	705,706
Total liabilities	<u>4,371,714</u>
NET POSITION	
Invested in capital assets	9,487,791
Restricted	155,546
Unrestricted	2,077,699
Total net position	<u>\$ 11,721,036</u>

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

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

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 1,346,116	\$ 35,860	\$ 41,389	\$ (1,268,867)
Public safety	1,908,008	253,631	-	(1,654,377)
Highways and streets	1,306,282	-	164,606	(1,141,676)
Sanitation	11,266	-	-	(11,266)
Health	25,804	-	-	(25,804)
Welfare	34,435	860	-	(33,575)
Culture and recreation	219,961	2,270	-	(217,691)
Conservation	115,764	-	-	(115,764)
Capital outlay	189,321	-	-	(189,321)
Total governmental activities	<u>\$ 5,156,957</u>	<u>\$ 292,621</u>	<u>\$ 205,995</u>	<u>(4,658,341)</u>
General revenues:				
Taxes:				
Property				2,588,637
Other				731,629
Motor vehicle permit fees				1,170,244
Licenses and other fees				124,958
Grants and contributions not restricted to specific programs				224,945
Miscellaneous				89,215
Total general revenues				<u>4,929,628</u>
Change in net position				271,287
Net position, beginning				<u>11,449,749</u>
Net position, ending				<u>\$ 11,721,036</u>

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

EXHIBIT C-1
TOWN OF AUBURN, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,311,996	\$ 202,189	\$ 4,514,185
Investments	-	148,973	148,973
Accounts receivable	182,588	18,796	201,384
Taxes	673,568	-	673,568
Due from other governments	268,975	28,812	297,787
Interfund receivable	1,294	213,488	214,782
Prepaid items	32,196	-	32,196
Restricted assets:			
Cash and cash equivalents	171,498	-	171,498
Total assets	<u>\$ 5,642,115</u>	<u>\$ 612,258</u>	<u>\$ 6,254,373</u>
LIABILITIES			
Accounts payable	\$ 156,479	\$ -	\$ 156,479
Accrued salaries and benefits	49,641	-	49,641
Due to other governments	3,278,306	-	3,278,306
Interfund payable	213,488	1,294	214,782
Total liabilities	<u>3,697,914</u>	<u>1,294</u>	<u>3,699,208</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	<u>506,431</u>	<u>-</u>	<u>506,431</u>
FUND BALANCES			
Nonspendable	32,196	106,716	138,912
Restricted	37,174	48,830	86,004
Committed	99,343	455,418	554,761
Assigned	142,576	-	142,576
Unassigned	1,126,481	-	1,126,481
Total fund balances	<u>1,437,770</u>	<u>610,964</u>	<u>2,048,734</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,642,115</u>	<u>\$ 612,258</u>	<u>\$ 6,254,373</u>

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

EXHIBIT C-2
TOWN OF AUBURN, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2013

Total fund balances of governmental funds (Exhibit C-1)		\$ 2,048,734
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 14,346,463	
Less accumulated depreciation	<u>(4,249,906)</u>	
		10,096,557
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (214,782)	
Payables	<u>214,782</u>	
		-
Property taxes not collected within 60 days of fiscal year-end are not available to pay current period expenditures, and therefore are deferred in the funds.		
Deferred property taxes	\$ 506,431	
Allowance for uncollectible taxes	<u>(43,398)</u>	
		463,033
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(14,432)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Capital leases	\$ 608,766	
Compensated absences	134,090	
Accrued landfill postclosure care costs	<u>130,000</u>	
		<u>(872,856)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 11,721,036</u></u>

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

EXHIBIT C-3
TOWN OF AUBURN, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2013

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 3,321,091	\$ 202,312	\$ 3,523,403
Licenses and permits	1,296,772	-	1,296,772
Intergovernmental	430,940	-	430,940
Charges for services	153,139	213,711	366,850
Investment earnings	2,968	307	3,275
Miscellaneous	9,432	709	10,141
Total revenues	5,214,342	417,039	5,631,381
EXPENDITURES			
Current:			
General government	1,298,970	1,294	1,300,264
Public safety	2,124,033	199,271	2,323,304
Highways and streets	1,010,249	-	1,010,249
Sanitation	11,266	-	11,266
Health	25,804	-	25,804
Welfare	34,435	-	34,435
Culture and recreation	233,543	-	233,543
Conservation	252	115,512	115,764
Capital outlay	1,062,892	-	1,062,892
Total expenditures	5,801,444	316,077	6,117,521
Excess (deficiency) of revenues over (under) expenditures	(587,102)	100,962	(486,140)
OTHER FINANCING SOURCES (USES)			
Transfers in	12	-	12
Transfers out	-	(12)	(12)
Inception of capital leases	618,875	-	618,875
Total other financing sources (uses)	618,887	(12)	618,875
Net change in fund balances	31,785	100,950	132,735
Fund balances, beginning, as restated (see Note 18)	1,405,985	510,014	1,915,999
Fund balances, ending	\$ 1,437,770	\$ 610,964	\$ 2,048,734

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

EXHIBIT C-4
TOWN OF AUBURN, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2013

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 132,735
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	\$ 963,247	
Depreciation expense	<u>(157,349)</u>	
		805,898
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue	\$ (197,739)	
Change in allowance for uncollectible property taxes	<u>(5,398)</u>	
		(203,137)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (12)	
Transfers out	<u>12</u>	
		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Proceeds of capital leases	\$ (618,875)	
Repayment of capital leases	<u>177,831</u>	
		(441,044)
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.		
Increase in accrued interest expense	\$ (9,590)	
Increase in compensated absences payable	<u>(13,575)</u>	
		(23,165)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 271,287</u></u>

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

EXHIBIT D
TOWN OF AUBURN, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,188,811	\$ 3,188,811	\$ 3,117,954	\$ (70,857)
Licenses and permits	1,266,000	1,266,000	1,296,772	30,772
Intergovernmental	357,896	392,885	430,940	38,055
Charges for services	92,000	92,000	153,139	61,139
Miscellaneous	1,750	1,750	2,326	576
Total revenues	4,906,457	4,941,446	5,001,131	59,685
EXPENDITURES				
Current:				
General government	1,191,755	1,191,755	1,270,079	(78,324)
Public safety	1,546,510	1,581,499	1,502,024	79,475
Highways and streets	1,024,859	1,024,859	1,010,249	14,610
Sanitation	13,700	13,700	11,266	2,434
Health	27,204	27,204	25,304	1,900
Welfare	46,308	46,308	34,435	11,873
Culture and recreation	107,291	107,291	101,061	6,230
Conservation	2,714	2,714	252	2,462
Debt service:				
Principal	1	1	-	1
Interest	2	2	-	2
Capital outlay	982,889	982,889	940,175	42,714
Total expenditures	4,943,233	4,978,223	4,894,845	83,378
Excess (deficiency) of revenues over (under) expenditures	(36,776)	(36,777)	106,286	143,063
OTHER FINANCING USES				
Transfers out	-	(186,192)	(181,861)	(4,331)
Net change in fund balances	\$ (36,776)	\$ (222,969)	(75,575)	\$ 138,732
Decrease in nonspendable fund balance			1,928	
Decrease in committed fund balance			122,696	
Unassigned fund balance, beginning			1,540,465	
Unassigned fund balance, ending			\$ 1,589,514	

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

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

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	<u>\$ 738,621</u>
LIABILITIES	
Due to other governmental units	436,767
Performance bonds payable	232,336
Escrow payable	<u>69,518</u>
Total liabilities	<u>738,621</u>
NET POSITION	<u><u>\$ -</u></u>

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

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

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TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Auburn, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Auburn is a municipal corporation governed by an elected 3-member Board of Selectmen. The reporting entity is comprised of the primary government and any other organizations (*component units*) that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board, and (1) the Town is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; (3) the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Town is obligated for the debt of the organization. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity.

1-B Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities, and net position, with the exception of long term costs of retirement, health care, and obligations for other postemployment benefits which have been omitted because the liability and expense have not been determined.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Town reports the following major governmental fund:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the Town reports the following fund types:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Permanent Fund - is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

Agency Fund - used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and 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 to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DECEMBER 31, 2013

1-E Restricted Assets

Certain cash balances blended with the general fund are classified as restricted assets on the balance sheet because their use is designated for a specific purpose and therefore not available for immediate and general use by the Town.

1-F Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits,
- 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 moneys 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.

Investments for the Town are reported at fair value generally based on quoted market prices.

1-G Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-H Interfund Balances

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term Interfund loans are reported as "Interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

1-I Prepaid Items

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

1-J Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable column in the government-wide financial statements. Infrastructure has not been capitalized as the Town has not determined the historical cost for the initial reporting of these assets and does not maintain adequate records to capture annual capital outlay for infrastructure.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated minimum useful life in excess of one year. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes:	<u>Years</u>
Land improvements	10 - 30
Buildings and building improvements	10 - 75
Machinery, equipment, and vehicles	5 - 20
Infrastructure	25
Intangible	5

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

1-K Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

1-L Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Billings for the year were on May 20, 2013 and November 1, 2013. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Auburn School District, and Rockingham County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2013 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 609,371,656
For all other taxes	\$ 617,392,456

The tax rates and amounts assessed for the year ended December 31, 2013 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.31	\$ 2,665,943
School portion:		
State of New Hampshire	\$2.59	1,575,635
Local	\$11.53	7,116,666
County portion	\$1.16	715,700
Total		<u>\$ 12,073,944</u>

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

1-M Compensated Absences

Vacation - The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave - Accumulated sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists.

1-N Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

1-O Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-P Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-Q Net Position/Fund Balance Reporting

Government-wide Statements – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any capital leases that are attributable to the acquisition, construction, or improvement of those assets.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

Fund Balance Classifications - The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town's governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact. The Town has classified prepaid items and the principal portion of permanent funds as being nonspendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified its library and the income portion of permanent funds as being restricted.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Expendable trust and legislative body votes relative to the use of unassigned fund balance at year-end, in addition to non-lapsing appropriations, are included in this classification.

Assigned – This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process. The Town also has assigned funds consisting of encumbrances in the general fund at year-end.

Unassigned – This classification includes the residual fund balance for the general fund.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2013, \$222,969 of the beginning general fund unassigned fund balance was applied for this purpose.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues:	
Per Exhibit D (budgetary basis)	\$ 5,001,131
Adjustment:	
Basis difference:	
Inception of capital leases	618,875
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	10,074
Transfer from permanent fund to eliminated library fund	12
Change in deferred tax revenue relating to 60-day revenue recognition	197,739
Change in allowance for uncollectible property taxes	5,398
Per Exhibit C-3 (GAAP basis)	<u>\$ 5,833,229</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 5,076,706
Adjustment:	
Basis differences:	
Encumbrances, beginning	266,065
Encumbrances, ending	(142,576)
Inception of capital leases	618,875
GASB Statement No. 54:	
To record expenditures of the blended funds	164,235
To eliminate transfers between general and expendable trust funds	(181,861)
Per Exhibit C-3 (GAAP basis)	<u>\$ 5,801,444</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2013, the reported amount of the Town's deposits was \$5,424,304 and the bank balance was \$5,407,318. Of the bank balance \$4,838,633 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name, and \$568,684 was uninsured and uncollateralized. Petty cash totaled \$325.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 4,685,683
Cash per Statement of Fiduciary Net Position (Exhibit E)	738,621
Total cash and cash equivalents	<u>\$ 5,424,304</u>

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 4 – INVESTMENTS

Note 1-F describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of investments, consisting of certificates of deposits.

At December 31, 2013, this Town had the following investments and maturities:

	<u>Fair Value</u>
Investment type:	
Certificates of deposit	<u>\$ 148,973</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. All of the Town's investments are in Certificates of Deposits.

NOTE 5 – RESTRICTED CASH

Certain cash balances in the general fund belong to funds that have been blended with the general fund in accordance with the requirements of GASB No. 54. Restricted cash balances as of December 31, 2013 are as follows:

Cash and cash equivalents:	
General fund:	
Library	\$ 39,781
Expendable trust	131,717
Total cash and cash equivalents	<u>\$ 171,498</u>

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2013. The amount has been reduced by an allowance for an estimated uncollectible amount of \$43,398. Taxes receivable by year are as follows:

	<u>As reported on:</u>	
	<u>Exhibit A</u>	<u>Exhibit C-1</u>
Property:		
Levy of 2013	\$ 468,947	\$ 468,947
Unredeemed (under tax lien):		
Levy of 2012	105,032	105,032
Levy of 2011	37,744	37,744
Levies of 2010 and prior	49,345	49,345
Land use change	12,500	12,500
Less: allowance for estimated uncollectible taxes	(43,398)	-
Net taxes receivable	<u>\$ 630,170</u>	<u>\$ 673,568</u>

* The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60 day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 7 – OTHER RECEIVABLES

Receivables at December 31, 2013, consisted of accounts (billings for police details and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 consisted of the following:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 812,592	\$ 8,965	\$ -	\$ 821,557
Construction in progress	82,091	2,961	-	85,052
Total capital assets not being depreciated	894,683	11,926	-	906,609
Being depreciated:				
Land improvements	770,730	32,812	-	803,542
Buildings and building improvements	1,836,873	22,875	-	1,859,748
Machinery, equipment, and vehicles	2,483,581	762,048	(559,818)	2,685,811
Intangible asset	34,702	-	-	34,702
Infrastructure	7,362,647	693,404	-	8,056,051
Total capital assets being depreciated	12,488,533	1,511,139	(559,818)	13,439,854
Total all capital assets	13,383,216	1,523,065	(559,818)	14,346,463
Less accumulated depreciation:				
Land improvements	(599,851)	(20,256)	-	(620,107)
Buildings and building improvements	(1,311,470)	(51,682)	-	(1,363,152)
Machinery, equipment, and vehicles	(1,225,509)	(205,416)	385,075	(1,045,850)
Intangible asset	(28,529)	(1,013)	-	(29,542)
Infrastructure	(927,198)	(264,057)	-	(1,191,255)
Total accumulated depreciation	(4,092,557)	(542,424)	385,075	(4,249,906)
Net book value, capital assets being depreciated	8,395,976	968,715	(174,743)	9,189,948
Net book value, all capital assets	\$ 9,290,659	\$ 980,641	\$ (174,743)	\$ 10,096,557

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 59,811
Public safety	167,845
Highways and streets	296,033
Culture and recreation	18,735
Total depreciation expense	<u>\$ 542,424</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 1,294
Nonmajor	General	213,488
		<u>\$ 214,782</u>

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers - The composition of interfund transfer in the amount of \$12 for the year ended December 31, 2013 consists of a transfer of earned investment interest from the nonmajor permanent fund to the general fund.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2013, were in the amount of \$49,641 for salary and employee benefits.

NOTE 11 - INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of at December 31, 2013, consist of the following:

General fund:	
Balance of 2013-2014 district assessment due to the Auburn School District	\$ 3,257,301
Balance of 1999 appropriation due to the Auburn Development Authority	21,005
Total general fund	<u>3,278,306</u>
Agency fund:	
Balance of trust funds belonging to the Auburn School District	<u>436,767</u>
Total intergovernmental payables due	<u><u>\$ 4,151,840</u></u>

NOTE 12 - DEFERRED INFLOW OF RESOURCES

The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues recorded in the amount of \$506,431 is for property taxes that have not been collected within 60 days of the fiscal year end.

NOTE 13 - CAPITAL LEASES

The Town has entered into certain capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of June 30, 2013
Capital lease obligations:		
Pumper truck	3.77%	\$ 72,774
Police cruisers	6.45%	25,476
Fire engine	2.99%	510,516
Total capital lease obligations		<u><u>\$ 608,766</u></u>

Leased equipment under capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Pumper truck	\$ 522,981
Police cruisers	58,480
Fire engine	666,280
Total equipment	<u>1,247,741</u>
Less: accumulated depreciation	<u>(178,584)</u>
Total capital lease equipment	<u><u>\$ 1,426,325</u></u>

TOWN OF AUBURN, NEW HAMPSHIRE
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The annual requirements to amortize the capital leases payable as of December 31, 2013, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2014	\$ 175,333
2015	74,412
2016	74,464
2017	74,517
2018	74,571
2019-2023	224,057
Total requirements	697,354
Less: interest	(88,588)
Present value of remaining payments	<u>\$ 608,766</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 14 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2013:

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Capital leases	\$ 167,722	\$ 618,875	\$ (177,831)	\$ 608,766	\$ 155,681
Compensated absences	120,515	13,575	-	134,090	4,969
Accrued landfill postclosure care costs	130,000	-	-	130,000	6,500
Total long-term liabilities	<u>\$ 418,237</u>	<u>\$ 632,450</u>	<u>\$ (177,831)</u>	<u>\$ 872,856</u>	<u>\$ 167,150</u>

Accrued Landfill Postclosure Care Costs – The Town ceased operating its landfill in years prior. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of \$130,000 as of December 31, 2013, which remains the same as the prior year balance. The estimated total current cost of the landfill postclosure care (\$6,500) is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of December 31, 2013. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2013 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 11, 2003	Conservation easement/open space land	<u>\$ 2,000,000</u>

NOTE 15 – ENCUMBRANCES

Encumbrances outstanding at December 31, 2013 are as follows:

General fund:	
General government	\$ 13,583
Capital outlay	128,993
Total encumbrances	<u>\$ 142,576</u>

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 16 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2013 include the following:

Invested in capital assets, net of related debt:	
Net property, buildings, and equipment	\$ 10,096,557
Less:	
Capital leases payable	<u>(608,766)</u>
Total invested in capital assets, net of related debt	<u>9,487,791</u>
Restricted for perpetual care:	
Nonexpendable (principal)	106,716
Expendable (interest)	<u>48,830</u>
Total restricted	<u>155,546</u>
Unrestricted	<u>2,077,699</u>
Total net position	<u><u>\$ 11,721,036</u></u>

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

Nonspendable:		
Major fund:		
General:		
Prepaid items	\$ 32,196	
Nonmajor fund:		
Permanent - principal balance	<u>106,716</u>	
Total nonspendable fund balance		\$ 138,912
Restricted		
Major fund:		
General:		
Library	\$ 37,174	
Nonmajor fund:		
Permanent - income balance	<u>48,830</u>	
Total restricted fund balance		86,004
Committed:		
Major fund:		
General:		
Expendable trust	\$ 99,343	
Nonmajor funds:		
Special revenue:		
Conservation commission	402,038	
Police special detail	<u>53,380</u>	
Total committed fund balance		554,761
Assigned:		
Major fund:		
General:		
Encumbrances		142,576
Unassigned:		
Major fund:		
General		<u>1,126,481</u>
Total governmental fund balances		<u><u>\$ 2,048,734</u></u>

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 – PRIOR PERIOD ADJUSTMENT

Fund balance at January 1, 2013 was restated to give retroactive effect to the following prior period adjustment:

	General Fund
To record prior year deferral of property taxes, not collected within 60 days of the fiscal year-end	\$ (704,170)
To remove allowance for uncollectible property taxes, no longer reported due to 60 day rule	38,000
Fund balance, as previously reported	2,072,155
Fund balance, as restated	<u>\$ 1,405,985</u>

NOTE 19 – EMPLOYEE RETIREMENT PLAN

The Town participates in the New Hampshire Retirement System (the System) which is the administrator of a cost-sharing multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Provision for benefits and contributions are established and can be amended by the New Hampshire Legislature. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. For fiscal year 2013, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. The Town's contribution rates for 2013 for pension and medical subsidy were as follows:

Period	Police	Fire	All Other Employees
January 1, 2013 thru June 30, 2013	19.95%	22.89%	8.80%
July 1, 2013 thru December 31, 2013	27.74%	25.30%	10.77%

The contribution requirements for the Town of Auburn for the fiscal years 2011, 2012, and 2013 were \$142,931, \$157,151, and \$185,923, respectively, which were paid in full in each year.

NOTE 20 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits described in preceding note, the Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45, which was effective for the Town on January 1, 2009, requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements. The Town has not implemented GASB Statement No. 45 at December 31, 2013 or contracted with an actuarial firm to assist in evaluating the impact of this new standard on the Town. The amounts that should be recorded as the annual required contribution/OPEB cost and the net OPEB obligation are unknown.

TOWN OF AUBURN, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

NOTE 21 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2013, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance programs for member Towns and cities.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2013 to December 31, 2013 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Auburn billed and paid for the year ended December 31, 2013 was \$29,497 for workers' compensation and \$38,541 for property/liability. In addition, a premium holiday of \$17,109 was issued to the Town during the current policy period.

NOTE 22 – CONTINGENCIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 23 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

The following GASB pronouncements were implemented by the Town for the fiscal year ended December 31, 2013. Only GASB Statement No. 65 impacted these financial statements:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendments of GASB Statements No. 14 and No. 34*, issued November 2010. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. This Statement is intended to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. This Statement is intended to resolve conflicting accounting and financial report and guidance that emerged from two recent standards, Statement No. 54 and Statement No. 62. These standards conflicted with existing guidance in Statements No. 10, 13, and 48.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued in June 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2014. The guidance contained in this Statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. They replace the requirements of Statements No. 27 and 50.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued in June 2012, will be effective for the Town beginning with its fiscal year ending December 31, 2015. The guidance contained in this Statement will change how governments calculate and report the costs and obligations associated with pensions in important ways. This replaces the requirements of Statements No. 27 and 50.

TOWN OF AUBURN, NEW HAMPSHIRE
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GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued in January 2013, will be effective for the Town beginning with its fiscal year ending December 31, 2014. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations that have been transferred or sold.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued in April 2013, will be effective for the Town beginning with the fiscal year ending December 31, 2014. The objective of this Statement is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, issued in November 2013, will be effective for the Town beginning with its fiscal year ending December 31, 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*, and is required to be applied simultaneously with the provisions of that Statement.

NOTE 24 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through February 12, 2015, the date the December 31, 2013 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF AUBURN, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 2,412,237	\$ 2,500,682	\$ 88,445
Yield	6,000	6,708	708
Excavation	-	50	50
Payment in lieu of taxes	680,574	522,558	(158,016)
Interest and penalties on taxes	90,000	87,956	(2,044)
Total from taxes	<u>3,188,811</u>	<u>3,117,954</u>	<u>(70,857)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	51,000	53,899	2,899
Motor vehicle permit fees	1,150,000	1,170,244	20,244
Building permits	50,000	60,131	10,131
Other	15,000	12,498	(2,502)
Total from licenses, permits, and fees	<u>1,266,000</u>	<u>1,296,772</u>	<u>30,772</u>
Intergovernmental:			
State:			
Meals and rooms distribution	224,945	224,945	-
Highway block grant	129,951	129,617	(334)
Other	3,000	41,389	38,389
Federal:			
FEMA	34,989	34,989	-
Total from intergovernmental	<u>392,885</u>	<u>430,940</u>	<u>38,055</u>
Charges for services:			
Income from departments	<u>92,000</u>	<u>153,139</u>	<u>61,139</u>
Miscellaneous:			
Interest on investments	<u>1,750</u>	<u>2,326</u>	<u>576</u>
Total revenues	4,941,446	<u>\$ 5,001,131</u>	<u>\$ 59,685</u>
Unassigned fund balance used to reduce tax rate	<u>222,969</u>		
Total revenues and use of fund balance	<u>\$ 5,164,415</u>		

SCHEDULE 2
TOWN OF AUBURN, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 221,310	\$ 219,264	\$ -	\$ 2,046
Election and registration	4,600	71,984	81,903	-	(5,319)
Financial administration	-	68,523	68,146	-	377
Revaluation of property	-	31,500	27,641	-	3,859
Legal	-	80,000	123,235	-	(43,235)
Personnel administration	-	362,320	355,620	-	6,700
Planning and zoning	-	86,362	44,657	-	41,705
General government buildings	5,500	73,005	70,912	-	7,593
Cemeteries	-	17,000	26,575	-	(9,575)
Insurance, not otherwise allocated	-	68,634	92,383	9,323	(33,072)
Advertising and regional associations	-	7,400	7,290	-	110
Other	-	103,717	148,970	4,260	(49,513)
Total general government	10,100	1,191,755	1,266,596	13,583	(78,324)
Public safety:					
Police	3,134	1,031,613	969,092	-	65,655
Ambulance	-	52,094	54,698	-	(2,604)
Fire	-	392,504	390,647	-	1,857
Building inspection	-	59,041	55,002	-	4,039
Emergency management	-	37,490	35,551	-	1,939
Other	-	8,757	168	-	8,589
Total public safety	3,134	1,581,499	1,505,158	-	79,475
Highways and streets:					
Highways and streets	-	1,012,859	997,464	-	15,395
Street lighting	-	12,000	12,785	-	(785)
Total highways and streets	-	1,024,859	1,010,249	-	14,610
Sanitation:					
Solid waste disposal	-	13,700	11,266	-	2,434
Health:					
Administration	-	2,249	2,558	-	(309)
Pest control	-	18,861	18,153	-	708
Health agencies	500	6,093	5,093	-	1,500
Total health	500	27,204	25,804	-	1,900
Welfare:					
Direct assistance	-	41,837	29,964	-	11,873
Intergovernmental welfare payments	-	4,471	4,471	-	-
Total welfare	-	46,308	34,435	-	11,873
Culture and recreation:					
Parks and recreation	-	101,291	94,142	-	7,149
Patriotic purposes	621	6,000	7,540	-	(919)
Total culture and recreation	621	107,291	101,682	-	6,230
Conservation	-	2,714	252	-	2,462

(Continued)

SCHEDULE 2 (Continued)
TOWN OF AUBURN, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	1	-	-	1
Interest on long-term debt	-	1	-	-	1
Interest on tax anticipation notes	-	1	-	-	1
Total debt service	-	3	-	-	3
Capital outlay	251,710	982,889	1,062,892	128,993	42,714
Other financing uses:					
Transfers out	-	186,192	181,861	-	4,331
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 266,065</u>	<u>\$ 5,164,415</u>	<u>\$ 5,200,195</u>	<u>\$ 142,576</u>	<u>\$ 87,709</u>

SCHEDULE 3
TOWN OF AUBURN, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2013

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 1,540,465
Changes:		
Unassigned fund balance used to reduce 2013 tax rate		(222,969)
2013 Budget summary:		
Revenue surplus (Schedule 1)	\$ 59,685	
Unexpended balance of appropriations (Schedule 2)	<u>87,709</u>	
2013 Budget surplus		147,394
Decrease in nonspendable fund balance		1,928
Decrease in committed fund balance		<u>122,696</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		1,589,514
Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis:		
To comply with generally accepted accounting principles by deferring property taxes not collected within 60 days of fiscal year-end		(506,431)
Elimination of the allowance for uncollectible taxes		<u>43,398</u>
Unassigned fund balance, ending (GAAP basis Exhibit C-1)		<u><u>\$ 1,126,481</u></u>

SCHEDULE 4
TOWN OF AUBURN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2013

	Special Revenue Funds			
	Conservation	Police	Permanent	Total
	Commission	Special	Fund	
		Detail		
ASSETS				
Cash and cash equivalents	\$ 159,738	\$ 34,584	\$ 7,867	\$ 202,189
Investments	-	-	148,973	148,973
Accounts receivable	-	18,796	-	18,796
Intergovernmental receivable	28,812	-	-	28,812
Interfund receivable	213,488	-	-	213,488
Total assets	<u>\$ 402,038</u>	<u>\$ 53,380</u>	<u>\$ 156,840</u>	<u>\$ 612,258</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,294</u>	<u>\$ 1,294</u>
Fund balances:				
Nonspendable	-	-	106,716	106,716
Restricted	-	-	48,830	48,830
Committed	402,038	53,380	-	455,418
Total fund balances	<u>402,038</u>	<u>53,380</u>	<u>155,546</u>	<u>610,964</u>
Total liabilities and fund balances	<u>\$ 402,038</u>	<u>\$ 53,380</u>	<u>\$ 156,840</u>	<u>\$ 612,258</u>

SCHEDULE 5
TOWN OF AUBURN, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2013

	Special Revenue Funds			
	Conservation Commission	Police Special Detail	Permanent Fund	Total
Revenues:				
Taxes	\$ 202,312	\$ -	\$ -	\$ 202,312
Intergovernmental	28,812	-	-	28,812
Charges for services	-	213,711	-	213,711
Investment earnings	-	41	266	307
Miscellaneous	209	-	500	709
Total revenues	<u>231,333</u>	<u>213,752</u>	<u>766</u>	<u>445,851</u>
Expenditures:				
Current:				
General government	-	-	1,294	1,294
Public safety	-	199,271	-	199,271
Conservation	<u>115,512</u>	<u>-</u>	<u>-</u>	<u>115,512</u>
Total expenditures	<u>115,512</u>	<u>199,271</u>	<u>1,294</u>	<u>316,077</u>
Excess (deficiency) of revenues over (under) expenditures	115,821	14,481	(528)	129,774
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(12)</u>
Net change in fund balances	115,821	14,481	(540)	129,762
Fund balances, beginning	<u>315,029</u>	<u>38,899</u>	<u>156,086</u>	<u>510,014</u>
Fund balances, ending	<u>\$ 430,850</u>	<u>\$ 53,380</u>	<u>\$ 155,546</u>	<u>\$ 639,776</u>